From Pin Factories to Gold Farmers:  
Editorial Introduction to a Research Stream on  
Cognitive Capitalism, Immaterial Labour,  
and the General Intellect

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Abstract  
This article introduces a series of essays on the related concepts of cognitive capitalism, immaterial labour and the 'general intellect', which will feature in the pages of Historical Materialism from this issue onwards. It outlines the stakes of the theoretical discussion around these concepts and welcomes the recasting in Marxian terms of debates which have often been monopolised by apologetic treatments of capitalist development. It also identifies five areas which future articles in this 'research stream' will be preoccupied with: (1) the interpretation of Marxian notions, especially arising from the Grundrisse; (2) the philosophy of history and the schemata of social change that underpin concepts such as cognitive capitalism; (3) the identification of hegemonic social figures (e.g. the immaterial labourer, the 'cognitariat'); (4) issues of philosophical anthropology bearing on the definition of knowledge and intellect; (5) the role of debates on value (and its possible crisis) in assessing the idea of knowledge as a productive force.

Keywords  
cognitive capitalism, general intellect, immaterial labour, knowledge economy, philosophy of history, post-industrial society, post-Fordism, service economy, workerism

In the past few years, Historical Materialism has strived, both in its pages and in its annual conferences, to mould a non-sectarian international space for debate in Marxist theory. Within the journal itself, this has principally taken the form of symposia around a theorist or book, and of the custom of replies, replies to replies, and so on. By inaugurating this research stream, we hope to take a more active role in identifying and developing theoretical problems, concepts and debates around which to concentrate our intellectual energies in a collective
spirit of comradeship and disputation. As ever, the choice of opening up a conversation on the related concepts of ‘cognitive capitalism’, ‘immaterial labour’ and the ‘general intellect’ arose from the conjunction of a cluster of submissions to the journal, on the one hand, and from discussions within the Editorial Board, on the other. Though the use of some of these terms has a certain historical and geographical specificity – tied, in several respects, to the development of Italian operaismo (‘workerism’) in the 1960s and to its inquiries into the transformations of the production process and of class composition, as well as to the migration (or even political exile) of these problems to a French context – our aim as a journal is to strive towards an internationalisation of the debate, which, whilst acknowledging the contextual specificity of certain discussions, opens them up to different traditions and perspectives. The session on capitalist transformations with Mario Candeias and Carlo Vercellone at the 2005 conference, followed up by the lively discussion around David Camfield’s critique of immaterial labour and the plenary session with Mario Tronti on workerism and the political in 2006, suggest that it is more than possible today to forge a vibrant international space for Marxist debate, among whose benefits is that it can serve to dislocate intra-national sectarianisms by displacing their contradictions, as it were, to an international stage.

Thus, we begin in this issue with Carlo Vercellone’s detailed attempt to glean the elements for a characterisation of a contemporary turn to cognitive capitalism through a reading of the Grundrisse, which, whilst developing many of the themes elaborated by the workerist and post-workerist line (for which the Grundrisse plays a pivotal role, sometimes in contradistinction to Capital), introduces very important and provocative contributions of its own – chief among which is the reversibility of the move from formal to real subsumption, which demarcates Vercellone’s understanding of cognitive capitalism from Hardt and Negri’s account of the tendency to real subsumption in Empire and Multitude. Some of the themes broached here by Vercellone will be tackled, in a very different guise, by David Camfield’s trenchant critique of Hardt and Negri’s use of the notion of immaterial labour (to appear in Historical Materialism 15.2), whilst Paolo Virno will encapsulate the significance for Italian debates on post-Fordism of Marx’s notion of the general intellect, and of the Grundrisse in general (15.3). Future issues will also feature HKWM entries on ‘general intellect’ and ‘immaterial labour’. Of course, we hope that these articles will foster debate and draw further submissions to the journal on these and related topics.

The genealogy of the notions in question is unsurprisingly contested, and often even somewhat opaque. For instance, the idea of ‘cognitive capitalism’ was
first put forward in the Italian context by Lorenzo Cillario, who approaches it in terms of a theory of real abstraction, in an enquiry still centred on the transformations taking place within the factory itself. As he writes:

What changes, then, is the physiognomy of the place of production which has characterised the history of capitalism: the factory becomes a network of informative productions and the network of productions of knowledge becomes a factory, from which it assumes the susceptibility to being organised according to industrial models and finalised for capitalist valorisation through increments in the productivity of labour.

For Vercellone, on the contrary, cognitive capitalism is synonymous with a ‘post-industrial’, and ‘post-Smithian’ form of accumulation, in which the ‘principal source of value now resides in the knowledges incorporated and mobilised by living labour and not in capital and material labour’. Whereas the focus of the first definition is on the intensified determination of individuality by a form of reflexive self-exploitation, that of the second lies in the tendency of the ‘cognitariat’ to be more and more autonomous vis-à-vis capital. Similarly, as Camfield shows, the notion of ‘immaterial labour’ is riven with tensions, whilst the thematisation of Marx’s notion of the ‘general intellect’ is bound to elicit philological and conceptual disputes.

Aside from the advocacy or critique of such guiding concepts, one of the virtues (as well as the problems) inherent to debates around notions such as cognitive capitalism is their resonance with earlier attempts to identify breaks and shifts within capitalism. Notions such as post-Fordism, post-industrial

1. Cillario 1990 and 1991. It is worth noting that Cillario’s work is not discussed in Vercellone’s recent collection on cognitive capitalism (Vercellone 2006).
2. Cillario 1996, p. 50. For a critique of the link between cognitive capitalism and real abstraction, as well as scepticism towards the idea of cognitive capitalism as an intensification of the alienation of labour, now affecting the very ‘psycho-cognitive structure of individuals’ (Cillario 1990, p. 143), see Rullani 1998, pp. 136–7.
3. Vercellone 2006, ‘Introduction’, pp. 11–15. The French journal *Multitudes*, with which Vercellone collaborates, has been particularly central in these debates, see especially their second issue on ‘the new political economy’.
4. Lebert and Vercellone 2006, p. 31. For recent work by Vercellone and his colleagues on cognitive capitalism, see also Vercellone 2003, and the research materials of the Matisse-Isys research lab at the University of the Sorbonne in Paris: <http://matisse.univ-paris1.fr/index.htm>.
society, and postmodernism are often present in the discussions of cognitive capitalism, immaterial labour and related concepts. And so are terms which have become crucial to mainstream social sciences and establishment discourses, such as the ‘knowledge economy’ or ‘knowledge-based economy’, the ‘knowledge society’, the German Wissensgesellschaft, the French société de la connaissance. As Vercellone’s essay exemplifies, however, the debate on cognitive capitalism tries to dispel the opacities and instrumentalisations of much contemporary thinking on the centrality of knowledge to production by confronting it with Marxian categories. Vice versa, notions such as ‘cognitive capitalism’ are also aimed at testing the mettle of Marxism as a theory capable of coping with the dynamics of contemporary transformation. One of the felicitous traits of this resurgence, however heterodox, in the use of Marxian approaches in the deciphering of the present, is that some of the very phenomena which were previously acknowledged, or even celebrated, as harbingers of the collapse of Marxist theory and the demise of socialism (the rise of the 'service sector', the spread of information technologies, automation and the diminution of manual labour in Western economies, and so on), are now tackled with a Marxist categorial apparatus and in the spirit of a broadly communist politics.

One can only welcome, therefore, the attempt to bring Marxist theory polemically to bear on the very terrain all-too often monopolised by government think-tanks, technophilic futurologists and conformist social scientists. Like all attempts to identify the specificity, novelty and potentialities of contemporary capitalism, those which have latched onto terms such as cognitive or immaterial to identify a shift in the organisation of work, the sources of value and the avenues for anticapitalist politics have met with considerable scepticism and critique, some of which will feature in the pages of Historical Materialism. Without pre-empting debate by staking out an editorial position, we think it is worthwhile indicating, in a somewhat rough-and-ready fashion, what are some of the key points of contention capable of polarising the intellectual force-field generated by the notions of cognitive capitalism, immaterial labour and the general intellect. As we hope this ongoing series of articles will amply demonstrate, one of the great challenges of debates around a cognitive turn (or lack thereof) in contemporary capitalism, has to do with the manner in which they compel us to bring together strands of Marxist reflection which are all too often kept separate. Let us then simply enumerate some of the nodal points which we hope to tackle in the forthcoming series of articles.

Firstly, there is the issue of the interpretation and critical application of Marx’s own concepts and methods. As Vercellone exemplifies in the article included in

this issue, much of the debate about a supposed cognitive or immaterial shift orbits around an intense exegetical and philological debate concerning Marx’s texts and the *Grundrisse* in particular. As mentioned above, the peculiarity of Vercellone’s account lies in problematising the seemingly irreversible or even realised tendency to real subsumption posited by Negri and others, and arguing for a return, in radically different guise, of figures of formal subsumption and primitive accumulation, for instance in the necessity to impose intellectual property restrictions on knowledge which would otherwise escape the circuits of capitalist valorisation.7 Where authors such as Virno speak of the ‘full factual realisation of the tendency described by Marx, without however any emancipatory or even conflictual aspect’, other readings of the *Grundrisse* see its discussion of the social individual and the general intellect as indications of a potential which could only be realised beyond capitalism.8

The question of how to bring Marx to bear on the present and vice versa, as well as that of which Marx to call upon (with the possibility of playing the *Grundrisse* against *Capital*, for instance), links closely to the second issue that traverses these debates around the cognitive and the immaterial: that of historical time, understood in terms both of periodisation and of the philosophy (or teleology) of history. While all the proponents of theses that belong to the semantic and theoretical field of cognitive capitalism stake some claim to identifying a kind of novelty – however radical, unprecedented or reversible it may be – in the transformations of labour and capital accumulation, the historical schemata underlying these claims vary considerably. Thus, we have Virno’s attempt to renovate the concept of historical materialism via Bergson and Benjamin, in order to grasp the manner in which capitalism ‘only now’ reveals those capacities of living labour which were ‘always already’ there.9 Alternatively,

8. For example, Postone 1993. It is also worth noting Gorz’s emphasis on Marx’s own oscillation in his choice of terminology for the scientific and/or cognitive tendency within capitalism (not just ‘general intellect’ but ‘general state of science’, ‘general social knowledge’, ‘general forces of the human mind’), as well as his claim, echoed by Vercellone, that Marx pre-empts the theory of ‘human capital’ when he rehearses the possibility of man himself representing fixed capital (Gorz 2003). In his very recent book-length interview, *Goodbye Mr. Socialism*, Negri too focuses on this idea of variable capital becoming fixed capital: ‘When… today the General Intellect becomes hegemonic in capitalist production, that is when immaterial and cognitive labour becomes immediately productive, intellectual labour-power frees itself from [the] relation of subjection and the productive subject appropriates the very instruments of work that capital previously pre-constituted for it. We could say that variable capital represents itself as fixed capital’ (Negri 2006, p. 135).
as in the work of Cillario, the exacerbation of the ‘cognitive’ elements in capitalism can be seen as an effect of the intensification of real abstraction, which becomes ‘reflexive’ and magnifies alienation through forms of self-exploitation, but introduces no historical caesura. In the case of Vercellone and a number of his collaborators, the concept of cognitive capitalism is explicitly schematised in terms of a conception of history which combines a Braudelian longue durée as refined by Arrighi, a regulationist attention to the institutional mutations that accompany the transformations in the division of labour, and the legacy of the workerist reading of the Grundrisse – all in order to hone in on cognitive capitalism as a ‘crisis’ or ‘twilight’ of industrial capitalism, ‘a veritable historical reversal within the long-term dynamic of capitalism’. These historical debates are also invariably confrontations with non-Marxist periodisations and teleologies, from Rifkin’s ‘end of work’ to Fukuyama’s ‘end of history’, from the post-industrial society to the postmodern.

This question of the philosophy of history, as Massimiliano Tomba persuasively argued in his intervention in the Tronti session of the 2006 Historical Materialism conference, is indissociable from our third line of inquiry, the ‘sociological’ (and political) question which revolves around identifying the bearers of these supposed breaks or transformations in capital. In those authors that lay claim to a workerist legacy, this theme is linked to that of class composition, understood as the tense conjunction of a ‘technical composition’ – which, for Negri, today qualifies labour as ‘immaterial and service-based, cognitive and co-operative, autonomous and self-valorising’ and political composition, fleetingly revealed in the battles around ‘precarity’ and is, according to him, currently devoid of political representation. As demonstrated in Camfield’s forthcoming intervention, a critical engagement with the theses of cognitive capitalism and immaterial labour involves a confrontation on the terrain of class composition, which cannot dissociate the ‘sociological’ and ‘political’ levels. The idea of labour as inextricable from a production of subjectivity, or from practices of ‘reflexivity’, is, of course, of great importance in this regard.

Fourthly, it is worth noting that the debates on cognitive capitalism, immaterial labour and the general intellect – to the extent that they tackle the hypothesis of knowledge as the main productive force – are frequently obliged directly to tackle modern theories of thought and intellect, but also to engage with

14. For a pioneering example, quite influential on the Italian debate on intellectual and real abstraction, see Sohn-Rethel 1978. More recently, see Virno 2003.
developments in psychology, linguistics and the cognitive sciences, and even ethology and computing, in order to forge the theoretical tools to confront the centrality of knowledge to contemporary capitalism. Thus, seemingly arcane debates on cognitivism, naturalism, distributed cognition, or even mirror-neurons, have been identified as bearing lessons for those who wish to grasp the changes undergone by labour and subjectivity under contemporary conditions. The journal *Forme di vita*, co-edited by Virno and published by DeriveApprodi, has focused over the past few years on bridging the gap between the sciences of mind and the political economy of immaterial labour. In so doing, it has also sought to evaluate the contemporary relevance of other philosophical theories of knowledge, cognition, invention and affect, for instance those to be found in the German tradition of philosophical anthropology (Gehlen, Plessner, etc.) or in the post-cybernetic work of Gilbert Simondon.

Fifth, a very different, and possibly far more crucial, philosophical and theoretical debate concerns where we might stand with regard to the arguments about immaterial labour and cognitive capitalism. This is the issue – which has already been broached in critical discussions of Hardt and Negri’s work in *Empire* – of the status of (the labour theory of) value, and of the idea, which is often seen as inextricable from this cognitive or immaterial turn, that value is somehow ‘immeasurable’. How crucial is the argument on value to the positing of a caesura or transformation which would move us from the material to the immaterial, from the industrial to the cognitive? Is it possible to assume the importance of the concept of cognitive capitalism without fully ascribing to Lebert and Vercellone’s thesis that ‘the reference to homogeneous time no longer allows us, in a great number of cases, either to describe or to organise work, nor to present the time of direct production as a trustworthy measure of the value and costs of production’? And if this value cannot be measured, in what sense are we to understand that knowledge external to capital is now ‘the principal source of value’?

Finally, to close off a by no means exhaustive set of questions, it is worth thinking to what extent this cognitive or immaterial turn can be given a global scope, in terms of the organisation of ‘immaterial’ labour, of its relationship to finance capital, or of its possible political composition. Is such a turn, if it does

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15. For a perspicuous critique of the idea of the end of value as measure, voiced from a position broadly faithful to the tenets of workerism, see Wright 2005.
17. Lebert and Vercellone 2006, p. 31. It is interesting to see how certain authors, such as Gorz, are tempted by this conundrum to resuscitate humanist and phenomenological concepts of value, understood in terms of Husserl’s theories of intentionality. See Gorz 2003.
indeed accurately grasp a set of epochal phenomena, truly worldwide? If so, in what ways is it subject to uneven and combined geographical development? What are the effects of a centrality of knowledge production in dominant countries on countries of the periphery (for instance in terms of outsourcing), or on those bearing the brunt of imperialist policies? We could take the following recent news item as a kind of allegory or enigma for those who wish to test the theses of cognitive capitalism against the reality of a conflictual, asymmetrical and changing world:

One of China's newest factories operates here in the basement of an old warehouse. Posters of World of Warcraft and Magic Land hang above a corps of young people with drowsy eyes glued to their computer screens, pounding away at their keyboards in the latest hustle for money. The people working at this clandestine locale are called 'gold farmers.' Every day, in 12-hour shifts, they kill monsters and harvest 'gold coins' and other virtual goods that they can sell to other online gamers. From Seoul to San Francisco, gamers who lack the hours or the patience to work their way up to the higher levels of gamedom, are hiring young Chinese to play the early rounds for them. 'For 12 hours a day, 7 days a week, me and my colleagues are killing monsters,' said a 23-year-old gamer who works in the makeshift factory and goes by the online code-name 'Wandering.'

How 'new' is this factory? How distant, in its revelation of the violence of capitalism, the disciplining of labour and the process of capital accumulation is this very real 'virtual sweatshop' when compared to Smith's notorious pin factory? Is it an inadvertent sign of the tension between real and formal subsumption that those toiling way in this postmodern phantasmagoria are given the eerie name of 'gold farmers'?

We think that the articles which are scheduled to appear in this 'stream', and the ones we hope will be elicited by them, will begin to delve deeper into the real mechanisms and emancipatory potentials that lie between the pin factory and the gold farm, and in so doing allow the pages of Historical Materialism to host a dynamic international debate. Perhaps this will permit us to slay monsters other than those in World of Warcraft or Magic Land…

References


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—— 2003, Quando il verbo si fa carne. Linguaggio e natura umana, Torino: Bollati Boringhieri.
Abstract
Since the crisis of Fordism, capitalism has been characterised by the ever more central role of knowledge and the rise of the cognitive dimensions of labour. This is not to say that the centrality of knowledge to capitalism is new per se. Rather, the question we must ask is to what extent we can speak of a new role for knowledge and, more importantly, its relationship with transformations in the capital/labour relation. From this perspective, the paper highlights the continuing validity of Marx’s analysis of the knowledge/power relation in the development of the division of labour. More precisely, we are concerned with the theoretical and heuristic value of the concepts of formal subsumption, real subsumption and general intellect for any interpretation of the present change of the capital/labour relation in cognitive capitalism. In this way, we show the originality of the general intellect hypothesis as a sublation of real subsumption. Finally, the article summarises key contradictions and new forms of antagonism in cognitive capitalism.

Keywords
crisis, division of labour, knowledge, formal subsumption, real subsumption, general intellect, cognitive capitalism, diffuse intellectuality

Introduction
The contemporary historical conjuncture is marked by the diffusion and the ever-more central role of knowledge in the organisation of production and the dynamic of technical progress.1 This evolution is accounted for by neoclassical theories of endogenous growth and of a knowledge-based economy through an approach which abstracts from the capital/labour antagonism and from the

1. I would like to thank the referees for their critical suggestions that have allowed me to develop and clarify the ideas presented here.
conflicts of knowledge and power which structure transformations in the division of labour.\textsuperscript{2}

The hypothesis of cognitive capitalism develops from a critique of the political economy of the new liberal theories of the knowledge-based economy. An understanding of the meaning at stake in the current mutation of capitalism cannot be reduced to the mere constitution of an economy founded on knowledge, but in the formation of a knowledge-based economy framed and subsumed by the laws of capital accumulation.\textsuperscript{3}

On this basis, this article investigates two theoretical questions to which we will attempt to give some of the elements of a response. Does the tendency to the diffusion of knowledge signal a break with respect to the logic of the capitalist division of labour and of technical progress operative since the first industrial

\textsuperscript{2} For a critique of these theories, see Lebert and Vercellone 2004.

\textsuperscript{3} This critical perspective on apologetic accounts of neoliberal inspiration is inscribed in the two terms which compose the very concept of cognitive capitalism: i) the notion of ‘capitalism’ defines the enduring element in the change of the structural invariants of the capitalist mode of production: in particular, the driving role of profit and the wage relation or, more precisely, the different forms of dependent labour on which the extraction of surplus labour is founded; ii) the term ‘cognitive’ emphasises the new nature of the conflictual relation of capital and labour, and of the forms of property on which the accumulation of capital rests. It is necessary to note that the notion of cognitive capitalism has also been developed as a response to the insufficiency of the interpretations of the current mutation of capitalism in terms of the transition from a Fordist to a post-Fordist model of flexible, or what is sometimes referred to as ‘Toyota-ist’, accumulation. The interpretative category of ‘post-Fordism’, adopted by both a critical Left coming from workerism \textit{[operaismo]} and by economists of the regulation school, essentially remains a prisoner of a neo-industrialist vision of the new capitalism. The new model of production and the new nature of the relation of capital to labour are conceived principally as an immanent overcoming of the socio-economic factors which have brought to an end the rigid paradigm of mass production. In substance, for the theories of post-Fordism, the first aspect of the new productive model can be traced back to the technological leap of telematic and microelectronic innovation that occurred with the third industrial revolution. The argument goes that the association of the information revolution and Japanese methods of lean production have allowed the old assembly line to adapt to the increasingly unstable and volatile nature of demand. At the same time, thanks to a new organisation of labour in terms that are more flexible and decentralised, the new model of production is said to have eliminated the critical points of the cycle of production upon which the emergence of the antagonistic figure of the mass worker was founded. Theories of post-Fordism, while capturing some significant elements of rupture, often remain bound to a factory-inspired vision of the new capitalism seen as a further development of the Fordist-industrial logic of the real subsumption of labour by capital. For these reasons, the category of post-Fordism appears to us to be inadequate for comprehending the profound transformation of the antagonistic relation of capital to labour related to the development of an economy founded on the driving role of knowledge and the figure of the collective worker of the general intellect. The notion of cognitive capitalism aims to contribute to overcoming these difficulties, taking account of the way in which the crisis of Fordism has corresponded to a superior level of ‘great crisis’. This crisis signals the exhaustion not only of a model of development specific to industrial capitalism but the tendential crisis of some of the more structural invariants of the long-period dynamic that opened with the first industrial revolution.
revolution? To what degree is it possible to find in Marx and, in particular, in the notion of the general intellect, elements that allow for the identification of the radically new character of the contradictions and of the antagonism that traverses cognitive capitalism?

In order to respond to these questions, this article proposes to highlight the originality and the actuality of Marx’s contribution, underlining the conflictual relation of knowledge to power that determines the development of the capitalist division of labour. Specifically, we will deal with the theoretical and heuristic value of the concepts of formal subsumption, real subsumption and the general intellect. The notion of subsumption is used by Marx to characterise the differing forms of subordination of labour to capital. With the idea of the general intellect, he designates a radical change of the subsumption of labour to capital and indicates a third stage of the division of labour. It involves a tendential overcoming of the Smithian logic of the division of labour proper to industrial capitalism, and posits, in a new manner with respect to the other writings of Marx, the possibility of a direct transition to communism.

We shall see that these categories are useful in crafting a theoretical reconstruction in historical time which is able to identify the significance of the current turning point in the dynamic of capitalism in the longue durée. From this results a periodisation in which three principal stages of the capitalist division of labour and of the role of knowledge can be identified (even if these phases in part overlap with each other).\(^5\)

i) The stage of formal subsumption develops between the beginning of the sixteenth and the end of the eighteenth century. It is based on the models of production of the putting-out system\(^6\) and of centralised manufacture. The relation of capital/labour is marked by the hegemony of the knowledge of craftsmen and of workers with a trade, and by the pre-eminence of the mechanisms of accumulation of a mercantile and financial type.

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4. I have preferred the term ‘subsumption’ to ‘submission’ because it better allows us to grasp the permanence of the opposition of capital to labour and the conflict for the control of the ‘intellectual powers of production’ in the unfolding of the different stages of the capitalist division of labour.

5. The periodisation that I propose here is essentially aimed at showing the relevance and heuristic value of Marxian categories and method for any interpretation of the present mutation of the capital/labour relation. Therefore, I privilege an analysis centred on the development of tendencies and ruptures within the Marxian discourse, even if this is to the detriment of a more detailed historical argument. For a more developed historical perspective on the complexity of the processes that led from industrial capitalism to cognitive capitalism, I suggest that the reader see Lebert and Vercellone 2003 and Vercellone 1999, 2003a, 2004, 2006 and Vercellone (ed.) 2003.

6. This system, also called the system of the diffuse factory, is based on the figure of the mercantile entrepreneur who organises production in the home by artisans and independent workers.
ii) The stage of real subsumption starts with the first industrial revolution. The division of labour is characterised by a process of polarisation of knowledge which is expressed in the parcelling out and disqualification of the labour of execution and in the overqualification of a minoritarian component of labour-power, destined to intellectual functions. The attempt to save time, founded on the law of value-labour, is accompanied by the reduction of complex labour into simple labour and by the incorporation of knowledge in fixed capital and in the organisation of the firm. The dynamic of capital accumulation is founded on the large factories (first of all, those of the Mancunian model, then those of Fordism), which are specialised in the production of mass, standardised goods.

iii) The third stage is that of cognitive capitalism. It begins with the social crisis of Fordism and of the Smithian division of labour. The relation of capital to labour is marked by the hegemony of knowledges, by a diffuse intellectuality, and by the driving role of the production of knowledges by means of knowledges connected to the increasingly immaterial and cognitive character of labour. This new phase of the division of labour is accompanied by the crisis of the law of value-labour and by the strong return of mercantile and financial mechanisms of accumulation. The principal elements of this new configuration of capitalism and of the conflicts that derive from it are, in large measure, anticipated by Marx’s notion of the general intellect.

Formal subsumption, real subsumption and general intellect:
an historical perspective on the transformations of the division of labour

1. Division of labour and relations of knowledge/power. First and fundamental terrain of the conflicts between capital and labour.

Marx’s approach continues to offer an interpretative paradigm that helps us account not only for the transformations of the division of labour but also for the trajectories which could create, to use a phrase from Schumpeter, ‘the conditions of a new evolution’. Marx’s analysis constitutes, from a methodological point of view, one of the first critiques of Smith’s account of the division of

7. See Freyssenet 1979.
8. I insist upon the two terms ‘immaterial’ and ‘cognitive’ because the concept of immaterial labour, when used by itself to characterise the present change in labour, is, in my opinion, insufficient and imprecise. The essential trait of the present transformation in labour is not limited to its many immaterial dimensions or, more precisely, those of its products. It can above all be found in the reappropriation of the cognitive dimensions of work by living labour, with respect to all material and immaterial activity.
labour. The polarisation of knowledges and the split between intellectual and material tasks are no longer considered a natural modality and a necessary consequence of the development of the productive forces. On the contrary, these tendencies result from the very specific historical modalities by which capital renders technical progress endogenous through the subordination of the labour process (in the sense of the production of use-values) to the valorisation process (production of exchange-values and means of extraction of surplus-value).9 The development of the division of labour begins with the conflictual relation of capital and labour established in the dynamic of technical and organisational innovation. For example, Marx locates the struggle for the reduction and the regulation of the working day (using the example of conflicts over wages) at the centre of the logical-historical passage that, in the first book of *Capital*, leads from the notion of absolute surplus-value to that of relative surplus-value.

Of even greater importance is Marx’s insistence on one specific dimension of this complex dialectic of conflict and innovation: the conflict regarding the control of the ‘intellectual powers of production’. From this, a conception of technical progress arises that is not limited to underlining the impact of it on the productivity of labour and economic efficacy. Instead, it places the accent on the relations between knowledge and power which have structured the evolution of the technical and social division of labour.10 The struggle over the control of the ‘intellectual powers of production’ is explained by the tendency according to which, under capital, the development of science applied to production proceeds at an equal rate with the expropriation of the knowledges of workers. However, it also explains the resistances that this type of technical progress encounters amongst wage-earners and, thus, the counter-tendencies that can give rise to a recomposition of knowledge and of collective labour. In effect, if technical progress in its capitalistic form allows the expropriation of the traditional knowledge of the worker, the labour process remains irreducibly conflictual. In such a way, a new type of knowledge tends incessantly to reconstitute itself at the level of the capitalist development of the technical and social division of labour.11

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9. This approach enables us to understand technology as a materialised social relation and to comprehend that it is not the level of technological development considered in itself which determines the application of a determinate form of organisation of labour but, rather, its adequacy to a determinate moment as support for the extraction of surplus labour.

10. To use the terms by which Smith defines the double determination of the division of labour in the factories and in market-driven society.

11. See Salama and Hai Hac 1992. In addition, it is important to remember that the irreducible dimension of workers’ knowledge was also apparent in the big Fordist factories in the fundamental difference between prescribed tasks and the reality of workers’ labour. Without this difference, qualified by the ‘paradoxical implication’ of the mass worker, the Fordist assembly line would never have been able to function.
Thus, the analysis of technical progress as an expression of a relation of forces concerning knowledge is everywhere present in Marx's work and allows an alternative reading of some crucial aspects of his thought.

The conflictual dynamic of the relation of knowledge to power occupies a central position in the explanation of the tendency of the increase of the organic and technical composition of capital. This tendency, Marx writes, results from the way the system of machines arises in its totality: 'This road is, rather, dissection through the division of labour, which gradually transforms the workers' operations into more and more mechanical ones, so that at a certain point a mechanism can step into their places.'

In effect, the tendency of the rise in the technical and organic composition of capital translates into the system of values a fundamental tendency of the capitalist mode of production: the increasing separation of producers and of means of production at the level of the forces of production, or more exactly, at the level of the relations of expropriation… [of the knowledges of the working class], the location of which is the labour process… This relation constitutes a 'struggle of class in production'… whose outcome is the control of the labour process and therefore of the production of relative surplus-value, the control of which is initially deposited in the craftsman and later the skilled labourer.

We will not dwell at length here on the debate on the tendency of the falling rate of profit. What we are concerned with, instead, is to underline how, if the accent is placed on the qualitative dynamic of the relation of knowledge to power that structures the tendency of the rise in the organic composition of capital, it becomes possible to hypothesise another form of structural crisis. Such a crisis is articulated on the basis of a different logic from that of the traditional Marxist approach in terms of value and the overaccumulation of capital. It supposes, rather, a qualitative change, at the level of the technical composition of capital and of the social labour process. This overturns the relation of subordination of the living knowledge incorporated in labour-power to the dead knowledge incorporated in fixed capital. It is an overturning in the relation of living knowledge/dead knowledge that could be characterised as the 'tendential fall of the capital's control of the division of labour'. The numerous elements that lead to this hypothesis of a superior level of 'great crisis' of industrial capitalism are evoked throughout Marx's work. However, in our opinion, it is above all in the

Grundrisse that it is explicated, in particular, in the passages on the ‘Fragment on Machines’ (in Notebook VII). Here, Marx announces the advent, after the stages of formal and real subsumption of labour to capital, of a new stage of development of the division of labour. It is here that Marx speaks of the ‘general intellect’ in order to characterise the impact of this change on the division of labour and on technical progress. In such a way, he anticipates certain key aspects of an historical conjuncture in which the productive value of intellectual and scientific labour becomes dominant and knowledge re-socialises everything, becoming the principal productive force. It is for this reason that a return to Marx’s notions of formal and real subsumption and of the ‘general intellect’, and to the evolution between these forms of the technical and social division of labour, may be of great interest for advancing the notion of a post-Smithian twenty-first century.

2. The lessons of the phase of formal subsumption for an interpretation of the crisis of industrial capitalism

Marx uses the notions of formal subsumption, real subsumption and the general intellect in order to qualify, in their logical-historical succession, profoundly different mechanisms of subordinating the labour process by capital (and of the type of conflicts and of crisis which they generate). In this investigation, Marx moves from the stage of the formal subsumption of labour by capital, in which capital subordinates a social and technical division of labour that, in the beginning, ‘is distinguished only formally from the earlier modes of production’.17 Capital subsumes, essentially by means of the expedient of mercantile and

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16. ‘Post-Smithian’ insofar as we can retrospectively affirm that Fordist growth has, in many respects, represented the historical outcome of the industrial model, the essential traits and tendencies of which Adam Smith anticipated in the famous examples of the manufacture of pins. On the one hand, thanks to the association of Taylorist principles and mechanisation, labour-power is integrated with an always more complex system of utensils and machines. Productivity can be now represented as a variable whose determinants no longer take into any consideration the knowledge of the workers. In this sense, the Smithian representation of the technical division of labour, characterised by the parcelisation of labour and the separation of the tasks of planning and execution, finds a sort of historical fulfilment. Knowledge and science applied to production are separated from collective labour and, as Smith announced, have become ‘like every employment, the principal or sole trade and occupation of a particular class of citizens’ (Smith 1970, p. 10).
17. I call the form which rests on absolute surplus-value the formal subsumption of labour under capital because it is distinguished only formally from the earlier modes of production on the basis of which it directly originates (is introduced), modes in which either the producers are self-employed, or the direct producers have to provide surplus labour for others. The compulsion exerted there, i.e. the method of extracting surplus labour, is of a different kind. The essential features
monetary relations, a labour process which pre-exists it and in which the cooperation of workers does not require mechanisms of capitalist direction of production. Co-operation in labour relations remains technically autonomous with respect to capital. The control of the labour process and the modalities of appropriation of the surplus are founded, in the first instance, on mechanisms external to the directly productive sphere, as, for example, in the model of the putting-out system. Bearing in mind the autonomy of productive social cooperation (of the qualitative preponderance of the variable component over that of constant capital, Marx would say), the compulsion to surplus labour (under the form of wage-labour and/or of autonomous craft labour) results essentially from the mercantile subordination of the worker which forces him to sell his labour-power (lacking other means of access to money and/or to non-mercantile appropriation of the means of subsistence).

The contradiction between the relation of monetary dependence of the wage-workers in the process of circulation and their autonomy in the regulation of the labour process is one of the key characteristics of the formal subsumption of labour to capital. From this contradiction derives, as noted, the crucial position that the policies of de-socialisation of the economy (enclosures, poor laws, etc.) had in the long and difficult process of gestation of the first industrial revolution. Lacking a real compulsion materialised in the productive forces, such policies aim to fix the workforce and to emphasise, in order to render it really efficacious, the monetary compulsion of wage-labour. These policies – whose logic are similar to the neoliberal strategies mobilised following the crisis of Fordism – were, in that period, a necessary preamble to the process of the expropriation of traditional knowledges that formed the basis for the subsequent passage from

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of formal subsumption are these: 1) the purely money relation between the person who is appropriating the surplus labour and the person who provides it; to the extent that subordination arises, it arises from the particular content of the sale, not from a subordination pre-posted to the sale . . . 2) Something implied by the first relation – for otherwise the worker would not have to sell his labour capacity – namely the fact that the objective conditions of his labour (the means of production) and the subjective conditions of his labour (the means of subsistence) confront him as capital, as monopolised by the buyer of his labour capacity . . . As yet there is no difference in the mode of production itself. The labour process, seen from the technological point of view, continues exactly as it did before, except that now it is a labour process subordinated to capital’ (Marx and Engels 1975–2005, Volume 34, pp. 93–4, translation modified).

18. Formal subsumption also shows the ambiguity of the historical process of formation of free wage-labour. In effect, the possibility of disposing of its labour-power constitutes one of the stages of the historical movement of emancipation of dependent labour (in a wide sense of the term) in its incessant attempt to escape from such a condition. At the same time, free wage-labour corresponds to a process of expropriation which generates the progressive proletarianisation of the rural population and of craftsmen ('precarisation', as we would say today), making economic compulsion to the wage relation the social norm of access to labour and to the wage.
formal subsumption to real subsumption. In reality, the historical stage of formal
subsumption presents numerous analogies with the configuration of the relation
of capital to labour that arose following the crisis of Fordism.

Such an approach provides us many lessons for grasping the specificity of, and
what is at stake in, the current transformations of the division of labour. This is
the case, above all, if Marx’s contribution is combined with that of Braudel, the
historian of the long dynamic of capitalism. A first lesson, following Braudel, is
that capitalism is ‘an old story which precedes and goes beyond the first industrial
revolution’. The industrial form of capitalism constitutes nothing but a stage in
its history. Far from being born in the industrial revolution, capitalism developed
for a long phase of its history without accelerating technical progress and on the
basis of forms of surplus appropriation essentially indirect and external to the
sphere of production – at least in the countries at the centre of the capitalist
world system.19 The essential feature of capitalism is, in fact, linked to the extreme
flexibility of its mechanisms of domination, to its capacity to be eminently
adaptable and, therefore, non-specialised.20

Such flexibility emerged from the general formula of capital (M-C-M’) and
explains the type of relation which capital entertains with the sphere of
production. From the standpoint of accumulation, monetary capital invested at
the beginning of the cycle (M) is characterised by its flexibility, liquidity and
freedom of choice. (C) is nothing but an interruption, in the ideal short circuit
(M-M’) which introduces (under the form of mercantile capital just as that of
productive capital) materialisation, rigidity and uncertainty.21 Such uncertainty
is consequently greater for capital engaged in production. Before confronting
the realisation of surplus-value, it must abandon itself to the risks linked to the
direct management of the organisation of labour. The extension of such
uncertainty depends on socio-institutional factors which support the regulation
of the wage relation and, more generally, all of the other forms of dependent
labour. Among these factors, the principal factor is undoubtedly the extent of
domination of technology and of the knowledge on which the functions of
direction and of capitalist control of the labour process rely. As Arrighi
demonstrates, Marx’s formula suggests that

the capitalist agents do not invest money in the particular productive combinations
of output/input as an end in itself, with the consequent loss of flexibility and of
freedom of choice which this entails. On the contrary, they consider the productive

19. See Amin 1975.
investment as a means for assuring themselves in the future an even greater flexibility and freedom of choice. If such anticipation of a greater freedom of choice in the future is negative or systematically unsatisfactory, capital tends to return to more flexible forms of investment, above all in its money form.22

We suggest that the precariousness of the forms of capitalistic control of the organisation of labour helps to explain, in the centuries before the industrial revolution, the slowness with which capital penetrates the sphere of production and the great difficulties encountered from the expansion of the system of concentrated manufacture. The force that regulates the labour process, both in terms of the control of working methods and the intensity of labour, remains incorporated in the living knowledge of the collective worker. In such a way, 'since handicraft skill is the foundation of manufacture, and since the mechanism of manufacture as a whole possesses no objective independent framework, apart from the labourers themselves, capital is constantly compelled to wrestle with the insubordination of the workmen.'23

For this reason, until the arrival of the mechanisation of the process of production, the system of ‘concentrated manufacture’ experienced only a weak development and the merchant entrepreneur, rather than turning himself into a captain of industry, continued to privilege the model of the putting-out system. This historical example could reveal a more general tendential law of the dynamic of capital accumulation. That is, the more the organisation of the cycle of production appears to be founded on a productive co-operation autonomous from the function of the direction of capital and/or traversed by a strongly conflictual dynamic, the more capital will tend to privilege indirect forms of domination of production and of the mechanisms of surplus appropriation realised by means of the sphere of monetary and financial circulation. This interpretative paradigm, which draws together forms of the division of labour and forms of capital accumulation, can also help to explain the historical alternation of the different phases of accumulation of capital: there would thus be phases characterised by forms of productive, financial and commercial accumulation. In this sense, in order to place the crisis of industrial capitalism in an historical perspective, another lesson offered by the stage of formal subsumption is that also today capital could extend without problems ‘to rid itself once again of its directly productive forms… and attempt to appropriate surplus, extracting it from other relations.’24

On the other hand, it is precisely from the standpoint of the history of the ‘world-economy’ that Braudel has furnished us with the elements for a stimulating interpretation of the meaning of the crisis of Fordism. The latter, according to Braudel, even though presenting in toto certain characteristics proper to a descending phase of a Kondratieff long wave, represents a historical rupture more profound than that diagnosed by the neo-Schumpeterian interpretations of long cycles. It would be a case of an inversion of tendency, which would once again put into question the very logic of development of the form of capitalism that arose with the first industrial revolution. The exhaustion of the propulsive power of industrial capitalism would favour the true capitalisme du sommet, in Braudel’s sense, privileging once again the indirect instruments of domination proper to mercantile and financial capitalism. The unification of the three cycles of capital in differentiated moments of a single cycle under the aegis of productive capital will be nothing other than the dominant expression of a transitory phase of the history of capitalism. From this perspective, we could add that the genesis of the current process of financialisation maintains a close relation with the conflictual transformations of the division of labour determined by the crisis of Fordism. Financial globalisation could also be interpreted as capital’s attempt to render its cycle of valorisation ever more autonomous from a social labour process which it no longer subsumes in real terms. Thus, we have an interpretative paradigm that is of even greater interest if we reconnect this Braudelian approach of the long dynamic of capitalism with Marx’s hypothesis of the general intellect and of a crisis of the Smithian division of labour inherited from industrial capitalism.

3. Real subsumption and the logic of the industrial division of labour

The process that leads to the real subsumption of labour by capital begins with the first industrial revolution. It is based on a series of tendencies which flow into Fordism: the progressive separation of intellectual and manual labour, the separation of conceptual and material tasks, and the polarisation of knowledges and the parcelisation of labour which determine the dynamic of technical and organisational change by means of which capital progressively affirms its control of the product and the labour process.

It must be noted – such an element is very important for comprehending one of the aspects of the current crisis – that these tendencies of the division of labour and of technical progress rely on the establishment of a social institution central

to the dynamic of industrial capitalism: the social norm that establishes the time of immediate labour (directly dedicated to a productive activity) the principal unit of measure and the source of the wealth derived from the development of the productive power of human labour. In effect, before the industrial revolution, the distinction between labour and non-labour was almost absent (in a universe in which multi-activity and the versatility of individuals still dominated). Labour (activity in general) was the measure of a time not measured by the clock and the chronometer in terms of its efficacy. Following the development of the capitalist enterprise, 'this relation is inverted: time becomes the measure of labour' and, consequently, the norm of valuation of the production and distribution of wealth. It is with the assertion of the authority of the factory system that time becomes the measure of labour and the time of labour emerges as a socially central factor. The time of the clock and the chronometer as means for quantifying the economic value of labour and prescribing its operative modes thus represents, together with machinery, the essence of the economic and cultural transformation of labour determined by the industrial revolution. It is such successive forms of the economy of time that forge the logic of technical progress which, on the basis of the association of the principles of Taylorism and of mechanisation, will flow into Fordism. In such a way, labour becomes ever more abstract, not only under the form of exchange-value, but also in its content, emptied of any intellectual and creative quality.

The subsumption of the worker to capital becomes real when it is imposed inside the production process and no longer only outside it. The subsumption of labour to capital is now imposed as an imperative dictated in some way by technology and by the character, now external to the collective worker, of the mass of knowledges which structure the division of labour and permit the co-ordination of productive co-operation. The compulsion to wage-labour is no longer merely of a monetary nature, but also of a technological nature, rendered endogenous by technical progress. In such a way, the individual labour-power of the producer, increasingly reduced to a simple living appendage of the system of machines, 'now... refuses its services unless it has been sold to capital.' From this point of view, the dynamic of development of real subsumption needs to be understood in the two-fold dimension that characterises this concept:

27. See Roger Sue, cited in Guedj and Vindt 1997, p. 44.
30. In the interdependence between these two aspects of the (technical and social) division of labour, we find again the presuppositions of a model à la Smith-Young, with growth endogenous to technical progress that is understood to be specific to industrial capitalism.
(a) At the level of the technical division of labour, it designates the tendency according to which capital renders the exigencies of control of labour-power endogenous to the dynamic of technical and organisational change.

(b) At the level of the social division of labour, real subsumption designates the tendency of industrial capitalism to incorporate the totality of society, by means of the generalisation of the wage relation and of exchange-value, and the upsetting of the conditions of existence of wage-labour. This dynamic is translated in part in the foundation of a norm of consumption integrated into capital accumulation. Nevertheless, it also generates a conflictual process that will lead to the socialisation, on the part of the state, of certain costs of the reproduction of labour-power. In this perspective, with the development of the institutions of the welfare state, mass education is established, as well as the tensions that progressively emerge within this educational system. This has, in principle, among its chief tasks that of reproducing and justifying a hierarchy of knowledges corresponding to that of the existing social classes.

The 'democratisation' (although partial) of education is one of the factors at the origin of the diffusion of knowledges and of the crisis of the first dimension of real subsumption.

In summary, the dynamic of economic and social transformation which leads from formal to real subsumption allows us to highlight the historical process by means of which the class of industrial capitalists was formed on the model of the working class (and against it), and was led to integrate the conflicts within the conditions of capital accumulation, inasmuch as it is a dynamic spur and macro-economic stabiliser of growth.\(^{31}\) To read the structure of capital in a given moment signifies in large measure to reconstruct, in reverse, the history bequeathed to us by the incessant struggle of wage-labourers for the re-appropriation of knowledges and for the emancipation from the economic compulsion of wage-labour. Such a dialectic of conflict-innovation-development has played a driving role in the succession of different productive paradigms which lead from the first industrial revolution to Fordism. The latter, from the point of view both of the norms of production and of consumption, has constituted, under many aspects, the realisation of the historical tendency to real subsumption. This is so even if it contained contradictions (subjective and objective) prone to lead to its crisis and to determine the passage to a new post-industrial stage of the division of labour.

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In effect, nothing renders the tendency to the expropriation of knowledges and to the deepening of real subsumption irreversible. It is at the level of a collective reappropriation of knowledges, which took effect at the most general level of the division of labour determined by Fordism, that we can best understand the role played by the development of mass education in the formation of a diffuse intellectuality and in the emergence of a new division of labour. Such an evolution seems, in effect, to realise certain of Marx’s intuitions regarding the general intellect.

4. The originality of the _Grundrisse_: the general intellect as sublation of the real subsumption of labour to capital

In the first book of _Capital_, Marx limits his analysis of the transformations of the division of labour to the stages that lead to simple co-operation and from manufacture to modern industry. This logico-historical schema could be mistakenly considered a judgement on the insuperable character of the tendency to real subsumption. This interpretation of _Capital_ will favour a reading of the limits of capitalist development of the productive forces that places the accent on the anarchy of the market to the detriment of the contradictions generated by the conflicts traversing the capitalist division of labour. Nevertheless, in all of Marx’s work, the critique of the capitalist division of labour and the analysis of the conflicts of which it is the fulcrum represent the heart of his approach to the crises and the dynamics which would have led capital to work ‘towards its own dissolution in as much as it is the form dominating production’. This problematic, moreover, is confronted in the first book of _Capital_ when Marx underlines how the historical stake represented by the legal reduction of labour time is indissolubly linked to a more general struggle for the socialisation of access to knowledge. One thinks of how Marx welcomed, together with the promulgation of the first law regulating the working day, the conquest of the bases of a generalised elementary public education. ‘That first and meagre concession wrung from capital’ was, according to Marx, nothing other than the point of departure for a conflictual dynamic for the abolition of ‘the present system of education and division of labour, which beget hypertrophy and atrophy

32. The title of this section also intends to underline a major difference between our interpretation and the readings of the _Grundrisse_ that tend always to lead the category of the general intellect back into the perspective of the logic of real subsumption.

33. Marx 1973, p. 699. In _The German Ideology_, for example, communism as ‘the real movement which abolishes the existing state of affairs’ was defined in terms of an historical process tending toward the suppression of the capitalist division of labour (Marx and Engels 1975–2005, Vol 5, p. 37).

at the two opposite extremities of society.\textsuperscript{35} In his reading of the development of the capitalist division of labour, Marx recognised a central role for the struggles over the socialisation of education whose ends (the ‘abolition of the old division of labour’) are ‘diametrically opposed’ to the dynamic of real subsumption.\textsuperscript{36} In this sense, it is possible to affirm that, for Marx, the development of mass education was one of the essential conditions which would have permitted wage-labourers to accumulate a ‘technological, theoretical and practical’ knowledge adequate to the level attained by the capitalist development of the social and technical division of labour and, at the same time, to undertake its supersession.

In reality, it is actually under the pressure of a conflictual dynamic and not only due to the necessity to adapt the system of education to the exigencies of the labour market, that the state was led progressively to develop public education, socialising a part of the costs of the reproduction of labour-power beyond the logic of the market. Mass education and the development of a diffuse intellectuality make the educational system a central site for the crisis of the Fordist wage relation.\textsuperscript{37} The key role attributed to the theme of the development of a ‘socialised and free’ sector of education in the conflicts concerning the control of ‘intellectual powers of production’ is, therefore, an essential element of Marx’s elaboration of the notion of the general intellect.\textsuperscript{38} The establishment of a diffuse intellectuality is configured as the necessary historical condition, even if, in the \textit{Grundrisse}, this reference is implicit and, in some cases, concealed by a dialectical approach to the evolution of the division of labour that privileges the analysis of structural changes instead of the institutions and the subjects which could have originated these transformations.\textsuperscript{39}

\textsuperscript{35} Ibid.
\textsuperscript{36} Ibid. This vision anticipates the Gramscian concept of ‘hegemony’ and the problematic of its conquest by the wage-labourers.
\textsuperscript{37} The social crisis of the Fordist wage was manifested in a multiplicity of conflicts that led to a destabilisation of the Fordist organisation of work and the institutions of disciplinary society. Therefore, it is the refusal of the scientific organisation of labour that largely explains the falling rate of profit and the social exhaustion of the Taylorist gains in productivity through which the Fordist crisis has been manifested since the end of the 1960s. If, in the scope of this article, we insist above all upon the formation of a diffuse intellectuality, it is for two main reasons. First, it is the new intellectual quality of labour-power that has led to the reaffirmation of the cognitive dimensions of labour. It is this new quality that explains the change from the Taylorist model to a model of communicative co-operation characteristic of the cognitive division of labour. Second, the crucial place that the development of a diffuse intellectuality has with respect to the realisation of Marx’s notion of the general intellect (the principal subject of this paper).
\textsuperscript{38} From this point of view, our interpretation diverges from that of Paolo Virno, according to which Marx identifies the general intellect with fixed capital \textit{in toto}, in contrast to the way that the same general intellect presents itself as living labour (cf. Virno 1992).
\textsuperscript{39} In the passages of \textit{Theories of Surplus-Value} dedicated to Hodgskin, we find a first draft of the
We will, therefore, follow the principal stages of Marx’s argumentation through which, in the Grundrisse, the advent of an economy based upon the diffusion and the driving role of knowledge is announced.

At the beginning of his analysis (Grundrisse, Notebook VII), Marx analyses the implications of real subsumption, which reduces the labour of the worker to a ‘mere abstraction of activity.’

Nevertheless, in the Grundrisse, contrary to what occurs in the first book of Capital, Marx does not stop here, but continues to consider the dynamics of the division of labour that are able to carry out a recomposition of science and of the collective worker. From this perspective, he suggests how the deepening of the logic of real subsumption can create certain conditions favourable to a collective reappropriation of knowledges insofar as ‘living labour’ is able to reconvert a part of its surplus labour into free time.

In its incessant attempts to economise on the time of labour, ‘capital – quite unintentionally – reduces human labour, expenditure of energy, to a minimum. This will redound to the benefit of emancipated labour, and is the condition of its emancipation.’ In effect, ‘The saving of labour time [is] equal to an increase of free time, i.e. time for the full development of the individual, which in turn reacts back upon the productive power of labour as itself the greatest productive power.’ In other words, the reduction of direct labour-times necessary for production can allow the liberation of times dedicated to free time and to education, which are indispensable conditions for liberated labour. Whether or not these potentials are realised depends to a great extent on the degree of socialisation of education, that is, its transformation into a type of education that favours the metamorphosis of the parcelised worker of Fordism into the immaterial, polyvalent worker ‘fit for a variety of labours, ready to face any change of production, and to whom the different social functions he performs, general intellect when Marx writes: ‘accumulation is nothing but the amassing of the productive powers of social labour, so that the accumulation of the skill and knowledge (scientific power) of the workers themselves is the chief form of accumulation, and infinitely more important than the accumulation – which goes hand in hand with it and merely represents it – of the existing objective conditions of this accumulated activity’ (Marx and Engels 1975–2005, Volume 32, p. 399). Marx underlines that Hodgskin, in his thesis on the unproductivity of capital ‘underestimates somewhat the value which the labour of the past has for the labour of the present’. However, this affirmation of the primacy of subjective conditions (skill and knowledge) over objective conditions influenced without doubt his elaboration on the meaning and role of the general intellect.

are but so many modes of giving free scope to his own natural and acquired powers.\textsuperscript{43}

It is important to emphasise that the point of departure of the analysis of the general intellect refers to a preliminary transformation of the intellectual quality of living labour, or to the education of a diffuse intellectuality. This new configuration of the relation of capital to labour gives an impulse to the beginning of a new phase of the division of labour in which

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.\textsuperscript{44}

This mutation re-opens the discussion regarding the principal pillars on which the political economy of industrial capitalism is based.

From the moment in which knowledge and its diffusion is affirmed as the principal productive force, the relation of domination of dead labour over living labour enters into crisis and ‘Labour no longer appears so much to be included within the production process; rather, the human being comes to relate more as watchman and regulator to the production process itself.’\textsuperscript{45} Inside this new situation, the attempt to distinguish the productive contributions respectively of capital and of labour (as the neoclassicists do, separating the parts of the different ‘factors of production’ in the product) definitively loses all of its foundations. The principal ‘fixed capital’ becomes ‘man himself’, in Marx’s words,\textsuperscript{46} which anticipates a logic of development driven by knowledge with an approach much more rich and complex than that of the reductive representations of the ‘new’ theories of endogenous growth, as we will see.

This transformation involves two other key consequences:

(a) The law of value founded on the measure of abstract labour-time immediately dedicated to production enters into crisis.

In this transformation, it is neither the direct human labour he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body – it is, in a word, the development of the

\begin{thebibliography}{9}
\bibitem{44} Marx 1973, p. 706.
\bibitem{45} Marx 1973, p. 704.
\bibitem{46} Marx 1973, p. 711.
\end{thebibliography}
social individual which appears as the great foundation-stone of production and of wealth. As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure, and hence exchange-value [must cease to be the measure] of use-value.47

Inside these transformations, labour, particularly in the form of knowledge, remains nevertheless the principal source of the creation of wealth, but it can no longer be measured on the basis of labour time directly dedicated to production.

(b) Secondly, in that which we could call the historical passage from the time-value of labour to knowledge-value, the traditional opposition between labour and non-labour loses any foundation in as much as 'direct labour time itself cannot remain in the abstract antithesis to free time... [free time] which acts upon the productive power of labour as itself the greatest productive power'.48

After formal and real subsumption, the historical emergence of the figure of the collective worker of the general intellect can be interpreted as a point of origin of a new stage of the division and of a very extensive crisis of transition marked by two contradictions:

(i) The first results from the contradiction between the mutation of the notion of productive labour bound to an economy founded on the driving role of knowledge, and the logic of capital for which 'the tendency is always, on the one side, to create disposable time, on the other, to convert it into surplus labour'.49 In short, the crisis of the law of value does not signify its disappearance in so far as capital continues to maintain it vigorously in a forced manner, as ‘wretched base’ of the measure of wealth and norm of its distribution. At the same time, extending Marx’s thought, it can be affirmed that the crumbling of the traditional frontiers between labour and non-labour related to the ever more immaterial and intellectual character of labour leads to an extension of the mechanisms of extraction of surplus-value to the totality of social times which participate in social production.

(ii) The second derives from the ascertainment that, in the general intellect, when knowledge is diffused, ‘it no longer has proprietors’50 (contrary to what the

theoreticians of endogenous growth posit). Capital is no longer able to construct a new 'objective independent framework' by means of a further deepening of the Smithian logic of the capitalist division of labour that opposes conception to execution. In this way, the subsumption of labour is once again formal in the sense that it is based essentially on the relation of monetary dependence of the wage-labourer inside the process of circulation.

This interpretative schema also allows us to comprehend that the precariousness of the conditions of remuneration and of employment that characterise cognitive capitalism can in no way be considered an unavoidable economic logic. The historical meaning of this tendency consists, rather, in forcefully making re-emerge the primary nature of the wage relation: that of being a monetary bond which makes wage-labour the condition of access to money; that is, an income made to depend upon the anticipations of capitalists that determine the volume of production and employment.51

Finally, the notion of the general intellect provides us with many elements to analyse the factors at the base of the crisis of industrial capitalism. These highlight the new sources of wealth (and of growing output) in a model that is appropriate to cognitive capitalism. Among these elements, we shall mention the following: i) the crisis of the model of social and technical division generated by the first industrial revolution; ii) the role and the diffusion of knowledge which obeys a co-operative social rationality which escapes the restrictive conception of human capital; iii) re-opening the discussion of immediate labour as the principal productive time and the impossibility of maintaining the direct time of labour as measure of productivity and of access to income; iv) the concomitant passage from a theory of time-value of labour to a theory of knowledge-value where the principal fixed capital is man ‘in whose brain exists the accumulated knowledge of society’;52 v) sovereignty, ‘violence’ and the primordial character of money in the institution of the wage and mercantile order; vi) the necessity of recognising, against the logic of capital, the increasingly collective nature of technical progress, in order to place it at the service of the increase of effective liberty of individuals and the ‘diversity of existence’, and to affirm the primacy of use-value over exchange-value.

51. It is equally important to note that the crisis of real subsumption at the level of the labour process drove capital to attempt to subject and prescribe the worker’s subjectivity itself according to the logic of a society of control.
Conclusions. Cognitive capitalism versus the general intellect: tensions and new forms of antagonism

The Marxian category of the general intellect bestows on us an extremely rich legacy for comprehending the foundations and the contradictions of the new division of labour born from the crisis of industrial capitalism and the advent of cognitive capitalism.

In synthesis:

i) The affirmation of the figure of the general intellect corresponds to a structural crisis of industrial capitalism itself. It indicates a superior level of ‘great crisis’, halfway between regulationist notions of a ‘crisis of a mode of development’ and ‘crisis of the mode of production itself’. It is a case of a crisis of mutation that challenges the tendencies that support the division of labour and the accumulation of capital, departing from the first industrial revolution. The industrial configuration of capitalism (and the modes of development which marked its history) has constituted only a specific phase in the dynamic of the longue durée of capitalism.

ii) For Marx, the ascent of cognitive capitalism cannot be explained through a technological determinism that understands the new technologies and the knowledge incorporated in fixed capital as the principal motor of the passage to a new division of labour. On the contrary, the essential dimension of this mutation is found in the conflicts that have led to a new qualitative preponderance of the knowledges of living labour over knowledges incorporated in fixed capital and in corporate organisation. From this point of view, knowledge cannot be assimilated either to capital (as in the theory of human capital), or constituted in a supplementary factor of production (independent from capital and from labour, as some interpretations of cognitive capitalism assume). Knowledge and education are nothing but the means of expression and creation of labour. These are subjective conditions of production that characterise the use-value of labour-power.

53. The notion of a crisis of a mode of development indicates in the terminology of the French regulation school (Aglietta, Boyer, Lipietz, Petit) a great crisis of the transformation of the dynamic of industrial capitalism. The theory of regulation has not, however, considered in its conceptual apparatus the hypothesis of a superior level of crisis, which we could define with the concept of a great crisis of the historical system of accumulation of industrial capitalism. For a critique of the regulationist approach and a presentation of the concept of crisis of an historical system of accumulation, see Vercellone 2003a and Paulré 2004. For a presentation of the theory of regulation, see Boyer 1986.

iii) The capitalism of the general intellect, far from eliminating contradictions and antagonisms, displaces them and, to a certain extent, increases their significance. Following Marx, the new terms of the relation of capital to labour in cognitive capitalism can be characterised in this way.

iv) The traditional opposition between dead labour/living labour, proper to industrial capitalism, gives way to a new form of antagonism, that between the dead knowledge of capital and the ‘living knowledge’ of labour. Thus, ‘The modern mutation could be summarised... in a formula: we pass from the static management of resources to the dynamic management of knowledges. Productive science is no longer “encapsulated” in the rigid logic incorporated in machines.’

On the other hand, inside the enterprise just as in society, the mobilisation and the co-operation of collective knowledges is increasingly fundamental, the only elements able to release and to control a dynamic of accelerated change.

v) This displacement of the terms of antagonism corresponds to a subsumption of labour to capital which is, once again, essentially formal from the point of view of the labour process. However, differently from the practical knowledges of the old craftsmen, the living knowledges of diffuse intellectuality today cannot be ‘expropriated’ by a deepening of the Smithian logic of the division of labour that found its summit in Taylorist and Fordist principles of organisation of labour. Such a type of expropriation could not be effected other than at the price of a lowering of the general level of education of the workforce, a level which is recognised to be the source of the wealth of nations and the competitiveness of enterprises. The resurgence of tensions regarding self-determination in the organisation of labour and the social ends of production depends on the reaffirmation of the autonomy of living knowledge.

vi) In the activities in which the cognitive and immaterial dimension of labour is dominant, we witness a destabilisation of one of the structuring conditions of the wage relation, that is to say, the renunciation – compensated by the wage – by the workers to any claim on the property of the product of their labour. In cognitive-labour-producing knowledge, the result of labour remains incorporated in the brain of the worker and is thus inseparable from her person. That helps explain, together with other factors, the pressure exercised by enterprises in order to attain a strengthening of the rights of intellectual property and to re-enclose, in a new phase of the primitive accumulation of capital, the social mechanisms at the base of the circulation of knowledge.

vii) Where the time of labour directly dedicated to the production of commodities intensive in knowledge becomes insignificant; or, to put it in the

55. Lorino 1993, p. 82.
language of neoclassical economic theory, where the marginal costs of reproduction are practically nothing or extremely low, these commodities should be given for free. From this standpoint, the solution searched for by capital is now to advance rights to intellectual property in order to collect monopoly rents. This stratagem corresponds to a situation which contradicts the very principles on which the founding fathers of political economy had theoretically justified private property and the efficiency of a competitive order. In fact, it is now the very creation of property which generates scarcity. It is what Marx (but perhaps even a classical economist like Ricardo) would qualify as an artificial way of maintaining the primacy of exchange-value (which is based on the difficulties of production) against wealth, which is based instead on abundance and use-value, and therefore on free appropriation.

viii) In the capitalism of the general intellect and of value-knowledge, the relation of capital to labour is subjected to two new sources of conflict. On the one hand, precisely due to the crumbling of the traditional frontiers between the sphere of reproduction and that of direct production, the exploitation of the use-value of labour-power expands to the entire social day. On the other hand, capital’s attempt to maintain the permanence of the law of value founded on direct labour-time, despite its crisis, leads to the unemployment and the devalorisation of labour-power. The result of this is the current paradox of poverty within abundance in an economy in which the power and diffusion of knowledges contrasts with a logic of accumulation; and where the frontiers between rent and profit fade, while the new relations of ownership of knowledge obstruct the progress of knowledge through the creation of an artificial scarcity of resources.

In conclusion, in cognitive capitalism the relation of capital to labour is presented as the opposition of two logics, between which it no longer seems possible to re-stabilise a dialectic of struggles/development:

a) on the one hand, the logic of capital accumulation which assumes an ever more parasitic nature through its attempt to enforce the law of value artificially.

56. The need to contrast this extension of exploitation constitutes one of the fundamental elements of the claim for a guaranteed social income (or wage) independent of employment. It is conceived as the remuneration for the totality of social times and for the activities that participate in the creation of value appropriated by enterprises. This guaranteed income should be of a sum sufficient to allow each to have a decent standard of living and to refuse conditions of employment considered as unacceptable. In this way, the guaranteed social income constitutes an instrument to mitigate the monetary compulsion represented by the wage relation and favours the development of activities alternative to the logic of the market and wage-labour. For a more detailed presentation of the proposal of a guaranteed social income, see also: Monnier and Vercellone 2006, Vercellone 2003b and Gorz 1997.
It does so to the point of blocking the sources themselves of the process of the diffusion and the accumulation of knowledge.

b) On the other hand, the logic of the new figure of the collective worker, the diffuse intellectuality ‘in the brain of which is all of the accumulated knowledge in society’ and which holds the totality of prerequisites for a self-management of the conditions and social ends of production.57

It is around these contradictions that some of the most essential questions of the critique of the political economy of the knowledge-based economy and of a political project for the overcoming of cognitive capitalism are posited.

Translated by Peter Thomas

References

Braudel, Fernand 1982, ‘Une rupture plus grave que celle des années trente,’ (interview with G. Moatti), L’Expansion, October.

57. In this sense, we could define communism as the real movement by means of which the society of knowledge would liberate itself effectively from the capitalist logic that subsumes it, freeing the potential of emancipation inscribed in an economy founded on the free circulation of knowledge and the democracy of the general intellect.


Tronti, Mario 1966, Operai e capitale, Torino: Einaudi.


Abstract
Ernest Mandel theorised the capitalist world economy as an articulated system of capitalist, semi-capitalist and precapitalist relations of production, linked to each other by capitalist relations of exchange and domination by the capitalist world market. This seems to be an interesting starting point for an historically well-founded theory, building on and going beyond Marx’s work, of the worldwide expansion of the capitalist mode of production from its origins to the present. In his attempt to formulate his theory, Mandel did not succeed in resolving all difficulties, however. His main works – *Marxist Economic Theory* and *Late Capitalism* – show a number of dangling loose ends. The central question is whether these loose ends are merely technical difficulties or whether they reveal fatal flaws in the theory as a whole. In order to come a step closer to answering this question, a conference was organised in Amsterdam, November 2003. This introduction formulates the five, closely interrelated issues that were highlighted at this conference.

Keywords
Ernest Mandel, capitalism, long waves, Marxist economics

The current period of capitalist globalisation has forcibly drawn our attention to the fact that we do not yet have a coherent analysis of capitalist development over the course of the last 500 or 600 years. While there is an extensive body of literature on the origins of early capitalism, and much has been written about the rise and further development of imperialism since the nineteenth century, what we lack is a historically well-founded theory, building on, and going beyond Marx’s work, of the worldwide expansion of the capitalist mode of production from its origins to the present. We do have the world-systems approach of Immanuel Wallerstein and
his co-thinkers at our disposal, but this theory is limited to the sphere of circulation and does not give sufficient weight to social conflicts.1

Several authors have maintained that a good alternative exists to Wallerstein’s conceptualisation of the modern world-system:2 Ernest Mandel’s theory of the capitalist world economy as ‘an articulated system of capitalist, semi-capitalist and pre-capitalist relations of production, linked to each other by capitalist relations of exchange and domination by the capitalist world market’.3 Mandel gives considerable weight to the historical importance of social struggles.

From the 1940s to the 1980s, the Belgian Marxist Ernest Mandel (1923–95) studied many aspects of capitalism.4 Virtually from the beginning, he tried to situate these aspects historically in their global context. His main works, *Marxist Economic Theory* (first published in French in 1962) and *Late Capitalism* (first published in German in 1972), bear witness to this fact. In *Marxist Economic Theory*, Mandel went in search of the origins and development of the most important economic elements of precapitalist societies. He described how capitalism came into existence (without being able to give a complete explanation of this process, incidentally), traced the essential forms of movement of capital, and examined the logic of the development of monopoly capitalism and modern imperialism. Mandel attempted through an historical and analytical account of the role of trade, credit, money and landed property to give new life to Marx’s misshapen legacy. His study was one of the works that marked the beginning of the ‘Marx Renaissance’ of the second half of the twentieth century.5

*Marxist Economic Theory* was, at the time it was published, one of the few efforts to integrate history into Marx’s economic theory. Mandel considered *Marxist Economic Theory* an attempt to demonstrate that ‘only Marx’s economic teaching makes possible the synthesis of the totality of human knowledge, and above all a synthesis of economic history and economic theory’.6 In *Late Capitalism*, he reaffirmed this standpoint, and then posed the question: ‘Why is there still no satisfactory history of capitalism as a function of the inner laws of capital…and still less a satisfactory explanation of the new stage in the history of capitalism which clearly began after the Second World War?’ 7 *Late Capitalism* was, above all, Mandel’s attempt to respond to the second of these two lacks.

4. Other foci of his work were the class nature of the so-called socialist countries and the question of the ‘subjective factor’ (council democracy and the revolutionary party). For biographical information see: Ali 1995; Blackburn 1995; Hodgson 1997; Itoh 1997; Stutje 2004, 2007.
Late Capitalism introduced an analytical method that had not previously been customary among Marxists. Rudolf Hilferding, Rosa Luxemburg, Henryk Grossmann, Otto Bauer and other classical theorists, who had tried to explain specific phases of the capitalist mode of production, had taken the reproduction schemes in Volume II of Marx’s Capital as their starting point. Following his friend and mentor Roman Rosdolsky, Mandel considered this application of the schemes incorrect. Mandel maintained that Marx had only used the reproduction schemes in order to argue that a periodic economic equilibrium was possible under capitalism.8 The schemes were tools for an equilibrium analysis, and thus, unsuitable to describe the course of a process of accumulation that was characterised not by equilibrium but rather by a constant disruption of equilibrium by periodic crises. The reproduction schemes were a brilliant ‘conceptual tool’ to fathom the interdependence of different economic sectors, but they were not suited to explain the historical dynamic of capitalism.9

Mandel proposed an alternative, in which he would try to deduce the system’s dynamic, not from a single factor, but rather from a configuration of partially independent variables, which constitute ‘the fundamental proportions of the capitalist mode of production’.10 The history of capitalism, Mandel emphasised time and again, ‘can only be dealt with and understood as an equation including

8. According to Mandel, the two-department schema of reproduction was ‘an extreme simplification to bring out the underlying assumptions of equilibrium (or equilibrated, proportionate growth) under conditions of commodity production’ (Mandel 1978, p. 28). Roman Rosdolsky had laid the foundation for his critique in The Making of Marx’s Capital, pp. 457–9 and pp. 494–6. In a letter to Otto Morf, written as early as 13 November 1964, Rosdolsky wrote: ‘My “solution” to the riddle is extremely simple…. It goes as follows: I claim that Marx never had any intention (nor could he have had any intention) of including the rising organic composition of capital, the increasing rate of surplus-value and other such things in his schemes of “expanded reproduction”, because these schemes had the sole purpose of showing the possibility (not the reality!) of reproduction on an expanded scale in the framework of an industrial cycle.’ R. Rosdolsky Archive, International Institute of Social History, Amsterdam (IISH), folder 299.

9. While Mandel rejected Marx’s schemes as tools to analyse disruptions of equilibrium, he did wonder whether it might be possible to construct schemes with more departments, which step by step would ‘approach an inter-branch model reflecting the actual structure of a modern capitalist industrialised society’ (Mandel 1978, p. 28). Initially, Mandel had schemes with three or four departments in mind (see Mandel’s letter to Harry Chester, 1 September 1972, E. Mandel Archive, IISH, folder 237). Later, he was thinking of seven departments (Mandel 1978, p. 28).

several different variables. The interaction among the different variables was what counted for Mandel. By situating the configuration of different variables in a concrete historical framework, successive phases in the history of capitalism could be analysed and explained. What is expressed in the interaction of the different variables, according to Mandel, is the changing rate of profit, the seismograph of history recording the economic cycles and waves.

Mandel described late capitalism as a phase of the capitalist mode of production’s era of decline, in which, after major defeats for the international workers’ movement under fascism and during the Second World War, a substantial increase in the rate of surplus-value brought about a sudden and lasting increase in the rate of profit, and along with that, a rise in capital accumulation and accelerated economic growth. He tried to show how, over time, the same variables that had made the economy expand in the years 1940/45–66, subsequently brought about a slowdown in economic growth.

Mandel’s great analytical difficulty was, however, that the concrete interactions among the different variables were very hard to grasp, because the variables were partially independent; any particular variable functioned at some moments as a cause, and at other moments, as an effect, depending on the specific context. This may be the reason why, despite the profound analysis of the different variables in successive chapters, the sequence and coherence of Late Capitalism are not always satisfactory, and the synthesis formed by the historical representation of a complex and integrated reality fails to convince.

This observation does not, of course, imply that Mandel’s approach is wrong. It means, at most, that carrying out his approach involved great practical difficulties. So, it is also no surprise that Mandel worked out the idea of ‘partially independent variables’ further in later years. In a sort of last-ditch

12. Mandel also mentioned cheaper raw materials and machines as an explanation for the rising rate of profit in the period 1940–66, linked to the speed-up in capital accumulation made possible by the third technological revolution: automation, electronics, nuclear energy, and so forth.
13. The US statistician Harry Chester, whom Roman Rosdolsky also consulted for his magnum opus The Making of Marx’s ‘Capital’ (Rosdolsky 1990, p. 449, n. 6), had referred earlier to this difficulty: ‘The great difficulty is not the large number of independent variables – in these days of the computer this is a minor technicality. The greatest difficulty is rather the dialectical aspect of the system, the fact that the same variable under some circumstances has one effect and at other times, under different circumstances has the opposite effect. How do I build a model…?’ Chester to Mandel, 25 September 1972, E. Mandel Archive, folder 49. (See also Mandel to H. Krivine, 29 September 1970, E. Mandel Archive, folder 45; Mandel to Chester, 1 September 1972; Mandel to Geoff Hodgson, 1 September 1972; Mandel to E. Mommen, 1 September 1972, E. Mandel Archive, folder 237.)
offensive, he increased the number of variables still further. In the mid-1980s, he distinguished at least ten of them. The great advantage of his method consists, above all, in its openness to historical contingency. Once the basis for the capitalist mode of production has been laid, then, the partially independent variables ‘flow automatically from the structure of the system itself’. Yet: ‘Besides the inner logic of the system, exogenous factors are at work, which partially co-determine the system’s development, at least at short and medium-term ranges.’ This is a consequence of the fact that ‘the concrete historical process of capitalist development is always the result of an interaction between the system and the environment in which it develops; this environment is never 100 percent capitalist.’ In light of this framework, it is odd that some critics have reproached Mandel with having had a deterministic approach in *Late Capitalism* himself, by tracing the whole of capitalist development to long waves determined by one overarching variable: the rate of profit. Is this just a case of ‘careless reading’, as has been said on several occasions? In any case, Mandel felt impelled by mechanistic interpretations of his work to demonstrate that his theory of long waves (the basis for his periodisation of capitalism since

14. The laws of (1) value; (2) capital accumulation; (3) surplus-value; (4) equalisation of the rate of profit; (5) concentration and centralisation of capital; (6) tendency of the organic composition of capital to rise; (7) class struggle determination of wages; (8) tendency for the average rate of profit to decline; (9) the cyclical nature of capitalist production and of the inevitability of crises of over-production; and (10) the unavoidable collapse of the system. Mandel 1985, pp. 485–9. See also Mandel 1987, pp. 378–81.
17. Ibid. One example of an analysis based on this consideration is Mandel’s essay on the long-term evolution of real wages: Mandel 1989. See also Mandel 1991.
18. Michael Krätke in this issue of *Historical Materialism*; Mattick 1974, pp.146–9; Rowthorn 1976, pp. 61–2. Not only did critics charge Mandel with taking refuge in a monocausal explanation – the same charge he had made harshly against his predecessors, they also questioned his explanation of the falling rate of profit. Rowthorn considered that Mandel underestimated the influence of rising real wages. Rowthorn suggested, for instance, that the 1970 recession resulted from a shrinking share of profits in production, and not from ‘a high capital value in the production process’. Similarly, Glyn and Sutcliffe (1972) found Mandel’s emphasis on the organic composition of capital unconvincing, saying that Mandel should have counted variable capital in his analysis as well as constant capital as part of production costs. See also Nordhaus 1974. Mandel warned time and again against a conception in which the rate of profit would be the alpha and omega, in order to avoid giving the impression that a new phase of expansion would begin spontaneously as soon as a given level of profitability was reached. The rate of profit is no more than an indicator that gives expression to many different underlying phenomena. Nowadays, Michel Husson maintains that in the current recessive phase the rate of profit recovered after 1982 and reached levels characteristic of the years before the 1974–5 crisis, without there being any sign of a comparable recovery of accumulation or growth. Husson 1999, p. 96.
the late eighteenth century) took serious account of historical contingency. In the Marshall Lectures that he gave in Cambridge in 1978, he developed his argument by stressing that the beginning of each long wave must always be explained on the basis of extra-economic factors, such as 'wars of conquest, extensions and contractions of the area of capitalist operation, class struggle, revolutions and counterrevolutions, etc.' These factors 'detonate, so to speak, radical upheavals in the basic variables of capitalist growth (i.e., they can lead to upheavals in the average rate of profit).'

Ernest Mandel made an important attempt to interpret the development of global capitalism by use of a Marxist method. His project remained incomplete, however; it has a number of dangling loose ends. The central question is whether these loose ends are merely technical difficulties or whether they reveal fatal flaws in the theory as a whole. In order to come a step closer to answering this question, the Free University of Brussels (represented by Professor Els Witte), the Ernest Mandel Foundation and the International Institute of Social History organised a conference on the topic in November 2003 in Amsterdam. The following five, closely interrelated issues were highlighted at the conference:

(i) The concept of 'capitalism'. Widely divergent answers have been given in the Marxist tradition to the question of how the 'capitalist mode of production' should be defined. This was evident, for example, during the two so-called 'transition debates' in the 1950s (Sweezy versus Dobb) and the 1970s (the Brenner debate), as well as in the prolonged controversy over the nature of Soviet society. Mandel always took a very clear standpoint of his own in this general debate. What are the merits and weaknesses of his standpoint?

(ii) The origins of capitalism. Mandel pointed out in several different publications that primitive accumulation and the existence of a substantial agricultural surplus product were necessary but insufficient conditions for the transition to a capitalist society. The quantity of money capital accumulated in Moghul India, for instance, was probably no less than in Europe during the same period. Yet, it was in Europe, not in India, that capitalism made its breakthrough. Mandel explained this 'Europe first' pattern as a result of a different relationship of forces between the state and the bourgeoisie. The stronger the bourgeoisie was, the more continuous capitalist accumulation could be.

In the last analysis the uneven development of capital in East and West results from the dissimilarity of the two regions' agricultures, from two different relationships

between land, water and the masses of people, which led in the East to a greater centralization of the social surplus product thanks to an agriculture based on irrigation and led in the West to a dual economy and a greater decentralization of the social surplus product.24

This position is controversial, as can be seen from the ongoing debate about the role that the colonies played in the industrialisation of Europe25 as well as in the current debate about the ‘Great Divergence’.26

(iii) The periodisation of capitalism. Mandel uses a ‘periodisation of capitalist development’ in three phases: freely competitive capitalism, imperialism, and late capitalism. This periodisation is based on the theory of long waves. Critics have maintained that this division is inadequately grounded27 and point to the central role assigned to the tendential fall of the rate of profit in ‘long-wave’ theory. Is this the only factor that determines the dynamics of capitalism, or is it only one of many? Even if the fall of the rate of profit gives rise to counteracting tendencies, are these enduring or does the theory lead once more to a scenario of so-called collapse? Mandel himself emphasised the importance of this set of issues.28 The question can also be raised whether ‘merchant capitalism’ might be considered a fourth (earliest) phase.

(iv) The uneven and combined development of capitalism. Following Trotsky,29 Mandel always defended the theory that the development of world capitalism is characterised by unevenness, to such an extent that latecomers can skip over stages that the pioneers were forced to go through.30 This theory seems, at first sight, fairly self-evident, but the question is what it actually contributes to our understanding of history. Jon Elster has claimed that the theory is ‘rather vapid’, inasmuch as it amounts to no more than ‘a denial of the theory of unilinear development’ and ‘does not make any positive contribution’.31

(v) The collapse of capitalism. If capitalism blocks the possibility of the concrete utopia of human community, how can this utopia be achieved? Mandel always opposed determinist theories, like those of Henryk Grossmann and Rosa Luxemburg, which predicted capitalism’s inevitable collapse, and opposed the dominant ‘Communist’ ideology, which also assumed that the system’s end

27. For instance, Massarat 1976, pp. 147–56; or Day 1976.
30. See Mandel 1970.
was a theoretical and historical certainty.32 But, if we interpret history as an open process (‘socialism or barbarism’), as Mandel advocated, then, what role do economic development in general and the tendential fall of the rate of profit in particular play?

Revised versions of the papers presented at the conference are included in this issue of *Historical Materialism*. They do not examine all the issues that we have named here, but rather constitute an initial stimulus for further exploration. We hope that any shortcomings and errors that they may contain will be a challenge to critics to do more and better.

References


Islam, the Mediterranean and the Rise of Capitalism

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Abstract
Marxist notions of the origins of capitalism are still largely structured by the famous debate on the transition from feudalism to capitalism. This essay suggests that that tradition of historiography locates capitalism too late and sees it in essentially national terms. It argues that capitalism began, on a European scale, in the important transformations that followed the great revival of the eleventh century and the role played by mercantile élites in innovating new forms of business organisation. However, with this starting point, it becomes important to bring Islam into the picture in a central way, since the Mediterranean was the common heritage of many cultural and religious groups. Islam shaped the tradition of early capitalism both by preserving monetary economy and through its own precocious development of the partnership form. The essay periodises this early capitalism into a ‘Mediterranean’ and an ‘Atlantic’ phase, and concludes by looking briefly at the ways in which merchants dominate labour.

Keywords
capitalist origins, merchant capitalism, partnerships, Islam, advance system

Historiographies of capital
Our conception of capitalist origins has been so heavily dominated by the so-called ‘transition’ debate that Marxists are apt to forget that the first debate on origins actually began with the publication of the first edition of Sombart’s Modern Capitalism and the various responses to its major argument that agrarian wealth or the accumulation of ground-rent provided the chief source of the fortunes that financed capitalist expansion in Europe. For Sombart, the aristocracies of Europe played the leading role in the evolution of industrial capitalism, and even Kolonialkapitalismus was to a large extent the work of these ‘aristocratic entrepreneurs.’ The earliest systematic response to Sombart’s thesis

was Jakob Strieder’s seminal and, in some ways, still unsurpassed book *Studien zur Geschichte kapitalistischer Organisationsformen* (1914). Strieder strongly believed that the first large-scale capitalist enterprises in industry, particularly mining, were financed and controlled by merchants, and this could be shown for the South-German mining industry of the fifteenth and sixteenth centuries.²

Three aspects of Strieder’s argument are worth noting: first, that the mining industry played a seminal role in the evolution of modern capitalism; second, that merchants *created* large enterprises, that is, involved themselves in the organisation of production and industry; and, finally, the more general thesis that commercial capitalism lay at the origin of the so-called capitalist spirit several centuries earlier, in Venice, Florence and other centres of ‘early capitalism’. The last of these theses became the focus of a subsequent paper which Strieder published in 1929, called ‘Origin and Evolution of Early European Capitalism’. Here, he argued that, in a whole series of industries (the woollen goods, silk weaving, linen export and metal industries), ‘the merchant who organized the export trade, and made advances in one form or another to the workman, gained control over industries which had previously been in the hands of independent craftsmen’.³ This evolution was, of course, particularly advanced in Italy, where ‘the forms of money and credit economy, inherited from the ancient world, had kept their vitality’.⁴ This is a particularly interesting idea because the legacies of late antiquity are seen here as unmediated. There is, if you like, an unbroken line of descent from the ancient world to medieval capitalism, and the story is purely European.

In the same year, Earl Hamilton proposed his now famous argument that while many ‘factors’ contributed to the rise of modern capitalism, chief among these were the discoveries and the ‘vast influx of gold and silver from American mines’.⁵ His main thesis, of course, was that trans-Atlantic flows boosted profitability for employers by triggering a price inflation, but Hamilton also suggested a causal connection between American treasure and the East India trade, arguing that Portugal, Holland, England and France were able to finance their trade expansion in the east thanks to the vast influx of precious metals from Mexico and Peru and the ability of those countries to attract the largest share of this metallic mass.⁶ Unlike Strieder, however, all of these developments were simply seen as ‘factors’ in the rise of ‘modern capitalism’, that is, presuppositions

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² Strieder 1914.
³ Strieder 1929, p. 3.
⁴ Strieder 1929, p. 5.
⁵ Hamilton 1929, p. 344.
⁶ Hamilton 1929, p. 347.
of capital rather than movements or enterprises (‘concerted praxes’) presupposing capital.

The close connection between the East India trade and American treasure and the rise of modern capitalism has been overlooked or neglected largely because Portugal, the first nation to profit from trade with the Spice Islands by the Cape route, and Spain, the recipient of American gold and silver, showed no significant progress toward capitalism.7

When Hamilton says, ‘no significant progress toward capitalism’, he clearly means industrial capitalism. Yet Hamilton’s main contribution was to draw attention to the Atlantic. By 1932, Portuguese historians could suggest that the countries of the Atlantic seaboard were the ‘true founders of modern capitalism’.8 The great centres of modern capitalism were Lisbon and Antwerp. In a deeply provocative formulation, Veiga-Simoes wrote, ‘the whole of the new commercial life and even the capitalist system stem fundamentally from Portuguese economic policy at the end of the 14th and beginning of the 15th centuries’.9 I shall argue that this is basically correct and the speculative core of a more internationalist historiography of capitalism than that implied in the ‘transition’ debate.

Portugal straddled two phases of commercial capitalism, subordinating the Atlantic to the Mediterranean, and then the Mediterranean to the Atlantic.10 Yet Portugal’s imperial adventure began as a confrontation with the commercial networks of Islam, an attempt to undermine those networks internationally. In his brilliant and much neglected book O Capitalismo monárquico Português (1415–1549), subtitled ‘Contribution to a Study of the Origins of Modern Capitalism’, Manuel Nunes Dias argued that ‘with the conquest of the Dark Sea, Europe overthrew the Mediterranean frameworks that had shackled her progress. In the great Ocean lay the engine that drove her capitalism’.11 Behind the capture of Ceuta in 1415 lay the whole weight of the ‘incipient commercial capitalism of the later Middle Ages’ and its relentless fascination with the spectre of African gold.12 The political victory of the bourgeoisie in 1440, raising Dom Pedro to the throne of Portugal, inaugurated a period of intense activity along the Atlantic

11. To a ‘northern, Atlantic, international capitalism’, as Braudel called it, Braudel 1975, Volume 1, pp. 510; 228; the phrase is from p. 640.
coast of Africa, signifying the strategic triumph of maritime expansion over territorial imperialism and enabling Henry the Navigator to implement his policy of deflecting the Sudan-Sahara traffic from the desert routes to the Atlantic. Through its progressive ‘capture’ of the Atlantic, Portugal emerged as the most ‘active representative of the nascent commercial capitalism of the Christian West’.14 By the time Dom João II ascended the throne in 1481, Portugal was Europe’s first colonial power, the ‘driving force of a capitalist revolution’ of far-flung trading establishments [feitorias, ‘factories’] buttressed by military fortresses. The Portuguese became ‘pioneers of the modern colonial system’, harnessing the Crusader tradition of a marginalised aristocracy within the peculiar fusion of Crown and commercial capitalism which Dias calls ‘monarchical capitalism’, with its chief international centre at Antwerp, the ‘headquarters’ of modern capitalism. The gold shipped from São Jorge da Mina raised Portugal’s credit rating and consolidated the power of the monarchy, creating the crucial basis for expansion to the East.15

This is hardly a fair summary of a book that runs into 1,097 pages and one which even Braudel seems largely to have ignored. What is striking in Dias is not just the sense that capitalism was a thoroughly international system from its inception and that the problems confronted by Portugal were problems that all of European capitalism was keen to solve (above all, the scarcity of gold), but the much less obvious idea that Portugal’s Atlantic expansion began in fact as an assault on Islamic commercial supremacy, both its domination of the Sahara gold trade and its monopoly of the Indian Ocean. The legacies of late antiquity were retrieved in different ways by Islam and the Italian city republics, and the dynamics of European capitalism are incomprehensible without some attempt to understand those totalisations. Here, the late 1960s saw two significant contributions. In Società e stato nel medioevo veneziano (secoli xii–xiv), Giorgio Cracco developed a brilliant analysis of the power of commercial capital in the Venetian republic of the twelfth and thirteenth centuries, the fierce domination of the commune by an oligarchy of capitalists whose fortunes were tied up with international trade. The Venetian republic was a stato dei mercanti, a stato dei grandi capitalisti,16 based, by the middle decades of the thirteenth century, on a huge concentration of capital that narrowed the social and political base of the mercantile economy, and the relentless subordination of all sectors not directly bound up with the Levant traffic. Finally, in a paper published in 1969, Subhi

Labib argued that 'capitalism was able to develop much earlier in the Islamic regions than in the Occident', largely because the Muslim Mediterranean could build on the continuing traditions of late antiquity (unlike the West?). Labib referred to 'Islamic capitalism', 'the medieval capitalistic trade of Islam', to 'trading companies', bills of exchange, big business, etc., and thought that the failure of the state to sustain these structures led to their progressive unravelling by the later Middle Ages.

Towards a Marxist theory of commercial capitalism

Marx's *Capital* is premised on the primacy of industrial capital. This means that, with the evolution of industrial capitalism,

> the other varieties of capital which appeared previously ... are not only subordinated to it and correspondingly altered in the mechanism of their functioning, but they now move only on its basis, thus live and die, stand and fall together with this basis.18

The merchant or 'merchant capitalist'19 is simply a 'circulation agent' of industrial capital,20 a 'form' or 'branch' of industrial capital, lacking any independent existence. Marx also seems to suggest that, under industrial capitalism, commercial capital is increasingly 'stripped of all the heterogeneous functions that may be linked to it, such as storage, dispatch, transport, distribution and retailing, and confined to its true function of buying in order to sell'.21 Thus 'commercial capital' is simply a specialised form of the circulation functions of industrial capital, and no independent system can be construed for it. But this conception of commercial capital is clearly inapplicable to the historical trajectories associated with the international traders or merchant financiers who dominated the earlier history of capitalism. It is a definition of the nature and functions of commercial capital that presupposes the circuit of industrial capital or the dominance of large-scale industry, a situation that was only finally realised as late as the nineteenth century. And it seems logically absurd to me to imagine that a history of capitalism can be written using a notion of commercial capital that was developed by Marx for the kind of capitalist economy that evolved only in the nineteenth century. In practice, of course, this is largely what has tended to

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happen. The most striking case of this is Maurice Dobb, who referred sneeringly to the 'Pokrovsky-bog of "merchant capitalism"';²² conceived of capitalism in essentially national terms, and sought to understand origins in terms of factors peculiar to England. There is a methodological impasse at work here, a staggering confusion of history and logic that accounts for the singular inability of Marxists influenced by Dobb to confront the past of capitalism beyond such manifestly untenable assertions as: 'The capitalist system was born in England. Only in England did capitalism emerge, in the early modern period, as an indigenous national economy';²³ or: 'By its very nature, merchant capital must attach itself to a system of production...'.²⁴

Dobb was evidently mesmerised by the distinction between 'production' and 'exchange', generalising this into an alleged contrast between capitalism as a 'commercial system' and capitalism as a 'mode of production'. Central to the latter was 'productive activity on the basis of a wage-contract.' 'Men of capital, however acquisitive, are not enough: their capital must be used to yoke labour to the creation of surplus-value in production.'²⁵ Methodologically, there were at least two interesting responses to this kind of reasoning. Reviewing Studies in the very year that saw Sweezy and Dobb publish their exchange in Science and Society, Tawney suggested that the 'restricted' sense of capitalism which Dobb favoured eliminated a great deal of the history of capitalism, and even led 'at times' to a 'misconception of the significance of the part played by capitalist interests in periods when an industrial wage-system was, in this country [England], in its infancy'.²⁶ Dobb underestimated the strength of capitalist interests in the century before the English Civil War. Georges Lefebvre's excellent contribution to the 'transition' debate sidestepped the antithesis by suggesting that, even in England, the merchants played a more decisive role in the evolution of capitalism than Dobb was willing to allow for, and ended with a plea for renewed interrogation of the sources.²⁷ 'The dominant sector of capital [had] no thought of overturning the social and political order.' Indeed, it was the 'collusion between commerce and the State [that] promoted the development of capitalism.'²⁸ The methodological step forward in Lefebvre's critique is the explicit move away from the wholly abstract opposition between production and circulation, or merchants and manufacture. 'The merchant created

²⁶. Tawney 1950, p. 311.
manufactures; his interests coincided with those of [the] State, and of the great landowners who were enclosing estates and evicting tenants, to transform agriculture.29

The general implication of these critiques is that we need a model of commercial capitalism that allows for the reintegration of production and circulation, so that one is no longer fixated on the idea that merchant capital is always and inherently external to production. For this to be possible, we have to see Marx’s definition of commercial capital as specific to the framework of his analysis of industrial capital, and construct a circuit of commercial capital that would explain the movement of the kinds of capital exemplified by the Dutch and English East India Companies, for example. They dominated world trade for a period of centuries and brought about the kind of capitalist world economy that large-scale industry took for granted when it began its own expansion in the nineteenth century. But, when these joint-stock companies were formed on the eve of the seventeenth century, they in turn built on the legacies of earlier and possibly less internationalised forms of merchant capitalism whose origins lie in Europe around the twelfth century, and elsewhere – in the Islamic world and China – even earlier. As a broad periodisation, I would suggest that we see the twelfth to fifteenth centuries as the period of the growth of capitalism in Europe (‘Mediterranean capitalism’) and the sixteenth to eighteenth centuries as the period of company capitalism, marked by more brutal methods of accumulation and competition.

From corporate capitalism to the earliest capitalist forms of association

The institutional framework of industrial capitalism only emerged towards the end of the nineteenth century with the so-called ‘corporate revolution’.30 Industrial capitalism became corporate capitalism with the spread of free incorporation, limited liability, and the legal doctrine of separate personality. These were developments underpinned by a huge expansion in the scale of enterprise, the evolution of investment banks, and the financing of investment by the capital market. When Hilferding wrote Finance Capital, he described a particular (national) form of this development, but he was the first Marxist to do so, that is, to come to terms with the new era of corporate capitalism.

Now, as Paddy Ireland has shown, the doctrine of separate personality evolved against the background of legal changes that reconceptualised the share as an

30. One of the best accounts is Roy 1997.
autonomous form of property, a ‘separate and distinctive form of money capital’.\textsuperscript{31} This process was more or less complete in Britain by the third quarter of the nineteenth century.\textsuperscript{32} If shareholders had ‘no direct interest, legal or equitable, in the property owned by the company, only a right to dividends and the right to assign their shares for value’,\textsuperscript{33} the company, by contrast, was now seen as the owner of its own assets. Separate personality severed the link between the assets of joint-stock companies and their shares, ‘externalising’ shareholders and depersonifying the company.\textsuperscript{34} In other words, before these changes and throughout the seventeenth, eighteenth and early nineteenth centuries, shares in joint stock companies, incorporated and unincorporated, were consistently conceptualised as equitable interests in the assets of the company. Shareholders were regarded as owners in equity of the company’s property and shares as an equitable right to an undivided part of the company’s assets.\textsuperscript{35}

What this means is that there was no distinction in law between companies and partnerships.

[\textit{T}]he first English partnership law treatise, written in 1794 by William Watson, differentiated partnerships and companies on a purely economic basis. In the second edition of the book, published in 1807, the distinction was drawn with particular clarity. In England, Watson wrote, the ‘first great division’ was into ‘public and private partnerships’. Public partnerships were ‘usually called companies or societies’ and ‘generally consist[ed] of many members’ carrying on ‘some important undertaking for which the capital and exertions of a few individuals would be insufficient’. These companies were sometimes incorporated, sometimes not.…. [J]oint stock companies ‘not confirmed by public authority’ were, legally speaking, mere partnerships, distinguishable only by the fact that ‘the articles of agreement between [their members were] usually very different’. Other treatise writers followed Watson’s classifications.\textsuperscript{36}

In short, partnerships remained the most common and dominant form of capitalist organisation down to the nineteenth century.\textsuperscript{37} For example, the
wealthy merchants who dominated the Glasgow tobacco trade in the eighteenth century – among the most successful capitalists of their time – came to form massive syndicates which basically consisted of interlocking partnerships. According to Devine, three such groups of interlocking partnerships handled over fifty per cent of the tobacco in the 1770s.\(^{38}\) Scottish partnerships were exceptionally conducive to accumulation, since ‘partners were only allowed 5 per cent interest on the value of their shares [and] the vast proportion of company earnings were ploughed back’.\(^{39}\) ‘[T]he larger Glasgow firms were miniature prototypes of later private joint-stock organisations’, notes Devine.\(^{40}\) The same, of course, has been said about the colonial companies of the seventeenth century, and, before them, of the great Augsburg family firms of the sixteenth, which Strieder was so impressed by.\(^{41}\)

All of these enterprises were owned and controlled by merchants. It was merchant capitalism which innovated the unlimited partnership and the whole spectrum of forms of association that flowed from it. The large Italian mercantile and banking houses of the thirteenth to fifteenth centuries were relatively permanent associations (‘companies’) with international operations, sophisticated systems of accounting and control, branch organisations, and the division of capital into shares.\(^{42}\) The Bardi of Florence had overseas representatives at Avignon, Barcelona, Bruges, Cyprus, Constantinople, Jerusalem, London, Majorca, Marseilles, Nice, Paris, Rhodes, Seville and Tunis.\(^{43}\) Although maritime trade was generally based on the single-venture agreements called *commenda/collaganza*, by the fourteenth century even Venetian large-scale trade was dominated by *compagnie*. One of these, floated by the Corner brothers, involved a capital of 83,275 ducats in 1365.\(^{44}\) Federico Corner acquired the concession on massive sugarcane plantations in the south of Cyprus, with the aim of exporting refined sugar. His son Giovanni estimated some five to six thousand ducats would be needed annually to keep this business running.\(^{45}\) By the fourteenth century, Venice was an economy dominated by capital, with the same families controlling trade, transport, finance, and industry.\(^{46}\) More or less the same was

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40. Devine 1975, p. 79.
41. The description ‘great Augsburg (etc.)’ is from Trevor-Roper 1967, p. 34.
43. Saporì 1952, p. xxxvi.
44. Luzzatto 1961, p. 93.
46. Luzzatto 1961, p. 72, referring to the ‘supremazia che il capitale esercita a Venezia su tutte le attività economica…’
true of Genoa in the fifteenth century. Here, the largest of the stock companies, an enterprise set up to extract and import alum from the East, controlled a capital of 280,000 ducats in 1449. Like the Corner enterprise in Cyprus, this one enjoyed a veritable monopoly.\footnote{Heers 1961, p. 201.} Genoese companies \textit{societates} divided their capital into 24 shares (‘carats’) or multiples thereof, and were run by a close-knit board of governors. More generally, shares were transmissible within the lifetime of the company without breaking up the partnership. They were held not only by members of the families of the founders of a company, and by its principal employees, who were encouraged to put their own savings into their own company, but also by other rich men. These were investors not at all concerned with the actual running of the company. In addition to the \textit{corpo}, that is, the capital raised by the shareholders when a company was formed or re-formed, additional capital could be put in later, by shareholders, by employees and by outsiders. Such \textit{denari fuori del corpo} carried fixed rates of interest, like modern debentures. The sedentary merchant at home was no longer a simple individual capitalist.\footnote{Spufford 1988, p. 253.}

Thus, the evolution of the corporate form in the course of the thirteenth century signified an expansion in the scale of enterprise. Yet, throughout the thirteenth and early fourteenth centuries, the dominant form of association by far was the \textit{commenda} or single-venture agreement in which an investor (the capitalist) advanced or entrusted capital to a second party, the merchant or factor, to be used in an overseas commercial venture and returned together with an agreed share of the profit, usually three-fourths.\footnote{Lopez and Raymond 1955, p. 174ff.} Luzzatto notes that the capital was generally advanced in commodity form, that is, was commodity capital.\footnote{Luzzatto 1961, p. 84.} The \textit{commenda} was the chief mechanism of the capitalist expansion of trade which began in the eleventh century, and the widespread recourse to it from that time presumes substantial liquidity, an accumulation of money-capital looking for investment. I shall argue that at least some of this was ‘primitive’ accumulation from the raids and plundering expeditions that were common across the Mediterranean in the later eleventh and twelfth centuries, against the background of the Crusades.\footnote{An argument first advanced by Lopez 1959.} The \textit{commenda} broadened the investor base and vastly expanded the scope of accumulation. It was thus typical of the more egalitarian and expansive maritime capitalism of the earliest period, when, as Cracco argues,
substantial sectors of the population had a stake in the expansion of trade (indeed, trade expansion was Europe’s only way out of the growing demographic impasse, Cracco claims) and ‘many merchants were both investors and factors’, that is, switched roles within the *commenda* contract.53 The main part of the thirteenth century was characterised by a renewed stratification of capital, as the bigger merchants [*grosi mercanti*] preferred to form associations only between themselves and took decisive steps to regulate the competition of capitals in the Levant trade.54

A final link: whether or not Lopez was right in saying, ‘La *commenda* a une origine islamique et peut-être plus ancienne [the *commenda* has Islamic origins and maybe even older]’,55 the fact is that ‘the *commenda* constituted one of the most widespread tools of commercial activity’ in the Islamic world.56 Islamic commercial law and business practice knew both *commenda* agreements [*muḥārāb, qirāḍ*] and investment partnerships [*mufāwāda*], and, as Udovitch says, ‘virtually *all* the features of partnership and *commenda* law are already found fully developed in the earliest Hanafite legal compendium, Shaybānī’s *Kitāb al-Âṣl*, composed toward the end of the 8th century’.57 Thus, the major institutions of long-distance trade were firmly in place, certainly well before the end of the eighth century. But even more interesting, is the implication that the capitalism of the Mediterranean was preceded by (and could build on) an earlier tradition of capitalist activity which has so far received considerably less attention.

The Arab trade empire

Concepts of profit, capital, and the accumulation of capital are all found in the Arabic sources of the ninth to fourteenth centuries. For example, al-Shāfī’i (d. 204/820) defines the function of partnership as the ‘expansion of capital [*namā al-māl*]’.58 *Al-māl* was primarily capital not money, and whenever it is translated as ‘money’ it means capital in money-form or money-capital. Again, discussing the discretion allowed to agents under *commenda* agreements, al-Šarakhshī (d. 483/1090) writes, ‘the investor’s aim in handing over the capital

56. Udovitch 1970a, p. 49.
58. Udovitch 1970b, p. 81, ‘augmentation of the capital investment’. (I am grateful to Arrom Udovitch and Mohamed El Mansour for discussing some of these texts with me.)
to him [the agent] is the achievement of profit.\textsuperscript{59} In another passage where he defends the usefulness of such contracts, Sarakhsī says the contract is allowed because people have a need for this contract. For the owner of capital [\textit{sāhib al-māl}] may not find his way to profitable trading activity [\textit{al-tasarruf al-murbi}], and the person who can find his way to such activity may not have the capital. And profit cannot be attained except by means of both of these, capital and trading activity.\textsuperscript{60}

A later writer Kāsānī (d. 1191) distinguishes the ‘creation’ of capital from its further expansion, arguing ‘The need for the creation of capital [\textit{tahsil aš al-māl}] takes precedence over the need for its augmentation [\textit{ilā tanmiyyatihi}]’\textsuperscript{61} and defining partnerships as a ‘method for augmenting or creating capital [\textit{tariq namā al-māl aw tahsilih}].’\textsuperscript{62}

That this vocabulary was part of the wider cultural world of Islam and not confined to the legal schools is shown by other writings. Thus, the tenth-century geographer al-Išākhrī describes the traders of Fars in southern Persia as having a ‘passion for the accumulation of capital [\textit{maḥabbat jam’a al-māl}].’\textsuperscript{63} In the Kitāb al-\textit{ishāra ilā maḥaṣsin al-tijāra}, ‘Handbook on the Beauties of Commerce’, a manual on trade probably written in the eleventh century, the author refers repeatedly to the capitalist as \textit{sāhib al-māl} (literally ‘owner of capital’).\textsuperscript{64} It is clear from this manual that merchants involved in international trade normally relied on \textit{commenda} agreements and that the \textit{muqāra} or factor usually received a share of the profit [\textit{ribb}].\textsuperscript{65} Finally, in Ibn Khaldūn (d. 1405), there is even a clear resonance of the labour theory of value (or a labour theory of value). In the \textit{Muqaddima}, he states clearly that ‘labor is the cause of profit [\textit{sabab al-kasb}].’ ‘[H]uman labor is necessary for every profit and capital accumulation,’ while gold and silver are the only socially acceptable measures of value ‘for all capital accumulations.’\textsuperscript{66} He also defines profit [\textit{ribb}] as the ‘extent by which capital increases’ (or is increased), and commerce as the ‘striving for profit by means of the expansion of capital [\textit{maḥāwala ilā al-kasb bi-tanmiyyat al-māl}].’\textsuperscript{67}

\textsuperscript{59.} Udovitch 1970b, pp. 205–6.
\textsuperscript{60.} Udovitch 1970b, p. 175.
\textsuperscript{61.} Udovitch 1970b, p. 82.
\textsuperscript{62.} Udovitch 1970a, p. 55.
\textsuperscript{63.} Al-Išākhrī 1870, p. 138, repeated by Ibn Ḥauqāl 1938, Volume 2, p. 290.
\textsuperscript{64.} Ritter 1917, for extracts in German.
\textsuperscript{65.} Ritter 1917, p. 58.
\textsuperscript{66.} Ibn Khaldūn 1958, Volume 2, pp. 280, 313.
\textsuperscript{67.} Ibn Khaldūn 1958, Volume 2, p. 336. Cf. al-Fārābī 1961, § 72 (p. 153 Ar. = p. 63 Eng.), ‘[The virtuous man’s anxiety about death is like] the anxiety of one who thinks that what he loses is
The Arabs inherited the intensely urban and – by the seventh century – very largely monetised territories of late antiquity, Roman and Sasanian, and integrated them into a powerful and strikingly cosmopolitan civilisation whose economic resources and stability were unrivalled, except for those of China. Whatever the initial impetus behind the conquests, there is little doubt that further expansion was to some degree motivated by financial and commercial considerations. Al-Balādhurī reports that the conquest of Sind in 711 brought the Arabs a net profit of 60 million dirhams by the reckoning the famous Umayyad governor al-Ḥajjāj (d. 95/714) is supposed to have made. Sind was also commercially strategic, a major entrepôt in the Far-Eastern trade, which the Sasanians had traditionally dominated. The early eighth-century expansion to the East was like a pincer movement, driving northwards to the wealthy oases beyond Khurāsān and south to control of the Indian Ocean. That the Arabs were seeking to dominate existing networks of trade, as the Portuguese would do centuries later, is proved by al-Ṭabarī’s fascinating reference to ‘ships from China’ frequenting the harbour of al-Ubulla in 633, on the eve of the conquest of southern Iraq. Trade with the Far East was conceivably the most lucrative sector of accumulation in the eighth to tenth centuries, generating the kind of wealth that was famously associated with Gulf ports like Baṣra and Sirāf. In the West, the corresponding movement was Islam’s commercial expansion across the Sahara, to the sources of gold in the western Sudan. This happened in the eighth century, when the Arabs broke the Berber monopoly of the trans-Saharan routes and sparked a long period of unbroken prosperity for the towns of Morocco. Yaʿqūbī’s geography, completed in 891, describes Fez as a ‘splendid city and immensely prosperous’. Sidjilmasa, according to Ibn Ḥauqal, who went there in 951, enjoyed ‘uninterrupted trade with the Sudan’ which brought in ‘huge profits [arbā˙ mutawāffiratun]’. At Awqaf he saw a letter of credit [sakki], a private transaction, to the tune of 42,000 dinars, something he had never seen in the East. It is hardly surprising that the major dynasties that ruled this sector of North Africa in the eleventh to thirteenth centuries sprang from the Islamised Berber populations of southern Morocco, and that Tlemcen, Fez, and Āghmāt

70. See Maclean 1989, p. 67, referring to the ‘two-pronged Arab expansion,’ and p. 68, to an ‘Arab trade empire.’
73. Ibn Ḥauqal 1938–9, Volume 1, p. 99.
were described (by the Spanish geographer al-Idriši) as the wealthiest cities of the Maghreb. Indeed, ‘North Africa with its supply of gold . . . became the driving force of the entire Mediterranean’ in the fourteenth and fifteenth centuries, showing us how unconvincing it is to look at the growth of capitalism in Europe without the significant ways in which this powerful commercial background shaped its evolution.

The Muslims created a vigorous monetary economy based on expanding levels of circulation of a stable high-value coinage (the dinar) and the renewed integration of monetary areas that had been distinct and indifferent to each other. This was an enormous achievement, both for the kind of economy it allowed for (the sheer extent of the monetary sector) and for its role in enabling Europe to ‘return’ to gold. However we characterise that economy, it was certainly not just some loose ensemble of feudal régimes. Trade was fundamental to its structure. The growth of cities and expanding urban markets, the diffusion of new crops and explosive growth of cash cropping (rice, flax, hemp, sugarcane, raw silk, indigo, cotton) are all general indications of the remarkable commercial vitality of the eighth to eleventh centuries. We know little about the ‘market systems’ that sustained this huge expansion on the ground but the tenth-century geographers refer repeatedly to substantial concentrations of capital in the port towns and numerous inland centres that acted as entrepôts or wholesale markets at the intersection of converging trade routes. Towns like Siraf, Nishapur and Narmasir in Iran, Baikand near Bukhara, Daybul in Sind, Mahdia (al-Mahdiyya) in the Sahel, and Cordoba, Almeria and Ceuta in the western Mediterranean were all consistently described in these terms by the geographers. For example, Ibn Ḥauqāl’s description of Nishapur refers to the huge market complexes called ‘fonduks [Ar. funduq, Italian fondaco]’ which were ‘occupied by wealthy merchants specialising in a single branch of commerce, with huge

74. Jaubert 1975, p. 27; al-Idriši 1866, p. 80.
76. The classic reference is Lombard 1947.
77. Watson 1967.
78. Watson 1983.
79. See al-Muqaddasi 1994, with detailed descriptions of each locality.
80. See Harriss-White 1996, Chapters 5–6 for the first proper discussion of how such systems work.
81. Al-Muqaddasi 1994, p. 407, referring to ‘substantial merchants’; ‘I heard some of them say that every year, between dates and costly Indian merchandise, about one hundred thousand [camel] loads are transported’, p. 412.
82. [Narshakhi] 1954, p. 18, ‘The people of Baikand were all merchants. They traded with Chin and the sea and became very wealthy’; also Ibn Khordādhbeh 1889, p. 19, who calls it madīnat al-tujār.
quantities of commodities and large capitals [ahlu al-haḍā'ā′ al-kibār wa'l-amwāl al-ghizār]." The cloth merchants [baẓāzīn] were especially active here, as Nishapur was a manufacturing centre exporting silk and cotton fabrics as far away as Europe. Sīrāf with its densely packed multi-storied teak houses was a purely commercial site, the point of access to China, after 'Umān, in al-Muqaddasi's description. 'I have not seen in the realm of Islam more remarkable buildings or more handsome; they are built of teakwood and baked brick. They are towering houses, and a single house is bought for more than 100,000 dirhams.' According to al-Iṣṭakhrī, the merchants of Siraf spent lavishly on their homes, over 30,000 dinars in some cases. 'In my time, one of them acquired assets worth 4,000,000 dinars, yet his clothes were scarcely distinguishable from those of a labourer [ajīr].' Daybul, too, on the barren coast of Sind just west of the Indus was consistently described as a 'place of merchants.' Al-Muqaddasi, who visited Sind some time before 985, writes, 'Daybul is on the sea…. The water beats against the walls of the town. It has an entirely merchant population, speaking both Sindi and Arabic. It is the port of the area, giving rise to a considerable income.' In the Mediterranean, the late tenth-century Persian geographer of the Hudud al-Ālam described Cairo as the 'wealthiest city in the world, extremely prosperous.' The records of the Cairo Geniza show that in that century and the following much of Cairo's commercial life was controlled by merchant houses, like that of Ibn 'Awkal, working through a network of agents spread across the Mediterranean. Ibn 'Awkal's firm exported large quantities of flax to Mahdia in the Sahel. This was both a flourishing international port and a textile centre, and, in the twelfth century, al-Idrīsī refers to its 'wealthy and generous-minded merchants.' Even further west, Almeria

85. Al-Iṣṭakhrī 1870, pp. 127, 139; cf. Mordtmann 1845, p. 69ff. Oman may have been even wealthier, cf. the late tenth-century Persian geographer in Minorsky 1937, p. 148: ' Merchants are numerous in it. It is the emporium [bārkadha] of the whole world. There is no town in the world where the merchants are wealthier [tuvangartar] than here.'
90. Jaubert 1975, p. 257 (port), 259 (merchants); al-Idrīsī 1866, p. 107, 109, tijār mayāsīr nubalāh.
with its ‘bustling shipyards, vessels, and silklooms’ was described by al-Idrīsī as unmatched, in Spain at least, for the ‘wealth, industriousness and commercial inclinations of its people’, and said to include 970 hostels for merchants from all parts of the world.

Finally, scales of business: these were huge. Ships which entered the Gulf ports laden with goods from China could contain cargoes worth 500,000 dinars! Ibn Hauql notes that Kābul was a major wholesale market for indigo, and tells us,

The indigo that is sold every year from what is produced in the town and the surrounding countryside amounts to over 2 million dinars, according to what their merchants report [‘alā mā yadhkuruhu tujjāruhum], not including the stocks left with the traders at the end of the year.

Again, in the second half of the eleventh century, Alexandria was exporting well over 5,000–6,000 tons of raw flax to markets in the Mediterranean.

Thus, Islam made a powerful contribution to the growth of capitalism in the Mediterranean, in part because it preserved and expanded the monetary economy of late antiquity and innovated business techniques that became the staple of Mediterranean commerce (in particular, partnerships and commenda agreements), and also because the seaports of the Muslim world became a rich source of the plundered money-capital which largely financed the growth of maritime capitalism in Europe. Indeed, Mandel stated this with unabashed bluntness when he wrote: ‘The accumulation of money capital by the Italian merchants who dominated European economic life from the eleventh to the fifteenth centuries originated directly from the Crusades, an enormous plundering enterprise if ever there was one.’

From Genoa to Portugal

The ‘Fourth’ Crusade (1204) secured Venetian dominance over the East Mediterranean and consolidated the hold of the purely capitalist element in

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92. Jaubert 1975, Volume 2, p. 44.
94. Ibn Hauql 1964, Volume 2, p. 436; 1938–9, Volume 2, p. 450; note the fascinating reference to the testimony of the merchants themselves!
96. Mandel 1968, Volume 1, p. 103.
the ruling oligarchy. In the case of Genoa, it was Lopez who argued that the ability of a largely agrarian élite to finance trade expansion and set off a chain reaction of rapid accumulation through trade and shipbuilding derived, in the first instance, from the huge quantities of cash acquired by the Genoese in Crusading expeditions and raids on the Spanish and North African coasts. It was the war with the ‘Arabs’ that gave Genoese enterprise its first decisive push. Thus Portuguese expansion started on a classically Mediterranean model, even if its consequences were destined to end the centrality of the Mediterranean (and ‘Antiquity’) forever. To begin with, there was a long and peculiarly Mediterranean background to the Portuguese assault on Ceuta (1415). In 1087, the Genoese led a massive raid on Mahdia, seized the commercial quarter, and extracted the huge sum of 100,000 dinars. Caesarea in Palestine was sacked in 1101 and 15 per cent of the vast booty reserved for Genoa’s captains and officers. In 1148, Sfax and other Sahel ports were seized by the Normans. In 1234, the Genoese laid siege to Ceuta, demanding vast sums in reparation for losses sustained in the harbour, and in 1260 the Castilians attacked Salé on the Atlantic coast. Clearly, by the twelfth century, the Christians had recovered control of the seas, indeed one aim of these expeditions was to secure dominance of the sea, but linked to that and driving many of these attacks were the commercial interests at stake, above all the drive to gain access to the ‘gold of Ghana’. The shortage of gold affected the European economies in waves all the way down to the mid-fifteenth century. By the last quarter of the twelfth century, the Genoese were heavily involved in northwest Africa, dominating the region’s external trade and directing the third largest share of their investments to the Moroccan port of Salé in a carefully concealed bid to open an Atlantic gold route. As Watson notes, it was probably ‘this African gold reaching the shores of Italy which allowed Genoa to issue her precious gold coins at the end of the twelfth century or the beginning of the thirteenth’. From the 1250s on, ‘the gold which flowed into Europe from the ports of North Africa and Spain largely remained in Europe’. In the following decades and centuries, Genoese commercial exploration of the Atlantic expanded hugely, with major spin-offs for the problem of long-distance

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103. See Lopez 1936, especially p. 34ff.
105. Ibid., my emphasis.
shipping.\textsuperscript{106} By the late thirteenth and fourteenth centuries, Genoa was receiving 'enormous quantities of gold', and during the whole of the fifteenth century 'the "gold of Ghana" still reached Italy \textit{mainly} through the port of Genoa'.\textsuperscript{107}

Thus Genoa \textit{prefigures} Portugal in interesting ways; indeed, it was Portugal that put a halt to Genoese expansion in Morocco in a veritable struggle for control of the gold routes.\textsuperscript{108} The capture of Ceuta was a calculated move to subvert the entire balance of power in the Straits of Gibraltar, undermining the competition of the main Iberian powers (Aragon and Castile) as well as the Genoese,\textsuperscript{109} without the clear perception at this stage of an 'Atlantic' strategy. The 'calculated imperialism' of the Portuguese monarchy which crystallised with Dom João II (1481–95) and his successor Dom Manuel was more a result than a cause of decades of exploration which were largely driven by private and commercial interests, such as those of the big Lisbon merchant Fernão Gomes or the Lagos merchants who organised the earlier expedition to the Rio Grande\textsuperscript{110} and, of course, the private interests of the Infante Dom Henrique, who carved out a substantial maritime estate in the Azores, a strictly commercial enterprise, in the 1440s.\textsuperscript{111}

\textbf{Company capitalism and the advance system}

Portuguese maritime expansion \textit{transformed} the nature of commercial capitalism, subsuming the legacies of the Mediterranean in a coherent imperial project of the expansion of capital as the 'basis of a nation's power and predominance in modern society'.\textsuperscript{112} It was the Dutch and English Companies that embodied the new kind of (commercial) capitalism in its pure forms, but the \textit{Estado da India}

\begin{footnotesize}
\begin{enumerate}
  \item[106.] Lopez 1936, p. 48.
  \item[108.] Heers 1961, p. 480f., adding the importance to Portugal of Morocco's grain markets.
  \item[109.] This is argued by Unali 2000, p. 209 ff.
  \item[110.] Dias 1963, p. 168.
  \item[111.] The best analysis of the evolution of Portuguese policy is Thomaz 1989, arguing that the Atlantic strategy emerged with considerable hesitation. Note Zurara's comment in the \textit{Crónica da Guiné}, 'merchants only sail to places where they know the profit is sure', cited Thomaz, p. 223.
  \item[112.] Marx 1981, p. 921, 'The national character of the Mercantile System is therefore not a mere slogan in the mouths of its spokesmen. Under the pretext of being concerned only with the welfare of the nation and the sources of assistance for the state, they actually declare that the interests of the capitalist class, and enrichment in general, are the final purpose of the state…. At the same time, however, they show their awareness that the development of the interests of capital and the capitalist class, of capitalist production, has become the basis of a nation's power and predominance in modern society' – a remarkable characterisation of mercantilism.
\end{enumerate}
\end{footnotesize}
was not fundamentally different (pace Steensgaard), and Portuguese enterprise was clearly the frontrunner in this field. On the other hand, it was the Dutch company that embodied the logic of accumulation in its purest form, for only here, in the early seventeenth century, was there a conscious attempt to build a ‘permanent circulating capital’, that is, generate sufficient reserves for further expansion of the business. By ‘permanent circulating capital’ Coen meant the permanent and expanded circulation of capital mainly in the form of commodities extracted from one end of Asia to the other and circulating between the different Asian markets where the VOC had factories. He had visualised this quasi-multilateral trading system as based formally on barter, as a great deal of international commerce was at the time, but, in reality, the Dutch required vast quantities of precious metals to sustain the Europe-Asia trade. By the late seventeenth century, they dominated the trade in Spanish silver, so that Amsterdam was the world’s leading centre in the trade in precious metals.

Now, given that the age of company capitalism (sixteenth to eighteenth centuries) was one of ferocious commercial rivalries and repeated recourse to violence and the annexation of territories, it seems unreal to suppose that the self-expansion of commercial capital was simply grounded in some simplistic formula like ‘buying cheap and selling dear’. The stronger the competition of commercial capitals, the greater is the compulsion on individual capital to seek some measure of control over production. Marx was clearly aware of this when he referred to the ‘colonial system’ and the VOC in particular as a ‘striking example’ of the ‘manner and form in which commercial capital operates where it dominates production directly’. Here, the abstract antithesis between circulation and production is abandoned in a realisation that mercantile companies might be involved in production in ways that contradict the concept of merchant capital as a mere mediation between extremes. But, of course, today it is not sufficient to limit ourselves to a general characterisation of this kind, we need a more precise morphology of the possible ways in which ‘merchant entrepreneurs’ have sought control over production or organised the production of capital, that is, of the forms in which circulation has dominated production. Here, it is crucial not to confuse scale with centralisation. ‘Scale’ refers to the volume of capital

113. Steensgaard 1974, pp. 136–41, arguing that the English, by contrast, were interested in ‘quick returns’.
115. For example, Davis 1967.
117. Van Dillen 1923.
deployed by the individual capitalist, not the degree of dispersal or centralisation of the labour force.\textsuperscript{120} The mercantile houses which dominated the trade of colonial India in the late eighteenth and nineteenth centuries were relatively large units of capital, but typically the mass of labour-power which they exploited was hugely dispersed. The ‘advance system’ was the crucial mechanism which allowed this paradoxical and seemingly fragile combination of large-scale enterprise and dispersed labour-power, and Bengal in particular provides us with some fine research on how it worked for commodities like indigo\textsuperscript{121} and cotton piece-goods.\textsuperscript{122}

Thus the ‘circulating capital’ visualised by J.P. Coen as the basis of the Dutch commercial capitalist system would to a certain if not very large extent have involved the circulation (investment) of capital in the form of advances. Van Santen has shown this for Dutch exports of indigo from northern India in the 1620s and 1630s, when, according to an English estimate, the VOC had 100,000–150,000 rupees invested each year in the variety known as Bayana indigo, that is, in the advances [voorschotten] themselves.\textsuperscript{123} It was through a system of advances that commercial capital controlled almost every commodity within Europe or outside in which it had substantial business interests. The chief exceptions to this pattern were those enterprises, relatively centralised, where merchants integrated vertically through direct ownership of fixed assets, as happened in the Cuban sugar mills in the mid-nineteenth century.

Our intellectual prejudice against commercial capitalism is so deeply rooted that whole swathes of the history of capitalism are ignored by Marxists, with the result that there is no specifically Marxist historiography of capitalism. This must surely count as one of the strangest intellectual paradoxes of all time, but it was not one that Mandel contributed to. Marxist Economic Theory is one of those rare texts that attempts to integrate history in an understanding of Marx’s economic theory. Mandel was thoroughly familiar with some of the best work in medieval and early-modern economic history, citing a very wide range of sources including writers like Armando Saporri, Robert Lopez, and Raymond de Roover. His chapter on the development of capital is one of our best short histories of early capitalism and assigned a major role to the ‘expansion of trade from the eleventh century onward.’ Certainly, Mandel did not subscribe to the schematic contrast between ‘exchange’ and ‘production’ that so fascinated Dobb, and

\textsuperscript{120}. The distinction derives from Sombart 1891, the best discussion of ‘domestic industry’ akin to Marx’s own understanding (e.g. Marx 1976, Volume 1, pp. 462–3; Marx 1978, pp. 318–19).
\textsuperscript{121}. See Chowdhury 1964.
\textsuperscript{122}. Hossain 1988.
\textsuperscript{123}. Van Santen 1982, Chapter 4.
because he was too well-read in European history he refused to minimise the role of commercial capitalism. That much of this history was seen as a ‘primitive accumulation’ of capital stems, of course, from the almost universal orthodoxy that writes the history of capitalism as a genealogy of industrial capital. That this is not necessarily the best perspective to adopt is suggested by the history of industry itself. Thus traders dominated the English coal industry in the seventeenth century, one of the most heavily capitalised sectors of the British economy in that period. They invented the ‘factory system’ by concentrating labour in the large silk mills of northern Italy in the same century. That was itself only possible because of technological changes in silk spinning and the more advanced technology of the Bologna silk mills. They controlled the very advanced forms of enterprise found in South-German mining in the sixteenth century, and were responsible for the ‘dramatic technological revolutions’ that sparked the Central-European mining boom of the fifteenth century. Finally, they floated agricultural holding companies in Cuba in the mid-nineteenth century and moved actively into the production of sugar through the rapid accumulation of mills, plantations and labour forces at a time when international competition made technological advances imperative.

**Concluding note: merchant capitalism and labour**

In short, the contrast between capitalism as a ‘commercial system’ and capitalism as a ‘mode of production’ is schematic and overstated, and a major reason why Marxists have paid so little attention to merchant capital. In the more developed forms of commercial capitalism, circulation dominates production in the sense that production is controlled by a class of capitalists who remain merchants and cannot properly be classified as ‘industrialists’. The subsumption of labour into merchant capital is thus irreducible to any single formula, even though Marx tended to associate it primarily with the ‘stage’ of manufacture. Merchant capitalists controlled a variety of enterprises from putting-out networks and peasant agriculture to slave plantations and factories in the modern sense. The North-Italian silk mills of the seventeenth century were among the earliest embodiments of the factory system, based on fourteen-hour shifts and a tight

regulation of labour. On the plantations, the rapid depreciation of slave labour forces ensured that resident planters piled up mountains of debt, financed, again, by merchants. As Braudel said about the Brazilian sugar plantations, 'It was European trade that commanded production and output overseas.' If we understand this literally, it means that the subsumption of slave labour into capital involved both merchants and planters. Merchant capital shared in the economic exploitation of slaves through 'merchant economic control over the planters', for example, through the refacción contracts which financed the Cuban sugar industry of the second quarter of the nineteenth century, before the spate of acquisitions which put the Havana merchant houses in more direct control. The 'articulated' nature of merchant capitalism is even more evident in the forms in which it typically established control over the labour of artisans and small peasants. Under company capitalism, the circuit of merchant capital acquired its moment of reality when the money capital financing the 'investment' (the annual list of orders sent out by the company's directors) circulated in the form of advances. Since these were usually disbursed by the company's commercial agents through local capitalists (merchants or, less often, commission agents), the organisation of production acquired the appearance of a chain, a hierarchy of capitals connecting a dispersed mass of labour-power to the company across a series of 'intermediate agents'. When the free merchants (i.e. European private traders) intruded into this system, they operated on exactly the same basis, merely intensifying competition and the drive to enforce tighter control on the 'producers'.

Analysing the relationship between merchants and weavers in a system roughly comparable to this, Marx wrote that this method of exploitation 'simply worsens the conditions of the direct producers, transforms them into mere wage-labourers and proletarians under worse conditions than those directly subsumed by capital.' In other words, he saw merchant capitalism transforming whole
swathes of rural workers\textsuperscript{137} into wage-labourers. So, too, in the *Grundrisse*, where he wrote,

\begin{quote}
The way in which money transforms itself into capital oft en shows itself quite tangibly in history; e.g. when the merchant induces a number of weavers and spinners, who until then wove and spun as a rural, secondary occupation, to work for him... but then has them in his power and has brought them under his command as wage labourers.\textsuperscript{138}
\end{quote}

In short, the dispersal of production was no indication that these forms of domestic industry were not part of a network of capitalist enterprises.\textsuperscript{139} For Marx, the crucial mechanism in the subsumption of labour was the merchant’s ability to undermine the independence of small producers by restricting them ‘little by little to one kind of work in which they become dependent on selling, on the buyer, the merchant, and ultimately produce only for and through him.’\textsuperscript{140} For Sombart, this was possible because the key ‘production factor’ which merchants controlled was not so much the means of production as the market.\textsuperscript{141} The attractive feature of this conception is that it yields a model applicable to both the Verlagsystem and peasant agriculture. The Verlagsystem was the dominant organisational form of early capitalism,\textsuperscript{142} and characterised by an almost exclusive predominance of circulating capital, severe competition between capitalists, domestically dispersed labour, and the sustained use of piece rates. It was almost certainly as widespread in the Islamic world as it became in Europe.\textsuperscript{143}

Referring to the ‘well-known form of advance-payment’, Marx seemed to define the standard case as one where, in the transaction M-C, ‘money functions only in the familiar form of means of purchase’, adding, ‘Of course capital, too, is advanced in the form of money and it is possible that the money advanced is

\textsuperscript{137} Marx 1978, pp. 318–19, about the merchant-controlled cottage industries of Russia.

\textsuperscript{138} Marx 1973, p. 510.

\textsuperscript{139} See Braudel 2002, p. 316f.

\textsuperscript{140} Marx 1973, p. 510; Marx’s emphasis.

\textsuperscript{141} Sombart 1891, p. 117.

\textsuperscript{142} Cf. the title of Fridolin Furger’s study, *Zum Verlagsystem als Organisationsform des Frühkapitalismus im Textilgewerbe* – Furger 1927.

\textsuperscript{143} Note al-Dimashqī’s term for the export merchant, the third of his three kinds of merchants, viz. *mujāhīb*, ‘supplier of equipment’ (noted by Rodinson 1970, p. 25) and his reference to advance payments [*salaf mu‘ajjal*, lit. ‘prepaid advance’] as one of the three main forms of contract used by merchants, cf. Ritter 1917, p. 58.
capital advanced. I have argued that, under commercial capitalism, advances were the major form in which capital circulated, and that the transactions between merchants and artisans, etc. surpassed the scope of simple circulation. The dynamic at work was one that Marx himself outlined in the Grundrisse:

He [the merchant] bought their labour originally only by buying their product; as soon as they restrict themselves to the production of this exchange value and thus must directly produce exchange values, must exchange their labour entirely for money in order to survive, then they come under his command, and at the end even the illusion that they sold him products disappears.

By analysing the advance system as a circulation of capital, we can extend this to the way in which capital took hold of agriculture. Take India for example. If we exclude the more substantial sections of the peasantry and the purely proletarianised strata, such as the sharecroppers of Sind or the lower tenantry of the United Provinces, much of the remaining agricultural population conforms to this model of a class subject to capitalist domination by a multitude of commercial interests, from the export houses and large wholesalers to the primary merchants and local moneylenders.

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144. Marx 1970, p. 140 and note; cf. Marx 1971, p. 188, ‘[profit] is called interest when, for example, as in India, the worker (although nominally independent) works with advances he receives from the capitalist and has to hand over all the surplus produce to the capitalist’; so too in Marx 1976, p. 1023, ‘The exorbitant interest which it [the capital of the usurer] … extorts from the primary producer is just another name for surplus-value’, also about India.
145. Marx 1973, p. 510; Marx’s emphasis.


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Global Economic History as the Accumulation of Capital Through a Process of Combined and Uneven Development: An Appreciation and Critique of Ernest Mandel

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Abstract
O’Brien provides a critical assessment of Ernest Mandel’s 1975 monograph Late Capitalism. In so doing, he offers a historical narrative that puts into question Mandel’s framing of ‘waves’ of capitalist development as a process of capital accumulation that was dependent upon uneven development in the Third World. O’Brien starts by problematizing Mandel’s argument that an initial concentration of money, capital and bullion in the hands of Europeans explains combined and uneven development. He goes on to demonstrate that Mandel’s (and Lenin’s) notion of imperialism as a necessary conduit for the flow of surplus capital from industrialising Europe does not stand up to the historical evidence. In fact, O’Brien maintains an alternative thesis, namely that these marginalised regions were insufficiently penetrated by European capital.

Keywords
Ernest Mandel, combined and uneven development, imperialism, capital flows

1. Ernest Mandel and the laws of capitalist development

Ernest Mandel was one of Europe’s top economists. Throughout the Cold War, with great courage and conviction (along with Bettelheim, Dobb, and others), he kept alive and developed the Marxist tradition in economics. He is certainly more renowned for defending the insights of that tradition against the overwhelming hegemony of neoclassical theory, Soviet perversions and neo-Ricardian onslaughts than he is for his contributions to economic history.

Nevertheless (like Marx) he believed that history mattered and sought to blend theory with concrete historical analysis, so that its concepts and vocabularies are not mere abstractions, but mirror actual historical developments.
That is why he rejected Althusser’s declaration that the relationship between theory and history constituted a false problem in favour of a positivistic and what he regarded as orthodox Marxism, which ‘appropriated and divided a body of historical detail, into constituent elements in order to verify explanatory connexions and to expose tendencies that revealed themselves empirically’.1

Mandel’s aim (in perhaps his most celebrated book)2 was to use classical-Marxist methods and vocabularies to analyse ‘late capitalism’ – in the ‘long boom’ from 1948–73 – a cycle that witnessed extraordinary and accelerated rates of growth and structural transformation in virtually all countries and regions of a rapidly expanding world economy.3 Mandel’s purpose in writing his six-hundred page book was to show that the major trends, tendencies and forces at work in Late Capitalism exemplified laws of motion (theories of growth as elaborated, analysed and systematised by Marx) in operation over a particular long cycle in the historical development of a capitalist world economy.

Clearly, Mandel recognised that the application of Marxist theory to any period or phase in Western economic history would require a clear focus upon labour and class struggles between property owners and workers; an account of the role played by bourgeois states; some consideration of ideology; a clear exposition of ‘the concrete and mutable structure of the global economy within which all economic activity takes place’; and, above all, a cogent analysis of the predominant forms of surplus extraction and the distribution of excess profits – represented by orthodox-Marxist theory as the ‘engine’ for the development, expansion and survival of capitalism.

World-systems theory was beginning to appear at the same time as Mandel’s Late Capitalism, but, in the words of Mandel, a Marxist representation of a mature capitalist world economy includes: ‘a hierarchical structure of different levels of productivity’, which emerged over time as ‘the outcome of uneven and combined development of states, regions, branches of industry and firms released by a quest for surplus profits’. The world system or global economy ‘forms an integrated unity of non-homogeneous parts, because development and underdevelopment determine each other. Without underdeveloped regions there can be no transfer of surplus to industrialized regions and hence no accumulation of capital’.4

2. Published in German in 1972 and translated into English by New Left Books in 1975.
4. All quotes from Mandel are from Mandel 1975 and the foundational volume for world-systems theory appeared in Wallerstein 1974.
Through roughly a half millennia of history and five stages of chronology spanning three centuries of mercantilism (which preceded the Industrial Revolution in Western Europe), through several decades of competitive capitalism to an era of imperialism 1848–1914, followed by an interregnum (circa 1914–48) when the world economy was ‘reshuffled’ before reaching the stage of late capitalism, Mandel traced ‘the unfolding laws of motion of capitalism’ as a process of accumulation that ‘produces mutually determining movements of uneven and combined development’ generating ‘antagonism between capitalist and pre-capitalist relations which the capitalist world market perpetually incorporates into itself’.

Since Mandel (unlike most modern economists) treated history seriously, my task as an economic historian is to ascertain how far the historical evidence that he mobilised to support a general theory derived from Marx, and which purports to account for the development of the world economy from the industrial revolution to the era of late capitalism, is adequate for that task. Of course, the volume and quality of historical sources and the range of interpretations now published on the long-term development of the world economy has become far more extensive and complex than it was in the 1960s. Furthermore, Mandel’s book (as the title suggests) is heavily concentrated on one long, and possibly untypical, cycle in the history of the world economy. Nevertheless, Mandel sets out to locate late capitalism in its historical context (which he sketches in Chapters Two to Five of an eighteen-chapter book) in order to represent that particular cycle as a continuity with, indeed a logical progression from, the long history of capitalism that validates a Marxian theory of growth, or (to use Mandel’s vocabulary) the laws of motion and the combined and uneven accumulation of capital.

It will be my privilege to engage with the analysis of a highly distinguished European intellectual and attempt to ascertain how far his history of the world economy stands up to post-hoc critical scrutiny some thirty years after its publication. Was late capitalism, as Mandel suggested, the outcome of a process that began centuries ago, evolving logically from ‘structural changes which the spread of the capitalist mode of production wrought in the world market in the epoch from Waterloo to Sarajevo’?

Although Mandel’s historical analysis is heavily concentrated on the long nineteenth-century and the interregnum between the wars, he nevertheless opens with a virtually unsupported ‘reason why the Industrial Revolution began

6. Ibid.
in the West. Namely, that ‘money, capital and bullion had been concentrating there for the preceding 300 years as a result of the systematic plundering of the rest of the world by means of colonial conquest and colonial trade.’

2. Global preconditions for the emergence of mechanised industry in Western Europe

I propose to begin my critique with that statement and by commending Mandel for avoiding Eurocentrism and locating Europe’s precocious transition to industrial capitalism in three centuries of connections with the rest of the world economy. Although he departs from classical Marxism in an unequivocal quotation that reifies trade, plunder and colonisation as the origin for that transition, elsewhere in Chapter 2 and his studies of ‘Marxist Economic Theory’ he admits that the ‘modern mode of production developed only where conditions for it had taken shape in the Middle Ages’ and that discontinuities in the development of capitalism and the modes of expropriating surplus-value or excess profits are associated with radical improvements (alas unexplained) in the technologies of production and transportation.

Nevertheless, his explanation for the Industrial Revolution and also the mechanism (imperialism) which sustained industrial expansion from 1873 to 1914 depends heavily on a model which gives top weighting to transfers of surplus investible funds from the rest of the world (particularly the Third World) to Western Europe.

Analyses, conjectures and assertions concerning the relative contributions of exogenous compared to endogenous factors behind the precocious industrialisation of Europe go back to the Enlightenment and to Adam Smith. These were revived by Wallerstein and the world-systems school of historical sociology in the 1970s and are the subject of a current and unsettled debate in global economic history concerned with the timing and causes of the ‘great divergence’ in standards of living between Europe and Asia. Mandel’s view places him closer to positions espoused by Wallerstein, Blaut, Frank and Pomeranz than their Eurocentric and Marxist critics. Nevertheless, the mechanisms Mandel selected to account for the rise of the West, namely the concentration of money, capital and bullion in the hands of Europeans are under-specified and

7. Ibid.
carry no significant weight in modern explanations for the transition to industrial capitalism.¹¹

For a start, four of Europe’s national economies (Portugal, Spain, France and Holland) who participated in colonisation and commerce with the Americas, Africa and Asia, industrialised later (and in the Iberian cases, much later) than Britain. While several other ultimately successful European economies (Belgium, Switzerland, Germany, Scandinavia, Italy, and Austria) played virtually no role and made entirely limited gains from commerce and conquest during the era of mercantilism.¹²

Mandel is strong on theory and short on data. But, unfortunately, it remains impossible to reconstruct modern balance of payments accounts that could allow historians to measure flows of exports, imports, rents, royalties, interest, dividends and capital between Europe and the rest of the world for the centuries before 1815 or even 1915. Data for the United Kingdom (the most heavily involved of European economies with commerce and colonisation overseas) suggests, however, that not more than twenty-five per cent of gross fixed domestic capital formation during the first industrial revolution could conceivably have been funded by the albeit high (but again unmeasured) rates of profit, obtained by Britons from engagement in conquest, colonisation and commerce with Africa, Asia and the Americas.¹³ In short, the investible funds required and garnered to support the formation of capital in the early stages of European industrialisation were obtained primarily from internal sources of accumulation, including agriculture, mining, domestic and intra-European trade, urban services and (as Mandel and Marx anticipated) from the exploitation (employment) of elastic supplies of cheap, skilled and unskilled labour, available for manufacturing.¹⁴

For familiar reasons (that Mandel convincingly elaborated upon) real product wages in domestic, proto- and factory industry did not rise rapidly enough to erode or constrain the accumulation of profits and that ‘surplus’ probably provided the bulk of the funds required to plough back (or to move sideways) into the further expansion of modern industry, the modernisation of agriculture, the construction of towns and the formation of social overhead capital required for the gradual transformation of traditional into industrial market economies.¹⁵

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¹⁴ Bairoch 1976.
¹⁵ Musgrave 1999.
Nevertheless, the proclivity of economists trained in a Marxist tradition to focus intensively on surplus extraction and the accumulation of capital can lead to histories of growth that are underspecified. For example, there were other mechanisms or networks of connections to commerce and colonisation in the mercantile era that world-systems theory has emphasised in order to qualify and undermine endogeneous and Eurocentric accounts for the rise of modern industry. Mandel mentioned the expropriation of American bullion, but the externalities and long-term outcomes flowing from other commodities imported from Africa, Asia and the Americas have also been traced, but alas, again not quantified.\(^\text{16}\)

For example, although very little by way of direct transfers of new industrial knowledge or technology flowed from east to west (south to north) between 1492 and 1815, botanical transfers of potatoes, maize, rice, beans, chillies and tomatoes ‘supplemented’ the calories and variety of foodstuffs consumed by Europe’s growing populations. In relation to total consumption, inflows of these ‘basic’ foodstuffs exercised nothing like the effects on structures of relative prices, rural wages or the release of labour from agriculture that followed from massive increases in the volume of grains and livestock imported into Western Europe basically from the Americas and Russia between 1873 and 1914.\(^\text{17}\) Transplanted crops of maize and potatoes, particularly the latter, diffused slowly, and for decades before the tragic Irish, Belgian and German famines of the 1840s encouraged population growth, increased burdens of dependency and retained labour in the countryside. Although the earlier and, possibly, more rapid diffusion of these crops supported the massive increase in population in China that exercised positive effects on the volume of European trade with Asia.\(^\text{18}\)

Other imported foodstuffs classified as ‘tropical groceries’ included sugar, coffee, tea, chocolate, spices and let us add tobacco. They competed to an entirely limited degree with European agricultures and hardly added to supplies of calories and energies available to European populations. Initially, they entered food chains in the West as ‘luxuries’ for the rich, but moved gradually down the social scale to become decencies and prompted people to work more industriously in order to diversify their patterns of consumption. Tea and coffee substituted for beer and wine, and thereby improved the health and productivity of local workforces. The processing, storage and distribution of tropical foodstuffs widened industrial bases in maritime cities. As re-exports (passing through

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Seville, Cadiz, Lisbon, Antwerp, Amsterdam and London and other cities) tropical groceries reinforced long-established patterns of intra-European trade and specialisation and assisted the economies of southern and western Europe to procure grain, timber, iron, wax, hemp, flax, pitch, tar and other naval goods from Scandinavia and Russia, and other primary products from regions with access to the Baltic sea. As luxuries and semi-luxuries in inelastic demand, imported sugar, beverages and tobacco provided taxes for fiscally constrained states and sustained their commitments to expenditures on the naval and military power required to protect European investments in commerce and colonisation overseas, as well as destructive warfare on the mainland.19

Until later in the nineteenth century, the total values of raw materials imported from Asia, Africa and the Americas into Europe occurred on a more limited scale. Imports included hardwoods manufactured into furniture; dyestuffs (indigo, quecitron and orlean) for the finishing of European textiles, and; botanical pharmaceuticals, such as quinine, curveé, pecal, sasparillo and a range of new purgatives and laxatives, which presumably improved the health of and raised the productivity of constipated Europeans.20

The ‘transformative’ properties of industrial inputs and manufactures transhipped from Asia, Africa and the Americas were embodied in porcelain, silks, cotton textiles and little else. These three Asian manufactures prompted emulation and industrious behaviour, which stimulated and sustained processes of import substitution. Although raw silk cultivation, the spinning of natural fibres (including cotton) into yarn and the weaving of silk cloth became well established in Mediterranean Europe centuries before the rediscovery of the Americas, Europeans continued to copy East-Asian designs and techniques of silk production throughout the early modern era. As for porcelain, the Chinese guarded their secrets of its manufacture with care. Although the Portuguese shipped samples of kaolin to Europe as early as 1520, it was not until 1708 that a tolerable imitation of Chinese porcelain was produced by an innovator at Meissen under the control of the Elector of Saxony.21

Cotton textile production (located in Italy and Germany since the Middle Ages) also took a very long time to mature into a European industry. The real stimulus to that development emerged in the late seventeenth century as a direct response to a massive upswing in the volume of relatively cheap, fashionable and fine cotton cloth, manufactured in India, and shipped into London, Amsterdam,

Copenhagen and other ports, particularly by the English and Dutch East-India Companies. Thereafter (but within a favourable framework of prohibitions, tariffs and Parliamentary regulations) a mechanised cotton textile industry evolved within Lancashire’s linen industry. Thus cotton textile production diffused into Europe as the proto-typical example of import substitution. It is the prime case of the relocation of an important global industry from Asia to Europe. Nevertheless, cottons made in India and China continued to dominate world production and export markets until the last quarter of the eighteenth century. By that time, the import of long staple cotton fibres grown on slave plantations set up by European colonists in the Americas, contributed the cheap raw material that accelerated the decline of handicraft production in Bengal and elsewhere on the Indian sub-continent. Cotton textiles thus evolved within a matrix of historical connections (operating through trade, colonisation and violence), which gradually shifted more and more of the world’s manufacturing industry from Asia to Europe.

Transplanted initially to Lancashire, cotton textiles developed into the very first fully mechanised, steam-powered factory industry and demonstrated to European investors, entrepreneurs, engineers and skilled workers how extraordinary rates of increase in output and productivity could be achieved in short compass by the application of inanimate energy and machinery to problems of production. For some two to three decades before, but particularly after the 1790s, the British cotton textile industry became the wonder of the age. Its technologies, modes of organisation, marketing strategies diffused fairly rapidly into the production of other textiles (linens, woollens and silks) and, as the prime example of ‘mechanisation’, more gradually and by adaptation, to manufacturing in general. For contemporaries, cotton certainly represented ‘the industry’ of the future. Nevertheless, and with hindsight the question can be raised: is there any need for historians to exaggerate its macro-economic significance or exalt either its British or Afro-Asian ancestry? As late as 1841, when cotton textile production accounted for some six per cent of Britain’s gross domestic product, the ‘demonstration effects, flowing from the manifest success of steam powered machinery and factory modes of organisation, were only beginning to spread to other industries’. Furthermore, the mechanisation of cotton textile production should not be used as a metaphor for European industrialisation as a whole. In Britain, it matured rapidly into a staple industry.

On the mainland, its share in other national industrial outputs remained altogether smaller and the trajectories of many other forms of manufacturing industry could only be linked tangentially to the precocious mechanisation of cotton textiles. That, surely, was the case for most sectors of industry (mining, metallurgy, shipbuilding, engineering, transportation, etc.) even in Britain. And although the introduction and initial diffusion of cotton textile production onto the continent is properly located within a matrix of mercantilist commerce with Asia and the Americas, subsequent processes of innovation and the adoption of steam powered machinery to the preparation of fibres and their weaving and finishing into cloth cannot be referred to Asian antecedents. For those stages of development, European historians rightly refer to national régimes and to European networks for the generation of useful and reliable knowledge behind the development of steam-powered and mechanised forms of production. Those régimes emerged within historically specific urban, institutional and political conditions that can be represented as virtually European and endogenous.

Mandel selected bullion expropriated as treasure from the Americas as the commodity which seriously altered the capacities of European countries to progress into successful industrial market economies. More recently, von Glahn, Flynn, Geraldez and other scholars, convinced of the need to widen and deepen the appreciation of ‘Eurocentric’ historians for the significance of intercontinental connections, have returned our attention in heuristic ways to that infamous, but far and away the most valuable, import from the New World. As a universally acceptable form of purchasing power, and as the durable reserve asset of intrinsic and (supposedly) stable value behind the gradual evolution of diverse forms of paper credit, supplies of gold and silver had long been highly significant for the functioning of states, the integration of national markets and for international commerce.

Cyclical, but truly large flows, first of gold, then of silver and then gold again, emerged onto world markets as a result of Iberian colonisation and mining operations in Africa, Peru, Mexico, Bolivia and Brazil. Except within contested margins of error, it has proved difficult to measure tons mined and almost impossible to relate bullion, refined in Southern America and exported across the Atlantic to Europe’s own stocks, which continued to accumulate from the production of mines in Saxony, Bohemia, Hungary, the Tirol and Thuringia. Most American metals shipped to Europe stayed there, but up to forty per cent

may have been re-exported to Asia and an unknown (but not insignificant proportion of American treasure) found its way via Acapulco to Manila and on from the Spanish colony in the Philippines into several East- and South-East-Asian economies, but principally into the Chinese empire.28

Even to locate the mechanisms through which these cyclical, but (over time) incrementally significant inflows of silver and gold from Africa and the Americas promoted economic growth in Western Europe has not been easy. To quantify their macro-economic impact has long been an ambition, but still remains beyond the grasp of European economic historians. Historical debates really are circular and are rarely settled, as Von Ranke hoped, by research. For example, imported silver and gold obviously provided Europeans with cheaper raw materials for the local manufacture of household ornaments and wares, jewellery and church and aristocratic furnishings. But American bullion hardly provided substitutes for Europe’s supplies of iron, copper, lead, tin, zinc and other utilitarian metals.

Apart from the lure and encouragement that American ‘treasure’ provided for European investment and to those (rather limited) flows of voluntary migration to the New World, its ramifications for European economic growth has been elaborated within a historiographical tradition dominated by analyses of monetary and inflationary effects. Only latterly have references to its fiscal implications for state formation, interstate rivalry, as well as funds for the armies and navies that contained Islamic and Ottoman power along the southern and eastern borders of the Christian West extended the narrative in global economic history in more significant directions.29

Twenty-five years ago, Vilar propounded a monetarist argument of a rather reductionist kind that has lately been taken further and underpinned by statistical evidence. Vilar maintained that in the sixteenth and seventeenth centuries, imported American silver (and later Brazilian gold) had relieved actual and potentially more serious constraints on the capacity of Europe’s own supplies of metallic currency to finance intra-continental trade among its regions and oceanic commerce with the near and far East. Imports of bullion initially from Africa but overwhelmingly from the Americas provided European economies not merely with specie minted into coins, but a substantial addition to the reserve base of precious metals required by financial intermediaries and institutions for the expansion and diffusion of notes, bills of exchange and paper instruments of every kind. In this way, expropriated supplies of silver and gold from the New World allowed for the extension and integration of markets – at

local, regional, national, European and transcontinental levels, and promoted upswings in Smithian growth – underway in Europe since the Middle Ages. American treasure introduced more elasticity into an otherwise restrained capacity exhibited by medieval systems of financial intermediation. Real rates of interest declined and growth and specialisation followed from the investment and entrepreneurship facilitated by increased imports of bullion supplies and the mushrooming of credit it facilitated.\footnote{Vilar 1976.}

American bullion was also utilised to settle deficits in commodity trade that had for centuries constrained overseas commerce and specialisation among European regions. By the mid-sixteenth century, strategically important and economically indispensable raw materials from Poland, Russia, Prussia, Scandinavia and other primary producers with coastlines along (or access by river to) the Baltic, were procured for the towns and industries of Southern, Western and Central Europe through the re-export of American silver and gold.\footnote{Tracy 1991.} To an increasing extent, as time went on, these three regions (of an integrating and urbanising Western-European economy) obtained additional supplies of timber, bar iron, flax, hemp, tar, pitch, furs, wax, fish and grain through re-export not only of silver, but also of tropical groceries and other luxuries, that European merchants obtained through their networks of trade with the East and by re-exporting bullion, foodstuffs and raw materials imported from the Americas to Asia.\footnote{Tracy 1990.}

For some two hundred and fifty years after its rediscovery, American endowments of silver and gold virtually provided the major solution to Europe's centuries' old problem of how to augment and to balance trade with Asia. That problem had persisted because Asian demand for European commodity exports remained inelastic, while European demands for Asian's tropical groceries, and high-quality manufactures had long been income and price elastic. From the mid-sixteenth century onwards, opportunities provided by the establishment, organisation and protection of re-organised networks of seaborne commerce to Africa and Asia, could be taken up and forward because European merchants and multinational corporations circumvented potentially constricting deficits on the balance of commodity trade between West and East. They did that to some small, but growing part, by selling shipping, protection and financial services to Asians; in larger proportion by obtaining access to Asian supplies of loans and credits, but basically by re-exporting American silver and gold to the
Ottoman Empire, South-East Asia, the Mughal Empire and the largest amount to the Ming-Qing Empire.33

Fortuitously, demand for silver was jacked up in the late sixteenth and seventeenth centuries by Chinese imperial decisions (which followed from failures of experiments with paper money) to reorder the entire fiscal and monetary system of the Ming Empire by placing its fiscal and economic transactions on a silver base. Between 1540–1650, the bimetallic ratio within the world’s most populous, advanced and commercialised market economy, moved sharply in favour of silver and provided astute European and Asian merchants with opportunities for earning extra profits from arbitrage. For Europeans, that prospect improved further when Japan’s silver mines ran into diminishing returns in the late seventeenth century and Japanese exports of silver to China gave way to European re-exports, derived ultimately from the exploitation of silver mines in Southern America. Over the first half of the eighteenth century, Chinese population growth, sustained by an early and rapid diffusion of new food crops (sweet potatoes, maize and peanuts from the New World) stimulated inter-regional trade within the Qing Empire, which led to a second upswing in Chinese demand for American silver.34 Thus, the significance of Spanish-American silver and Brazilian gold for the economic development of early-modern European development has been recently reconfigured and relocated in the context of global commerce where endogenously determined demands from China, and its tributaries (as well as the silver-based Mughal empire) raised the price of expropriated minerals and thereby sustained European commitments, global commerce and colonisation in the Americas.35

Discussion has moved heuristically forward from those largely theoretical preoccupations with monetary and non-monetary forces behind the rather mild price inflations of the sixteenth century, as well as from that linked (but untestable Keynesian) hypothesis about the benign effect of a still unsubstantiated wage lag, for profits and investment in Europe’s towns and manufacturing industries. Instead, the functional properties of America’s precious metals for purposes of intra-regional trade, and specialisation for market integration and Smithian growth in Europe, India and China now occupy the high ground for debate and research.

Ironically, some Asian historians now deplore the propensities of the Ottoman, Safavid, Mughal and especially the Ming-Qing empires to import, consume, hoard and monetise ‘useless’ American metals in exchange for ‘real’ commodities,

34. Von Glahn 1996.
such as silks, cottons, porcelain, spices, sugar, tea and botanical medicines and the products of their skilled but cheap labour. Mandel could not have read recently published analyses of the significance of bullion, but he would have appreciated histories which show how demands from the agrarian empires of Asia helped to sustain European colonisation and exploitation of the Americas at altogether higher and more profitable levels. He would surely have recognised that this revived 'global' perspective underlines the point that the gains to Europe from an increasingly significant trans-Atlantic connection cannot be comprehended without reference to commerce with Asia. Alas, the heuristic elaboration of that context and the 're-orientation' of the history of the West has led on to the formulation of more provocative but implausible hypotheses. Some world-systems theorists now boldly suggest that deceleration in the production of American bullion over the later decades of the eighteenth century formed underlying structural conditions (preconditions!) which stimulated an intensified search for solutions to the imminent threat of a potentially serious decline in profitable commerce with the East. During an Imperial Meridian, 1783–1825, innovatory, enterprising and ruthless Europeans had come up with three solutions to an intensifying dilemma flowing from a potentially serious contraction of world trade: the mechanisation of textile production; the colonisation of India; and the reallocation of investment to speed up shifts in the cultivation of tropical foodstuffs and raw materials to slave plantations in the America.36

Of course, there could be no conclusions to histories of this kind and no end to the metanarratives that could be constructed on the basis of scholarly research into myriads of economic connections between Europe, Asia, Africa and the Americas for those centuries of Smithian growth between 1415 and 1825. One of several illuminations provided by world-systems theory and history has been to heighten awareness of the ramifications of European expansion overseas beyond classical-Marxist models which concentrated upon excess profits and capital formation. Historians of Europe modifying their traditional Eurocentric metanarratives about the sources and origins of Europe’s early transition to industrialised economies have brought back violence and power to degrade an anachronistically premature liberal discourse about comparative advantages.37

Nevertheless, these modern debates about the significance of the endogenous compared to the exogenous forces behind that precocious transition, which was not confronted by Mandel and his generation of Marxist scholars, have not been

37. Tilly 1990.
settled. World-systems theory (and the history that sustains it) is now inclined to magnify oceanic commerce. But the ‘numbers’ such as they are, are not congruent with the rhetoric. Agreed: the force of external connections at margins that really mattered for European growth is not easily measured – within the standard national accounts framework provided by macro-economics. Yet the breakdown of imports commodity-by-commodity (that is, the kind of decomposition favoured by historians) does not expose any strategic or indispensable imports from other continents – not even American bullion. After all, a high proportion of that infamous ‘treasure’ was dissipated on European warfare. Some bullion moved east to buy luxuries and tropical groceries, consumed largely by the upper and middle classes. Apart from cotton textiles (and there is more to industrialisation than a single, albeit progressive, industry) the rest facilitated the integration of markets. Perhaps that third function should be depicted as the primary benefit accruing to Europe from the ‘expropriation’ of all that ‘treasure’ from the Americas.

European historians continue, however, to enquire if silver and gold could plausibly be represented as ‘indispensable’? Many think not and will construct counterfactual (but realistic historical precedents) for scenarios of debasements, fiat currencies and accelerated shifts to paper credit that might also have supported the integration of markets and imperialism overseas. In its more Hegelian manifestations, world-systems theory refuses to recognise (as Mandel did) that European technology endowments and elastic supplies of cheap labour also promoted and sustained bounded and autonomous trajectories for economic development that were symbiotically linked but remain analytically separable from the continent’s three centuries of involvement with China, Africa and the Americas. Furthermore, for two, or even three of those centuries, after the voyages of discovery, on any measurable set of indicators inter-continental connections in relation to the aggregation of the total economic activity carried on within Western Europe remained too small to degrade the endogenous component to a position of minor significance.

3. The transition to industrial market economies in Western Europe

Although it is not entirely clear where Mandel might have stood in this now vibrant debate concerned with the significance of a global context for European
industrialisation, his representation of the process as it proceeded down to 1848 suggests that he might have continued to insist on the primacy of uneven and combined development within and across Europe as the motor behind the accumulation and extension of industrial capitalism at least for this stage of development. He did not deal with the key problematic for modern economic history, namely contexts or régimes for the discovery, development and diffusion of useful and reliable knowledge (science and technology), but concentrated (pace Marx) on conditions in labour markets that allowed for increases in surplus-value and the accumulation of capital.42

In Mandel’s narrative, those conditions emerged essentially from a process of competitive capitalism, whereby competition for markets among retarded and progressive sectors of industry and backward and advanced regions of Europe, led to the destruction of technologically and organisationally outdated modes of production. His history is one where traditional artisanal, domestic and proto-industrial forms of manufacturing succumbed gradually (but at an accelerating rate) to competition from large-scale mechanised factory industry, located in towns and concentrated within certain favoured regions of an integrating set of European economies. Geographical and sectoral shifts of capital-intensive, technologically-progressive industry first reduced the competitiveness and eventually destroyed traditional manufacturing activity and relegated ‘failing’ and ‘backward’ regions (for example, Flanders within Belgium, Ireland within the United Kingdom and Italy’s Mezzogiorno) to the production of foodstuffs, raw materials and cheap labour-intensive manufactures for export to advanced regions, where labour productivity and real wages were higher. Simultaneously, this process of competition creates a reserve army of labour for the sector of mechanised and factory-based manufacturing that continues to invest and expand on the basis of surpluses of excess profits, generated by the exploitation of increasingly elastic supplies of cheap unskilled (and skilled) labour. Although the release of underemployed labour from traditional, but modernising, agriculture adds to supplies of labour, Mandel found no place in his model for Malthusian mechanisms or the contribution that well observed and measured upswings in population growth made (with lags) to the size of workforces and to restraining any rapid rise in real product wages.43

Yes, something akin to a process of ‘combined’ ‘antagonistic’ and ‘mutually reinforcing’ development of manufacturing industry exemplified by the rise and decline of firms, industries, villages, towns and regions operated throughout

42. Mokyr 1990.
43. Mandel 1975.
Europe (and Asia) for centuries before the emergence of mechanised factory industry. Competition among these traditional proto-industrial sectors and regions within countries remained more intense within than across the protected borders of national economies, but its adverse (and benign) effects on growth through labour, migration and capital accumulation predated mechanisation and the diffusion of factories.44

No doubt the uneven and protracted response (delayed on the mainland by a quarter of a century of destructive warfare associated with the French Revolution) to the opportunities provided by these new modes of production intensified their effects on the workforces of traditional industries and augmented supplies of labour available to modern industry. Nevertheless, libraries of historical monographs on the histories of almost the entire array of European manufacturing activity show that the advance of mechanisation and large-scale factories was confined and slow over the entire century between Waterloo and Sarajevo.45 Whole swathes of artisanal, domestic and proto-industrial production survived, often in symbiotic connections with factories and by adopting improved intermediate technologies appropriate for small-scale firms and the differentiated markets that they served.46 New technologies certainly emerged to replace the skills and tacit knowledge of craftsmen and artisans. Deskilling occurred. But, before 1914, wide ranges of traditional skills and techniques could not be mechanised, let alone automated.47

Although machinery and new organisations took over the tasks of manufacturing commodities on a broadening front and the diffusion of railways and steamships intensified, in terms of the competition between modernised and traditional industries and geographically among regions, the pace and pattern of industrialisation between Waterloo and Sarajevo looks to its historians altogether less dramatic than the discontinuity represented by Ernest Mandel.48 His model of the creative destruction of traditional manufacturing leading to the expansion of Europe’s reserve army of labour, exploitable for purposes of funding the accumulation of capital in progressive sectors of industry and advanced regions of the continent, is too parsimonious to capture more than a part of a far more complex story. The reserve army or, if you prefer, the elastic supply of labour to modern sectors of industry, emanated primarily from the

45. Teich and Porter 1996.
47. Sabel and Zeitlin 1996.
growth of population, secondarily from internal migration from agriculture to
towns and industry (promoted in degrees that varied across Europe by changes
in conditions of tenure for access to family farms and cultivatable land), and
in third place by the destruction of proto- and domestic industry and uneven
regional development now labelled as internal colonisation by world-systems
theory.49

Throughout the long nineteenth century, real product wages in modern
mechanised factory industry rose imperceptibly before 1848 and slowly but
discernibly thereafter.50 There seems to be almost no evidence that for any
sustained period of that century or for any industry located in any country
that money wages rose faster than the productivity of labour or total factor
productivity. Neither the published data for shares of net value added generated
by modern industries and accruing to wages, nor the far more dispersed sources
for rates of return accruing to capital, provides the evidence required to support
the predictions offered (but not validated) by Mandel that average rates of return
to capital diminished sharply enough to encourage a massive migration of
European capital overseas in order to take advantage (exploit) abundant supplies
of cheap labour in the Third World.51

Of course, push and pull forces operated in international markets for both
capital (and labour) in the nineteenth and twentieth centuries, but (and this
argument will be addressed in the section on imperialism) they cannot be
accommodated within a theory based on the declining rate of profit. Meanwhile,
historians have recognised that a wider-ranging investigation into the sources of
investible surpluses, and the conduits along which they flowed into modern
mechanised industry, has been necessary for the comprehension of capital
accumulation.52 ‘Ploughed back’ profits (the appropriation of surplus-value) by
the owners of industrial capital remains at the centre of the frame, but predictably
other (and often far from insignificant) flows of ‘surpluses’ have been located and
classified as emanating from rents, royalties and fees received by owners of land,
houses, minerals, transport facilities and equipment, as well as from the savings
of labour with professional and technical skills.53 The complex networks of
financial intermediaries and institutions that gathered surpluses and made them
available for investment have also been investigated, and the significance of their

role in both increasing the supply and the allocative efficiency of funds potentially available for investment is now appreciated.54

Finally, the monographic literature on savings, income distribution and financial intermediation has left an impression and a consensual view among modern economic historians that the focus by Marx and his followers on the surplus may be misconceived and over-emphasised. Their research suggests that the core problem to be explained in theoretical and historical terms is not the generation, availability and accessibility of ‘surpluses’ to support the diffusion of modern industry, but, rather, the bounded range of investment opportunities increasing gradually over time, but restrained by the slow evolution of the flow of useful and reliable knowledge to apply to problems of production.55

4. Imperialism

In commendable pursuit of historical evidence to support his theory of combined and uneven development, Ernest Mandel turned to a bibliography of modern, but largely Marxist, scholarship to explain when and why European capital migrated to the Third World; and how an upswing in the movement of capital overseas staved off diminishing returns among advanced economies of Western Europe and sustained their development from circa 1873 down to and beyond the outbreak of the Great War. Of course, Mandel recognised that overseas investment had occurred throughout the centuries of mercantilism and continued during both the early (1793–1848) and the more expansive (1848–73) ‘waves’ in the development of industrial capitalism in Europe. Nevertheless, he correctly observed that a discontinuity in the real amount (and share) of investible funds flowing overseas occurred in the period after 1873 when, in Mandel’s perception, external colonisation of the globe by capital intensified; and first supplemented and then replaced internal colonisation as the motor for the sustained accumulation of capital within Europe.56

That conjuncture occurred later rather than sooner in the century after Waterloo because, given the opportunities to mechanise production and transportation, the surpluses available for investment overseas remained limited. Furthermore, modern forms of transportation (railways and steamships) took time to link European markets to regions of the Third World with the natural endowments, and supplies of cheap labour required to produce and export low-

cost foodstuffs, minerals and raw materials. Thus it was no coincidence that foreign investment, concentrated initially on the construction of railways and other forms of social-overhead capital, facilitated the movement of exports to the coast and onto Europe – where the prices of primary produce had risen in response to the ever-increasing demands from the urban populations and industries of the core. Meanwhile, within Europe, an upward drift in the costs of agrarian inputs and the rising supply price of labour reduced profits and prompted capitalists to search for opportunities overseas to maintain rates of return by exploiting cheap labour, avoiding competition and benefiting from the protection of colonial rule paid for by metropolitan taxpayers.

For Mandel, imperialism is not, however, synonymous with colonial rule. Although he did use political terms like colony and colonisation ambiguously, Mandel (like Lenin) conceived of imperialism as a distinct phase in the development of capitalism, operating to sustain the accumulation of surplus-value and capital formation in Europe, at the expense of ‘colonised’ resources and labour overseas.

In Mandel’s history, combined and uneven development continued because European capital ‘penetrated’ the economies of Africa, Asia and Southern America and rendered indigenous manufactures and historical trajectories towards modern industrialisation (primitive accumulation) unprofitable to pursue further. Instead, an alliance between local oligarchies, foreign capital (and presumably colonial governments) concentrated upon the profits (and revenues?) to be gained from the exploitation of natural resources, low-wage labour and the export of primary produce to Europe. For Mandel, it was ‘not the light artillery of exported cheap manufactures from the West, but the heavy artillery of the control of capital and resources that really mattered’. Foreign capital proceeded to ‘suffocate the economic development of the so-called Third World’; concentrated resources in sectors that ‘perpetuated the development of underdevelopment’ and defined colonies as economies with ‘arrested or stagnant divisions of labour, laggard technology and the pre-capitalist modes of production’.

Figures for Western Europe are difficult to reconstruct, but data for the United Kingdom does indicate that an upswing and a discontinuity in the share of national savings invested overseas did occur in the 1870s when the ratios of net foreign investment to gross national savings jumped from around a quarter to a third between (1855–69) and (1865–74). Thereafter, the ratio fluctuated along

the business cycle with peaks of forty-five per cent (1905–14) and troughs of sixteen per cent (1895–1904). In this age of high imperialism, roughly two-thirds of the surplus accruing to British investors continued to fund the accumulation of capital inside the realm and we may safely conjecture that ratios for other advanced capitalist economies could only have been much higher. Whatever the incentives to place their surpluses abroad, most European capitalists preferred to invest at home.

Furthermore, the evidence for diminishing returns or even a widening of average rates of return between domestic and foreign investment looks decidedly weak. Of course, at the margin and along cycles when differential rates of return widened, more capital flowed overseas. Nevertheless, in 1907 some eighty per cent of British investment abroad realised a yield of less than five per cent and only ten per cent realised over ten per cent at a time when ‘average’ rates of return on the stock of domestic capital came to twelve per cent. Similar differentials characterised French, German as well as British investments overseas throughout the age of imperialism.

Studies of European foreign investment and foreign investors do not expose anything like a capitalist quest, drive or mission to maximise profits by exploiting cheap labour in the Third World. Such exploitation certainly occurred but the profile of European investors, reconstructed through research, has revealed a group (composed largely of conservative rentiers) placing their savings (often via financial intermediaries) in sound, fixed-interest, low-variance securities yielding one, or perhaps two per cent more than European securities of comparable risk. To an overwhelming degree, foreign investors preferred securities backed by real property (railways and other forms of social-overhead capital) located mainly in high-wage economies populated by European settlers and their descendents (the United States, Canada, New Zealand, Australia, Argentina and Chile). For example, of the four billion pounds of new foreign securities issued on the London capital market between 1865 and 1914, something like seventy per cent represented assets of governments and firms operating in the countries listed above. About the same percentage of these flows financed the construction of railways, docks, tramways, telegraphs, utilities and urban construction projects. Around twelve per cent went into mining and agriculture, and again mainly to this same group of favoured countries.

Alas, Asia, Africa and the poorest regions of Latin America attracted too small a share of the funds, migrating overseas through London, Paris, Amsterdam,

Geneva, Berlin, Frankfurt and other financial centres before 1914. Again, if the British case (and data) is typical, the flows of capital into the densely populated low-wage areas of European empires seems small. Thus just thirty-six per cent of the money raised on the London capital market between 1865–1914 funded investment in the British Empire, and only thirty-five per cent of that (or thirteen per cent of total overseas investment) went to India and other colonies, containing abundant supplies of politically as well as economically exploitable labour. Mandel’s (and Lenin’s) theory that foreign investment sustained the momentum of capital formation in Western Europe by exploiting reserve armies of labour in colonies and nominally sovereign ‘dependencies’ of the Third World, founders on the data. Most of Europe’s surplus capital went to support, sustain and subsidise the development of European settlements overseas.63 Furthermore, recent, and still unsettled debates about foreign investment in the age of imperialism are (ironically, from any revised Leninist perspective) more concerned with attempts to measure the potential costs and losses to Western-European economies and societies from its commitments to empires and to investment in traditional markets overseas. The counterfactual hypotheses under exploration in this debate is that Europeans could only have been better off had they de-linked their states, commerce and economies from commitments to empire and long-established patterns of trade.64

5. The development of underdevelopment

Mandel and other Marxist scholars would not agree and could, moreover, hardly fail to contest the hypothesis now advanced by neoclassical economic historians that divergence over the long nineteenth century in labour productivities and real standards of living between the industrialising economies of Western Europe and European settlements overseas, on the one hand, and the Third World, on the other, emanated from a multiplicity of sources. But that this was, in part, from a deficiency rather than an excess of foreign investment directed to integrating the abundant supplies of cheap labour, inaccessible supplies of land and other natural resources available in Asia, Africa and Latin America into networks of transportation and marketing constructed to facilitate production for world markets.65

63. Davis and Huttenbach 1986.
Mandel recognised that a ‘world economy’ had been in process of formation for centuries, but global integration of markets for commodities, capital and labour accelerated in the wake of the diffusion of new technologies for transportation and the communication of commercial intelligence after 1848. Railways, steamships and telegraphs cut radically into the costs of moving freight by land, sea and waterways. Furthermore, this occurred in a geopolitical environment that also became steadily more favourable to trade and the migration of factors of production (primarily capital, but skilled and unskilled labour as well) first within and then across the boundaries of nation-states and their empires.

By 1914, some twenty million square miles of territory and five hundred and thirty million people had been incorporated into the boundaries of the Romanov, Hapsburg, Prussian, British, French, Dutch and Iberian empires. European (primarily British) sea power had opened up the Qing and Ottoman Empires, as well as Japan and most other nominally independent polities to trade. Political impediments to intra- and inter-imperial and international trade diminished sharply compared with the era of mercantilism. Tariffs and other barriers to trade declined from 1846–73 and went up only gradually thereafter. But, at the same time, governments adopted flexible rules of international monetary and financial systems which mitigated the risks of engaging in investment and commerce across borders into otherwise alien political and legal systems.66

Between Waterlloo and Sarajevo, the volume of world trade increased at four to five times the rate experienced during the final century of mercantilism that succeeded the Treaty of Utrecht in 1713. That marked discontinuity in the growth and integration of a world economy occurred in response to the growth of populations, towns and industries in the ‘core’ which raised European demand for food and raw materials up to a plateau that could not be satisfied by Europe’s own domestic mineral and agricultural sectors. Demand then spilled over onto international markets to be met by imports emanating from three zones (not two as Mandel suggested) of an integrating world economy: first and foremost from countries of white settlement overseas; secondly, from the peripheries of Eastern and Southern Europe (the Hapsburg and Romanov Empires, Italy, Spain and Portugal); and, finally, in the smallest proportion from colonial and ‘dependent’ economies of Asia, Africa and the Tropical Americas.67

Assisted by massive upswings in the emigration of labour (skilled and semi-skilled, voluntary and involuntary) and, above all, as Mandel emphasised, by

67. Lewis 1978.
outflows of capital: forests, minerals, fishing grounds and enormous tracts of
virgin land on the prairies, the veldt, the outback and steppes became incorporated
into the production of exports for European markets. Other zones of savannah
and tropical forests, along with millions of person-years of cheap African and
Latin American labour-time, also helped to supply Europe’s populations and
towns with the primary produce required to sustain the expansion of Western
industrialisation. 68

Slowly (1815–48), and more rapidly thereafter (1848–1914), real standards
of living increased visibly for the populations of Western Europe, conspicuously
for European settlements in the Americas and Australasia, at discernible but
perhaps historically higher rates for Southern and Eastern Europe, and
imperceptibly (if at all) for the vast majority of the world’s population living
under colonial régimes or in dependent economies on the continents of Asia,
Africa and Southern America. According to Maddison’s conjectures, differentials
in real wages and average standards of living may have widened considerably
between 1820–1950. 69

Table 1: Multipliers of GDP per capita in Western Europe
compared to other regions of the world economy (in 1990 US$)

<table>
<thead>
<tr>
<th>Europe compared to</th>
<th>c.1820</th>
<th>c.1913</th>
<th>c.1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia (excl. Japan)</td>
<td>2.1</td>
<td>5.4</td>
<td>7.2</td>
</tr>
<tr>
<td>Africa</td>
<td>2.9</td>
<td>5.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Latin America</td>
<td>1.9</td>
<td>2.3</td>
<td>1.8</td>
</tr>
<tr>
<td>European Settlements</td>
<td>1.0</td>
<td>0.6</td>
<td>0.5</td>
</tr>
</tbody>
</table>


In contemplating such (albeit roughly quantified) variations in rates of growth
and levels of per capita income across the continents and regions of an increasing
interdependent global economy, ‘schools’ of ‘radical’ economists, sociologists
and historians continue to suggest that the sustained and more successful record
achieved by Western Europe (and its settlements overseas) occurred somehow at
the expense of the manifestly less impressive rise in real capita incomes achieved
by the populations (including the colonised populations and territories and

68. Turner 1990.
assets) of the Third World. These trends are then represented in Gunder Frank’s terms as the ‘development of underdevelopment’.  

One way to ‘test’ the heuristic illumination derivable from all theories of combined and uneven development is to analyse the nature and scale of economic connections as they evolved between three ‘major zones’ of an integrating world economy over two very different geopolitical eras: first, during the liberal and imperial international economic order operating from Waterloo to Sarajevo and then during these three to four decades of global warfare, abnormal cyclical instability and neo-mercantilism from 1914 to the beginnings of decolonisation and late capitalism, 1948–50.  

6. Connections in an era of liberal imperialism 1815–1914

I will begin with Europe’s exports and refer to data that shows that the volume of goods exported from Europe to Third-World markets rose by a factor of around nineteen between 1830 and 1910, but which also reveals that the share sold on these markets increased from fifteen per cent to twenty-one per cent. Bairoch’s data and that ratio implies approximately eighty per cent of the value of commodities delivered across frontiers over the long nineteenth century was either sold within Europe or to European settlements in North America and Oceania. Mandel may not have been surprised by these trends. He might well have attributed them to low wages and depressed purchasing power in the Third World. Nevertheless, the figures do not suggest that European capitalism depended in any strong degree on ‘colonial’ markets for the sale of cheap manufactures that simultaneously served to wipe out indigenous industries and to hold down wages in the ‘South’.

As for imports, Europe continued to derive high shares of the foodstuffs, energy supplies and raw materials required from within its own geographical boundaries. At the end of the nineteenth century, when European capital, business enterprise, technology and imperial power had penetrated into all but the most remote regions of Africa, Asia and Southern America, less than a quarter of all the goods and services consumed by Europeans came from the Third World. Since that ratio had been higher at the outbreak of the French Revolution, the major problem to investigate is not, it seems, colonial and neocolonial exploitation, but, rather, why Asia, Africa and Southern America

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did not become really significant suppliers of foodstuffs and raw materials as Mandel’s (and Lenin’s) theory predicts.73

Explanations for this large and awkward fact for any theory of combined and uneven development are best elaborated country-by-country, and commodity-by-commodity. But, for purposes of exposing measurable and salient connections between European demand and the migration of European capital, on the one hand, and Third-World (including colonial) supplies of primary practice, on the other, European imports can be conveniently grouped into manufactures, fuel, minerals, raw materials and foodstuffs.

Over the long nineteenth century, industrial imports from Asia diminished to insignificance and became confined to expensive handicrafts and textiles of the highest quality. Deposits of the period’s chief source of energy, coal, as well as most major mineral ores (iron, lead, zinc, copper, clay and sand) refined by European industry happened to be accessibly located either in Western Europe or along its eastern and southern frontiers. Gold and silver ores which had dominated trade with Africa and Southern America for three centuries of mercantilism before 1815, gradually became less important, largely because the rapidly rising volume of commerce within and beyond Europe was being more efficiently financed by bills of exchange, bank drafts and other confidently accepted means of paper credit expanded on a base of precious metals that emanated from new discoveries in California, Australia and Nevada.

Several economies in Southern America and Malaysia and Africa experienced ‘booms’ based upon silver, gold, guano, nitrates, tin and copper sold to Europe and North America. Nevertheless, before 1914, the significance of minerals and energy supplies from the Third World for European development remained negligible and this category of trade accounted for less than 5% of the total exports delivered from Asia, Africa and Southern America to ‘core’ markets.74

In rank order of importance, the raw materials purchased by Europe from these continents included raw cotton, oil seeds, hides and skins, jute, hemp, dyestuffs and hardwoods and rubber. Apart from rubber (which came on stream following the invention of the bicycle and automoble in the early twentieth century) nearly all of these organic raw materials could be procured from within Europe or from European settlements overseas. Thus, Asian, African and Southern-American farmers competed with the land abundant agricultures of tropical North America and Australasia, the forests of Scandinavia and the Russian Empire and the peasants of Southern and Eastern Europe to supply

73. Bairoch 1976.
74. Hanson 1980.
Western Europe’s textile, soap, leather, furniture, construction, shipbuilding and many other industries, engaged on processing raw materials from agrarian regions from every part of the global economy.

Tropical groceries (sugar, tea, coffee, vegetable oils, spices, nuts, fruit and tobacco) continued to dominate Third-World exports to Europe. Since demand for these traditional luxuries was price and income elastic, purchases diffused down the social scale and the tonnage imported multiplied roughly forty-five times between 1790 and 1914. Competition for Europe’s markets remained intense for tea, coffee, and particularly for sugar (which came under increasing pressure from European beet sugar) and also for tobacco grown by black sharecroppers in the United States and peasants in Southern Europe.75

To sum up: between 1815 and 1914, farmers and miners from colonised and non-colonised regions of the Third World traded primary produce (foodstuffs, raw materials and some minerals) for manufactured goods and commercial services supplied by Europeans. Given: (a) that approximately half the cultivated area in the Third World suffered from deficiencies and/or irregularities of water supply; (b) that the connections by road and rail to urban markets remained woefully inadequate compared to Western Europe, North America and Australasia; (c) that, by 1914, Asia and Africa had attracted only eleven dollars of foreign capital per capita compared to one hundred and thirty-one dollars per capita for regions of white settlement; and (d) that research into biotechnologies for the improvement of crop yields in tropical agricultures had hardly commenced – the response of Third-World agricultures to opportunities to compete on world markets for agrarian produce does not look that bad. For a list of regions with underused land and particularly where imperial administrations invested in irrigation systems, and/or water control, records of sustained growth based upon the export of cash crops even looks impressive.76 Nevertheless, in conditions where the underlying base of agronomic knowledge for the cultivation of these cash crops (and their basic food crop – rice) expanded slowly, ecological conditions usually set elasticities for supply. Meanwhile the abundance of underemployed labour available for farming, together with falling prices for staple subsistence crops (rice competing with wheat and maize) both constrained rise in agrarian incomes, but also discouraged fertility restraint.77

Environmental, demographic and intensified competition (between the Third World and regions of white settlement) rather than European investment overseas and the persistence of European colonisation set parameters for the

76. Hanson 1980.
expansion in the volumes of foodstuffs and raw materials available from the poorest and most densely populated parts of the world between Waterloo and Sarajevo. While the values of increasing flows of exports available to its economies for both consumption and re-investment depended on their purchasing power on world markets, and the distribution of the gains from trade between European owners, managers, middlemen and colonial administrators on the one hand, and local farmers, merchants, bankers and ruling élites on the other.78

Since the direct distribution of the gains from trade between Europeans and the rest (Asians, Africans and South Americans) has been very difficult to measure, economists have paid far more attention to long-term and potentially quantifiable trends in net barter terms of trade. As price indices their ‘constructed’ weighted averages conceal the experience of specific economies or particular crops and minerals. Furthermore, the accessible evidence usually relates to prices of European exports (f.o.b) which makes no allowance for sharp falls in the costs of transportation and distribution or for improvements in the quality of European exports delivered to the Third World. Nevertheless, the indices representing the evolution in the prices of commodities traded between these two zones of the world economy (such as they are) suggests that (apart from some modest reversals in the 1880s and 1890s) over the long nineteenth century the net barter terms of trade moved consistently and discernibly in favour of the Third World.79

Furthermore, after the era of mercantilism, when free markets emerged, possibilities for ‘exploitation’ in the sense that Europeans both received and paid politically- and coercively-determined prices for the goods and services they sold to and purchased from the Third World (including economies under colonial rule) diminished. Historical evidence (which by no means covers the range of crops and minerals traded across continents) is probably not congruent with assertions that European middlemen paid ‘monopsony’ prices for the ores, raw materials and foodstuffs they imported from Africa, Asia and Southern America. Assertions will not do, and markets and their imperfections need to be investigated crop-by-crop, region-by-region and include investigations into networks of ‘up-country’ sale and distribution networks, which were often controlled by native merchants, transporters and local moneylenders. Yes, these ‘collaborators’ and ‘compradors’ with European commerce and colonialism probably did retain a conservative and presumably ‘rational’ preference in favour of continuing to allocate their savings, skills and entrepreneurial talents into servicing the movement of primary produce with ready and profitable access to

78. Latham 1978.
world markets. But markets and culture, not colonialism and coercion, came into operation in the century of liberal imperialism.80

High (but alas still unmeasured) shares of the surpluses obtained from producing for and servicing that commerce flowed, however, to expatriate European businessmen, professional and skilled labour and as taxes for the payment of colonial rule and military protection. Expatriates understandably manifested a high propensity to consume imports and display lifestyles that possibly discouraged native businessmen from accumulating capital and diversifying local production. While both colonial and 'autonomous' régimes implemented economic policies which exemplified two assumptions held by most governments everywhere before 1914, namely that low taxation and public expenditures confined to the maintenance of institutions required for the operation of markets together with altogether modest provisions for social-overhead capital and other public goods were all that was needed to promote development.81 Of course, the level, range and effectiveness of governmental intervention varied from state to state and from colony to colony. Economic successes and failures cannot, however, be correlated in any unequivocal way with either the presence or absence of alien rule or with clear evidence of neo-imperial intrusions into the governance of nominally sovereign states or (to return to Mandel’s though-provoking theory) with the integration of Third-World economies into a process of combined and uneven development.82

7. Conclusions: late capitalism as a stage in the history of the world economy

Economic growth is inordinately difficult to understand, let alone model. Historically, only a small number of countries matured over centuries of time under a variegated range of political, geopolitical, institutional and cultural conditions into successful industrial market economies. As queen of the social sciences, economics might be better placed to explain how and why history evolved so that the world economy came to be more starkly divided into rich and poor nations and populations. Alas, since Adam Smith, and his immediate successors in classical political economy, the discipline concentrated (until recently) upon allocative efficiency and the distribution of income within national economies and left problems of global economic growth to historians,

sociologists and to Marxist economists who maintained classical enquiries into the wealth and poverty of nations.

Ernest Mandel can be ranked among the most distinguished European intellectuals operating within that marginalised tradition of economic theory. He treated history seriously and maintained a world view which is why he found it necessary to offer an analysis of late capitalism as another stage in the laws of motion, exemplifying a long chronology of surplus extraction with combined and uneven development that he traced back over centuries of successive and connected stages in the accumulation of capital.

Marxism has always (and continues in its world-systems form) drawn attention to features and factors in the long run development of the world economy that are either neglected, obscured or denigrated by neoclassical traditions of thinking about growth. Its intellectual preoccupations (based upon a retained sympathy for a labour theory of value) lead often to commendably cogent and convincing analyses of the roles of violence and coercion, and of exploitation and regional and international inequalities in the distribution of world income. Above all, Marxists (like Mandel) focus intensely upon the origins, sources and allocation of surpluses extracted to fund the accumulation of capital on a global scale. His work exemplifies both the strength and weaknesses of a stimulating attempt to theorise through a complex historical record of economic development proceeding from the opening of an Atlantic economy in the sixteenth century to our times.

My concern has not been to appraise Mandel’s analysis of late capitalism, but to ascertain if that cycle (1948–73) can be convincingly represented as a stage in the long history of economic development. Historians certainly need theory to impose coherence on the complexity of the past and to help them construct metanarratives which concentrate upon essentials and avoid extraneous detail. Nevertheless, on reading Mandel’s selections and inferences drawn from an economic history preceding and leading into late capitalism, for reasons elaborated above, I found his model of capital accumulation constricting and unduly parsimonious, while the range of historical sources he consulted to test its validity and heuristic powers seems inadequate and biased towards Marxist scholarship.

I was not convinced that the interacting and combined determinants of economic growth could be subsumed within a theory of capital formation and surplus extraction. Perhaps technological diffusions could be included in the model, but the formation of useful and reliable knowledge that underpins the development of new technologies, artefacts and organisations occurred historically in contexts that were at least detached from, if not exogenous to, the economic bases, which they ultimately transformed. Labour supplies and
skill formation emerged from demographic régimes and family systems that were only more or less responsive to changes in economic incentives and penalties. Finally, all economic activity (and especially net investment) which generates growth, structural change and new possibilities for technological advance, took place within an evolving framework of institutions, legal rules and behavioural norms that are re-ordered slowly with difficulty and basically by the actions of states operating in path-dependent ways, within political, geopolitical and ideological arenas only loosely connected to underlying conditions for the extraction and mobilisation of surpluses for the accumulation of capital.84

That process (central to all theories of growth derived from classical political economy and Marx) no longer enjoys the prominence accorded to it in Mandel’s, largely theoretical, treatment of the history of European industrialisation over the three stages he demarcated as preceding the appearance of late capitalism.

With the aid of data (rarely cited by Mandel to support his representations) European economic history has been reconfigured as one of gradual and continuous rises in ‘measured’ rates of growth for agriculture, industry, trade and urbanisation which required some (but manageable) uplifts in the rates of saving and investment. Although discontinuities are visible in historical records, dramatic depictions of ‘great divides’, ‘watersheds’, and ‘industrial revolutions’ have all but disappeared from European economic history.85 While the funding of transitions to urban industrial economies seem, on close investigation into capital markets and financial intermediation, to have been handled without massive and abrupt resort to plunder overseas, or the mobilisation of reserve armies of dispossessed peasants, artisans and workers in domestic manufacturing. Furthermore, colonisation and integration of Third-World economies (with their abundant supplies of cheap labour) was not required to stave off diminishing returns to capital invested in Europe. After 1873, an increasing volume of investible surpluses did migrate overseas but flowed overwhelmingly into regions of white settlement and upon far too small a scale to mitigate the ecological and demographic constraints on development and structural change throughout the Third World – and almost regardless of whether the regional and national economies of Africa, Asia and Southern America happened to be nominally independent or under imperial rule.

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83. Mokyr 1990.
European investment did little to either create, re-enforce or alleviate extant and persistently low levels of labour productivity prevalent throughout these continents. That situation began to change for the better during the ‘First Long Boom’ (1899–1914) when augmented flows of European capital collaborating with local businessmen and (yes) cheap labour just about doubled the real values of exports delivered by the agricultures, mines and wells of Africa, Asia and Southern America for sale on world markets.86

Alas, this extraordinary upswing in ‘prospects’ for sustained progress achieved by many parts of the Third World (based upon accelerated rates of growth in exports – running at six and a half per cent per annum – and favourable shifts in the terms of trade) came to an abrupt end. Two global wars in 1914–18 and 1939–45, bracketing a major international downturn in trade, production and the prices of nearly all primary products, together with the greatest depression in the history of global commerce (originating in the United States) severely curtailed opportunities for convergence in standards of living based upon trade and capital flows between the industrialised economies of Euro-America on the one hand and the Third World on the other.87 Such favourable geopolitical and geo-economic conditions did not return again until the era of late capitalism. Alas, by then, rates of population growth had more than doubled. Seriously deleterious effects flowed between 1914–48 from the failures of statesmen and business elites of Europe and North America to reconstruct and maintain an international economic order as efficient as the order that operated from 1873–1914 and generated that optimistic boom from 1899 to Sarajevo.

References

86. Lewis 1978.


On the History and Logic of Modern Capitalism: The Legacy of Ernest Mandel

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Abstract

Mandel's *Late Capitalism* is the last large-scale effort to make sense of the development of capitalism since 1945 that is linked to the tradition of classical Marxism. The book provides an excellent case to study the difficulties of any such enterprise to come to grips with the historical developments of capitalism at large or with any of its particular phases or epochs. The difficulties that Mandel tries to surmount in order to reintegrate the theory and history of modern capitalism are, however, closely linked to ambiguities already present in Marx's original general theory of capitalism.

Keywords
capitalism, history, theory, method

1. Mandel's contribution to Marxian economics

Ernest Mandel regarded *Late Capitalism*, written as his doctoral dissertation between 1970 and 1972 and first published in German in 1972, as his most ambitious work. It should and would surpass anything he had done before. In this voluminous book, he tried to tackle an old problem, that is to explain the recent history of capitalism in terms of its 'general laws' and to come to grips with the peculiarities of what he regarded as the 'third phase' in the long-term development of capitalism as a world system. Of course, this is not a problem for Marxists or Marxist economists alone. Conventional economists abound who tell stories about the totally 'new' economic world order, the complete change of everything – in comparison with the ancient economic order before the 1970s.¹

¹ The best example is provided by the heated debate on 'globalisation.' Whatever economic historians might object, the faithful globalisers carry on undaunted, praising a brave new world
Conventional economists do not bother telling fancy stories to each other – as history has been thoroughly exorcised from their discipline a long time ago. For Marxists, on the contrary, the assessment of capitalist revolutions, of recent and actual changes in the capitalist mode of production on a world scale poses a serious problem. If they pride themselves of anything, it is first and foremost of the ‘historical sense’ and the firm grasp of the ‘historical specificity’ of modern capitalism as the most prominent hallmark of Marx’s economic theory. For Marxists, history matters a lot, and the real proof of the use-value of Marxian theories still lies in the explanation of the history, the actual changes of capitalism – and, accordingly, its features. Conventional, mainstream economics has long forgotten history and its practitioners are hardly ever aware that they are missing something that is crucial for the profession of economics.

For more than thirty years, from his first large book on Marxist economic theory (first published in French in 1962) until the very last version of his book on the theory of long waves (published in English in 1995, a few weeks before his death), Ernest Mandel struggled away with the problem of theory and history in Marx’s economics. In 1967, in his contribution to one of the several conferences in honour of the centennial of the publication of Volume I of *Capital*, he made use of what he called ‘Marx’s theory of primitive accumulation’ in order to where the rules and laws of capitalism as we used to know it have finally become completely obsolete. As the making and remaking of a world market and a world economy actually started several centuries ago, serious scholars will still feel some urge to explain in some detail what is actually new and peculiar to the present phase of ‘globalisation’ (that is the ongoing expansion and restructuring of the capitalist world economy). It is not the first and only period of *Sturm und Drang* in the history of capitalism, after all.

2. That was exactly what Marx had in mind when he criticised contemporary political economists because of their lack of historical understanding and praised some of them – like James Steuart or Richard Jones – for their good grasp of historical differences. He never bowed to the distinction between ‘pure’ and ‘political’ economy coined by his contemporary Léon Walras. Of course, Marx was not a supporter of the German ‘historical school’ and its polemics against classical and, in particular, Ricardian political economy. *Capital* was never meant to be a study in the ‘history of capitalism’ nor a study of British or Victorian capitalism in the nineteenth century. It was conceived by its author as a systematic exposition of a theory of the capitalist mode of production (or capitalism) in general and as a systematic criticism of all the concepts and categories of political economy, the science that emerged together with modern capitalism. From 1872 onwards, Marx himself restricted the validity of his ‘general analysis’ of capitalist development to the countries of Western Europe, admitting there might be more, and different, routes of capitalist development in different parts of the world (compare Krätke 2004 and 2007).

3. See Hodgson 2001. Once history has fallen into oblivion in economics, the complementary standard devices of classical and neoclassical economics, the Robisonade and the communist fiction, have to be presented without the ‘historical’ guises of earlier days and are henceforth presented as allegedly ‘pure’ assumptions. Of course, there is a historical basis even for lofty abstractions like the *homo oeconomicus*, as Gramsci, for one, was well aware.
explain why there was no industrial take-off in the so-called Third-World countries. Agreeing for once with Schumpeter, Mandel praised Marx: in Capital, he achieved a form of ‘integration of theory and history’ in his truly ‘general theory’ of modern capitalism that had never been surpassed or equalled since its first publication. The clue to this achievement was to be found in the ‘genetic’ method of research, a device that somehow enabled Marx to find the historical processes linked to all relevant economic categories of modern capitalism. Similarly, Mandel deemed Marx’s method as superior to all the other schools of thought in political economy because it enabled a ‘dynamic conjunction between economic history and economic theory’. Only Marx’s peculiar method allowed for this conjunction, he wrote in the introduction to his first long account of Marxist Economic Theory. Some years later, in his contribution to the Tilburg conference on capitalism in the 1970s, he presented the same topic in a quite different mood: instead of praising Marx’s unsurpassed achievement, he presented the relationship of theory and history as ‘one of the most urgent problems of Marxist theory’. The relationship between the ‘general laws of motion’ pertaining to the capitalist mode of production ‘in general’ – as expounded in Marx’s Capital – and the history of capitalism was to be regarded as the decisive aspect of this problem. According to Mandel, this relationship had never been clarified in a satisfactory manner. Whoever dared would face not only one of the most urgent but also one of the most complex and difficult problems of Marxist theory. In the introductory chapter of Late Capitalism, entirely devoted to methodological questions, he actually used the very same text from 1970 in order to expound the problem of Marx’s proper method and how to use it in order to deal with the history of capitalism.

His reconsideration of Marx’s method was, of course, thoroughly influenced by the resurrection of Marxist studies and debates in Western Europe during the 1960s. Thanks to his friendship with Roman Rosdolsky, Mandel became quite

4. Mandel 1967, p. 71. Schumpeter’s praise is to be found in his seminal History of Economic Analysis, disclosing the late Schumpeter’s last second thoughts on Marx and Marxian economics. In Capitalism, Socialism and Democracy, published in 1942 and arguably Schumpeter’s most successful book, his praise for the combination, even integration, of history and theory in Marx’s work is even more enthusiastic (compare Schumpeter 1976, p. 44). For anyone familiar with Schumpeter’s work, this could not be much of a surprise as his famous theory of ‘economic development’ by ‘new combinations’ involving ‘creative destruction’ was clearly inspired by Marx’s theory of the capitalist firm and the eternal pursuit of surplus profit (including extra surplus-value) by capitalist entrepreneurs already outlined in Capital, Volume I.

familiar with Marxology and started his own rethinking of Marx with a book, first published in 1967, on the Formation and Development of Marx’s Economic Doctrines. In the 1960s, links between theory and empirical research and the much-praised ‘integration of theory and history’ in particular were questioned, even abandoned by many Marxists. Quite a lot of them, especially academics, shied away from the double accusation of ‘economism’ and ‘historicism’ and sounded the retreat to the realm of pure ‘theory’. Mandel had to defend his endeavour of a ‘reintegration of theory and history’ against the new, Althusserian orthodoxy that denied any possible linkage between theory and history. In those days, Althusserians derided any idea of a historical explanation using Marx’s own categories and ‘laws’ as completely ‘false problems’. Only the most primitive non-philosophical minds could imagine something like a confirmation (or refutation) of Marx’s tenets by means of mere ‘empirical facts’ and/or historical developments.

What Ernest Mandel tried to do was clearly at odds with much of the prevailing fashion and established orthodoxy of Marxism, and hardly supported by the tradition of ‘Western Marxism’ – notoriously uninterested in Marx’s economics as it was. Obviously, there was a problem, maybe more than one, even a bundle of unsettled problems pertaining to Marx’s critique of political economy, unfinished as its author left it to posterity. Such unsettled problems affected the whole tradition of Marxism and they still do. If Marx already

9. As far as they had any training as economists, they were of course affected by the ongoing formalisation in economics, hailed by many as the discipline’s ‘second revolution’ (after the ‘marginalist revolution’ dating back to the 1870s). Juggling with Marxian models was relatively safe, because no one could accuse you of saying anything about the actual or historical development of modern capitalism. No one could accuse you of economism either, as long as you stuck to the models. Every single proposition of Marx was thoroughly formalised and remodelled in the process. Marxist economists drowned themselves in algebra and forgot about the theory, at least those parts that did not easily fit into the mainstream mode of thinking. The most striking example is provided by the transformation of the debate on the theory of value into a debate on the so called ‘transformation problem’. Analytical Marxism was another offspring of this shift towards academic mores, involving even more concessions to the allegedly superior standards of ‘rigour’ pertinent to academic, neoclassical economics.
11. Such dogmatism provoked a counter-attack, led by Edward Thompson himself. However, his Poverty of Theory, published in 1978, devastating as it was, had little impact, even on the rebellious pupils of Althusser. At any rate, Thompson has earned the credit for writing one of the most amusing polemics in the history of Marxism. Unfortunately, there are not so many of this genre.
12. There are some exceptions from this rule, though. Karl Korsch, for example, was very much aware of the crucial importance of Marx’s critique of political economy. Gramsci, to mention another prominent figure of ‘Western Marxism’, was neither ignorant nor uninterested in political economy, quite the contrary, as I have demonstrated elsewhere (compare Krätke 1998).
achieved a full-scale ‘integration of theory and history’ in Capital and other writings, why is it that this achievement ‘has never since been repeated successfully’? Why has not one of the Marxists coming after Marx ever been able to come up with a convincing explanation of the ‘successive stages of the capitalist mode of production’? Why is there still no satisfactory history of capitalism as a function of the inner laws of capitalism . . . and still less a satisfactory explanation of the new stage in the history of capitalism which clearly began after the Second World War?13 Good and awkward questions indeed. Mandel tried to answer them in a twofold manner: by criticising earlier endeavours by Marxist economists to explain why and how capitalism had recently changed and by developing his own account of the recent history of capitalism.

2. Reintegrating theory and history: the Marxist legacy

In comparison to his earlier views as presented in his Marxist Economic Theory of 1962, in Late Capitalism Mandel gives a rather sophisticated account of the methodological problems involved.14 Here, he is no longer convinced that it should be easy to ‘reconstruct the whole economic system’ of Marx just from the ‘empirical data’ as provided by contemporary economics.15 He rejects, though reluctantly, the easy formulae of orthodox (Leninist) Marxism (like the famous ‘progression from the concrete to the abstract’ and vice versa) as highly reductionist, and takes issue with the Althusser school over its methodological prescriptions. All attempts to explain the history of capitalism and the ‘latest stage’ or phase of ‘late capitalism’ in particular by Marxists and non-Marxists alike had been hitherto failures.16 So he had to operate with diligence and care to come to grips with this age-old problem.

Regarding the various attempts of his predecessors in the Marxist or socialist camp, he tried to find out why they all went wrong. In fact, he did not write the history of the various attempts to explain recent changes of capitalism but followed Rosdolsky’s argument. The five ‘most brilliant attempts by pupils of Karl Marx to reintegrate theory and history’ (by Rudolf Hilferding, Rosa Luxemburg, Henryk Grossmann, Nikolai Bukharin and, last but not least,  

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14. Mandel has often and harshly been criticised for the lack of methodological sophistication, at least in his earlier writings. Nonetheless, the book had (and still has) a great merit: it gives a short outline of the history of modern capitalism, in its main phases, which is broadly compatible with the known facts of economic history.
by Otto Bauer) were failures. Why? What had these failures in common? What lessons were to be learned from them?

During the first of the so-called ‘debates on revisionism’, the discussants were not even aware of the problem at hand. According to the conventional wisdom of the day, they took Marx’s Capital first and foremost as a piece of economic history, describing and predicting actual trends of economic development. This standard view of Capital as primarily a ‘work of economic history’ was shared by many prominent Marxists, including Kautsky and Bernstein. So, the logic of the argument in this first debate was straightforward: recent developments in the main lands of capitalism did or did not confirm Marx’s propositions or predictions about the general tendencies of capitalist development; they would or they would probably never come true. Apart from his flirtation with some kind of accommodation between the ‘labour theory of value’ and the ‘marginal utility theory of value’, Bernstein had just got the facts wrong or misinterpreted them, but there was not much wrong with his reading of Marx’s theory.

When the debate was reopened by Hilferding in 1910, the mood had already changed. Hilferding’s book on Finance Capital was meant to be a study of the most recent developments of capitalism, as its subtitle announced. No rejection, no criticism, no rectification or improvement of Marx’s analytical concepts or general propositions about ‘the laws of motion’ in modern capitalism was intended. However, Hilferding started his analysis of the most recent developments of capitalism with a lengthy theoretical exercise on money, credit and finance in capitalism, which amounted to a critique of Marx’s theory of

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17. Mandel 1978, p. 25. Mandel’s treatment of such efforts is quite selective, leaving aside several perhaps less brilliant attempts – such as, for instance, the work of Fritz Sternberg or Natalie Moszkowska (largely forgotten today outside the German-speaking world). He focuses upon those efforts that he regards and accepts as efforts towards a ‘theoretical explication’ of why and how ‘capitalism had changed’ in recent times. Hilferding’s Finance Capital, announced as a ‘study of the most recent developments of capitalism’ in its subtitle, matched the working programme of the ‘Austro-Marxist’ school (it was actually published as Volume 3 of the Marx-Studien in 1910) which emphasised the study of new phenomena relying upon the actual knowledge of the time – with the clear intention of opening up new theoretical vistas for the Marxist school.

18. This interpretation held sway ever since Kautsky had presented it in his book on the Economic Doctrines of Karl Marx, as the English title reads. This book, first published in 1887 and written together with Bernstein (with a little help by Engels himself), was the first Marxist best-seller ever. During Kautsky’s lifetime, there were no less than twenty-five editions in the German language alone.

19. He was not alone. Quite a lot of Marxist economists – from Tugan-Baranowsky to Sam de Wolff – have proposed a similar operation of reconciliation between two value theories that seemed to be thoroughly opposed at first glance. Considerations in this direction started when the first debates on ‘value theory’ took place in German socialist journals, during Marx’s lifetime. They were met with icy silence from the master himself.
Hilferding was the first Marxist economist who dared to correct and improve what Marx had said on the basic concepts and laws of modern capitalism, although he did so with great reserve and caution. Making sense of recent developments of the capitalist mode of production might require at least some efforts to reformulate, to extend and/or supplement what Marx had already said. In particular, where he had only left an outline or some sketchy remarks indicating his intentions – as, for instance, with respect to credit and finance, or to cycles and crises and the world market. When Rosa Luxemburg appeared with her magnum opus on political economy three years later, her intention seemed to be much the same: to give a satisfactory explanation in strictly Marxist terms of the recent developments of colonialism and imperialism. But her book was an even more blunt provocation to Marxist orthodoxy as she claimed to have discerned a basic flaw in Marx's general theory of accumulation. What is more, she offered a correction of this basic flaw that would inevitably affect the overall structure of Marx's general theory of capitalism. Bukharin, Bauer and others responded to the challenge, but their response did in fact amount to a full-fledged correction and completion of Marx's general theory of the dynamics of capitalism. Luxemburg, no more than her critics, did not clarify the question at hand, whether some general propositions about the logic of the reproduction process in a capitalist economy (reproduction of commodities by means of commodities, brought forth by industrial capital) could be directly linked to propositions about recent changes in the capitalist world system, like the rise of militarism or the neocolonialism of the capitalist great powers in the epoch of high 'imperialism'. Grossmann, who tried to prove and re-establish a Marxian 'general law' of accumulation, crisis and collapse of capitalism in 1929, reproduced the old dilemma, emphasising a strict dichotomy between 'chemically' pure capitalism and 'empirical' (or historical) capitalism. In his view, Marx's general laws pertaining to 'pure' capitalism could be 'verified' by introducing a variety of counter-tendencies, to be found in the 'concrete phenomena of capitalist

20. Hilferding regarded it as rather orthodox. He was harshly attacked by Kautsky and Lenin among others. But he was right, as far as the fragmentary state of Marx's writings on money and credit in modern capitalism was concerned. Inevitably, he engaged in a struggle with Marx's manuscripts on credit, banking and finance as they had been published as Part Five of Volume III of Capital by Engels in 1895. There was and still is a lively debate among Marxologists about this edition in relation to the original Marx's manuscripts, that were only recently, in 1992, published as Volume II/4.2 of the second MEGA (see Krätke 2000). In the original manuscript of 1864–5, Marx put together quite a lot of material under the heading Die Konfusion [The Confusion] and Engels tried hard to bring some structure and conceptual order to this bunch of manuscripts.

Otto Bauer and Rudolf Hilferding, the leading theoretical minds of ‘Austro-Marxism’, were the last to attempt any systematic and careful theoretical explanation of the structural changes and new tendencies in post-World-War-I capitalism, starting with the publication of Otto Bauer’s book on Rationalisierung – Fehlrationalisierung in 1931. Unfortunately, their work was never finished, and large parts of it have remained unpublished until now.

In his brief discussion of these earlier debates, Mandel criticises and rejects the attempts of his predecessors for several reasons: they chose the wrong starting point and they tried to focus on one single variable as the true clue to the dynamics of capitalism. In other words, their understanding of the basic ‘general laws’ of motion of modern capitalism was flawed. First, they took Marx’s reproduction schemes, his (fragmentary and never finished) tableaux économiques as they appear in the third section of Volume II of Capital as a point of departure for the analysis of the historical development of capitalism. But the analytical device of the reproduction schemes was not designed for such a purpose and those Marxists who use them for historical explanations are just abusing them. The lesson is clear: one should look for such versions of the ‘laws of motion’ of the capitalist mode of production that are fit for historical explanatory purposes. In Marx’s own terminology, that would be the ‘law’ or ‘laws’ of competition, laws formulated on the analytical level of the process of the valorisation and accumulation of capital ‘as a whole’ or ‘in its totality’ (the ‘Gesamtprozeß’ in the original German version). Second, they tried to deduce the dynamics of capitalism from just one, central or crucial variable. Otto Bauer earns most credit here, as Mandel sees him searching and probing, in fact experimenting, with different ‘most important factors’. The lesson is clear: do not underrate the

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23. Otto Bauer did more than just explain the recent changes of industrial organisation in the large corporations, which was only the first step to analyse the changing relations of social power within postwar ‘organised capitalism’. In his unfinished and unpublished study of the Great Crisis of the 1930s, written in 1935, he made the first serious effort to explain, even solve the ‘riddle of long waves’. This has just been published in German (compare Bauer 2006). Although highly critical of reformism, Bauer has always been dismissed on political grounds. No serious Marxist theorist could be a leading member of a Social-Democratic Party! Hardly anything of his enormously wide and sophisticated work has ever been translated into English. Hilferding wrote a lot of articles in the 1920s and 1930s, the very last one, titled ‘Das historische Problem’ (‘The Problem of History’), dealing with one of the central problems of historical materialism, that is the relationship of politics and economics, was left unfinished in 1940.


25. Mandel 1978, p. 35. Again, Mandel would have been most pleased with Bauer’s unfinished and unpublished manuscript of 1935, where there is even more differentiation of crucial factors and their interrelationships.
complexity of the dynamics of modern capitalism and take all the relevant basic variables into account. Such an operation will produce reformulations of the general laws of motion of capitalism. Again, there is an opportunity and a challenge for a theoretical mind here. The challenge to create laws of higher complexity by theorising the reservations Marx regularly makes when stating ‘general laws’. Third, they all take Marx’s basic abstraction of a fully developed or ‘closed’ capitalist system for granted, without much discussion. What is more, they all accept, although with some reservations, Marx’s concept of the ‘classical form’ of capitalist development and do not take into account Marx’s own rising doubts as to the possibility of different paths of capitalist development in different regions of the world.26 Rosa Luxemburg earns most of the credit in this discussion, as she did at least understand the problem, although her solutions are highly debatable and in fact refuted by Mandel as by the earlier discussants. The lesson is clear again: in order to explain the history of capitalism as a whole or in different periods, we have to deal with the pre- or non-capitalist world as well. A world that is not yet prone to obey the ‘general laws’ of the capitalist mode of production but is resisting their ‘iron logic’ and, to some degree, even spoiling it.

Anticipating much of this discussion, Mandel presented the ‘problem to be solved’ as ‘two-pronged’: is the ‘real history’ of capitalism over the past hundred years governed by the ‘general’ or ‘abstract’ laws of motion of capitalism so that we can follow an explanatory scheme in terms of ‘development’ of capitalism and the ‘unfolding’ of its internal contradictions? Or, as Mandel put it, do we need some ‘intermediary links’ that will allow to bridge the gap between the ‘general laws’ and the real sequences of structural, long-lasting changes in the capitalist mode of production, observable in time and space? How can we deal with the history of capitalism with respect to a world that is only partly dominated by capitalism and, to a large degree, still pre- or non-capitalist? Clearly, the general concepts and laws of ‘pure capitalism’ do not apply here. There is quite a lot in the history of capitalism that the ‘pure’ or ‘abstract’ laws of motion of capitalism cannot explain.27 In both respects, any serious effort to reintegrate the ‘theory and history’ of capitalism has to go beyond the scope of Marx’s general theory of capitalism. Inevitably, the endeavour of historical explanation will not leave the

26. With respect to this change of mind, most of the classical Marxists are to blame indeed, as it is already to be found in Marx’s own words, and published in his lifetime, in the revised text of the French edition of Capital Volume I of 1872–5. But the bulk of Marx’s studies on the development of capitalism in the USA and in Russia is still unpublished until this very day and hardly ever taken into account – at least until these papers are published in further volumes of the MEGA in the years to come (compare Krätke 2005).
'general theory' unaffected. Considerable changes, extensions, modifications of the general framework might be inevitable, as Marx himself presumed and even announced in *Capital*. As the German subtitle to *Late Capitalism* announced, it was meant to provide a 'theoretical explanation' of this latest stage of capitalist development.

3. Marx's problem and Mandel's solution

Marx was very much aware of the varieties of capitalism in his own day. Conventional wisdom notwithstanding, I would suggest that he knew very well when and where he lived. We are today able to take some distance from his long-lasting work on the critique of political economy, a project he started in 1844 and had not yet finished when he died in 1883. During nearly forty years of work, he gathered a towering amount of material referring to the development of capitalism in more or less all parts of the world. In the 1870s and 1880s, still working on all the three volumes of *Capital*, he became aware of peculiar forms of capitalist development in different parts of the world, especially in the USA and in Russia. Regarding Marx's actual work in the 1870s and 1880s, there is little doubt that he started focusing upon the USA which he regarded as the higher and purer form of capitalism, even compared to Great Britain. Britain had taken the lead and provided the first example of industrial development. For some decades, it had been the workshop of the world, the classical example of a fully

28. I am referring to Marx's announcement of a thorough 'modification' of the 'law of value' on the (theoretical) level of the 'world market'. This announcement is to be found in a chapter on 'National Differences in Wages' (Chapter 22), which has been included ever since the second German edition. The very existence of such a chapter provides the best possible proof for the thesis that Marx did never give up his original plan, at least with respect to the scope, if not the structure of his work.

29. Some people doubted just that. For instance, the relatively famous Marxist economist Fritz Sternberg in his last book, *Anmerkungen zu Marx heute*, published in 1965, explicitly stated that Marx did not understand the peculiarities of the very period in which he lived. I could not disagree more. Marx did not by chance become one of the leading economic journalists of his time – he wrote dozens of articles on monetary, financial, international trade matters, he regularly published articles on the smaller and larger crises in the heartlands of the capitalist world, lecturing his Anglo-American readers on the intricacies as well as the broader lines of economic and financial affairs in Britain, France, Germany and other countries, including the colonial areas. His articles on British and French financial matters in particular earned him fame as an outstanding expert (compare Krätke 2006 on Marx's economic journalism).

30. The development of industrial capitalism in Japan from the 1860s onwards is one of the few topics he only studied briefly and marginally in 1868.
fledged ‘factory system’, the capitalist nation dominating the world market and controlling the bulk of world finance. Other capitalist countries would follow the lead of the first industrial nation, although in different ways. In the 1860s, Marx grew aware of the possibility of development strategies: the ‘lack’ of capitalist development could be made up by a whole variety of political means – as in the case of the first ‘developmental state’ in Europe, the Second French Empire.31

Capitalist development, primitive accumulation, in Europe as elsewhere in the world, had always been supported, often pioneered by the state.32 Once the capitalist mode of production was fully established in one part of the world, as it was in Britain, capitalism would develop and change further, but now completely according to its own inherent ‘laws’ and under its own conditions. Hence, the prehistory and the history of capitalism could be clearly distinguished and had to be treated differently. There is, however, a certain ambiguity in Marx’s writings. He took it for granted that capitalism can produce and reproduce all its prerequisites. At the highest level of capitalist development, the capitalist mode of production would bring forth everything it needed – including a working class that was completely adapted to the capitalist mode of production – mobile, flexible, consumerist, competitive and prone to believe in the everyday mystifications of the fully developed market economy. On the other hand, he was aware of the necessary and endogenous ‘limits of capital’ and looked for them systematically. Capitalism as an economic system can, for various reasons, never be a completely ‘closed’ system. Not everything is or can ever be reproduced in the commodity form, not everything is or can ever be reproduced and/or appropriated by capital; some commodities, vital for capitalism as a mode of production, remain ‘fictitious commodities’, subject to various processes of commodification. There were and there are always crucial ingredients or prerequisites of capitalism that capitalism itself cannot provide – and that have to be provided by actors not directly involved in capitalist relations of production and exchange. Hence, a general theory of capitalism cannot do without openings for a variety of ‘non-market’, ‘non-commodity’ and ‘non-capitalist’ elements, alien to but, by the same token, indispensable for any capitalist economy. In the actual texts of Capital, however, the ambiguity is reduced, as Marx heeds the

31. Marx studied this example of the French imperial ‘developmental state’ at length. In various writings – from 1852 to the 1870s – he scrutinised the policies of the Second Empire, changing his mind several times, more often than not not in line with the facts and against his own political sympathies (compare Krätke 2006b).
32. ‘Capitalism was created by the state’. Marx would probably have approved this famous quote. See Trotsky’s review of the results and prospects of the Russian revolution of 1905.
the lesson he had already learned when writing his first large-scale version of the systematic critique of political economy. The famous ‘dialectical method’ is only correct as long as one is aware of its limits. Marx wrote at least four different versions of the critique of political economy, and he became ever more aware of those limits in the process. As a matter of fact, he introduced more historical facts and made more and more allowances for ‘non-market’ or ‘non-capitalist’ elements of capitalism. Did he spoil and eventually ruin the beautiful ‘dialectical’ constructions of his earlier writings, vulgarising his own theory? Quite a lot of Marxist philosophers seem to believe that. In their view, Capital should be purged of its historical stains and the old (Hegelian) dialectics of the Grundrisse should be restored.

Whether it was Engels alone or Marx and Engels together who ruined Capital and who did the worst damage to it – our judgement on such intriguing questions depends on whether or not one deems the ‘historical’ sections in the manuscripts as superfluous illustrations or digressions disturbing the pure logic of a theoretical argument. All the ink spilled on the issue notwithstanding, the peculiar kind of theory set out in Capital is still not easy to grasp. As is the kind of social-scientific problem that Marx tried to tackle. Without doubt, there is a systematically and highly artificially constructed theoretical treatise, but it is no exercise in ‘pure economics’. Marx expounds in much detail a ‘general theory’, dealing with capitalism ‘in general’, in its ‘pure’ or ‘ideal’ form, sometimes dubbed ‘classical’. Although he writes, with pronounced irony, of the ‘natural laws’ and ‘natural forms’ of modern capitalism, the whole point of his critical exercise is to demonstrate that there is nothing ‘natural’ about capitalism, revealing its

33. The now infamous quote is to be found in the fragmentary first version of his Zur Kritik der Politischen Ökonomie, known as the Urtext and written in the summer of 1858 (compare MEGA II/2, p. 91). But similar, self-critical remarks abound in the manuscript of 1857–8 where he starts experimenting with the ‘dialectical’ method. Here, he says that the ‘dialectical’ circle of presupposition – supposition has to be conceived as an open circle, allowing for the historical process of the ‘making of a working class’!

34. There is a heated debate going on, especially between Marxists in the German-speaking world, about the progress or regress that took place in Marx’s economic writings between 1857 and 1867 or later. Some, like Backhaus and Reichelt, argue that Marx did wrong to ‘reduce’ and restrict ‘dialectical reasoning’ and that the Grundrisse are superior to Capital. In their view, the older Marx was far beneath the younger, the Marx of 1857–8. Others, including myself, are of the opposite opinion (see my presentation and critique of these querelles allemandes in Krätke 2004, 2007).

35. Kozo Uno already tried in the 1950s and 1960s to get rid of the historical elements in Marx’s theory and get back to basics – elaborating a ‘pure theory of capitalism’ as the very core of Marx’s Capital. Given the highly dubious character of the alleged ‘theory’ of three stages of capitalism that held sway in orthodox Marxism-Leninism at that time, his efforts for purification and restoration of the hard core of Marx’s analysis of capitalism had its merits (compare Uno 1980).
historical specificity. To pinpoint the 'historical specificity' of capitalism in terms of a general theory, a theory valid for all varieties of capitalism and throughout the whole epoch of capitalism poses a first-order challenge. Differentiating between the prehistory and the history of capitalism would not have done the job. Theory, not writing the real history of the different relations of production in different times, should carry out the double task of criticising the categories and theories of political economy and the economic relations of modern capitalism by systematically expounding its laws and categories. In order to grasp the 'historical specificity' of capitalism, Marx had to pinpoint the 'historical imprint(s)' that all economic categories of modern capitalism inevitably bear.36 What is more, he had to make allowances for 'historical facts' and 'historical investigations' that would inevitably enter the course of his theoretical argument.37 But the decisive points had to be made by demonstrating the peculiar dynamics of the capitalist mode of production, rendering it both revolutionary and prone to all sorts of crises. Technological, industrial, commercial, financial 'revolutions' and the ensuing patterns of re-occurring crises together are the very offspring of the peculiar inner dynamic of capitalism. A dynamic that Marx set out to explain in his general theory of capitalism, probing into the inner logic of capitalist 'development', creating systematic openings for historical investigations.

That is what makes Marx's analysis quite peculiar and distinct from other endeavours of a 'pure logical analysis of capitalism' and brings his work close to a 'theory of history', meaning the history of modern capitalism, as Hicks had presumed.38 The purity of the logic is compromised, and systematically so as many Marxist philosophers bemoan to this very day. More often than not, they belittle those items of 'impurity' in Marx's general theory as mere 'illustrations' and 'digressions'. Again, there is some ambiguity to be found even in Capital. Marx did indeed establish 'general' and 'abstract' laws – the most famous example being of course the 'general and absolute law of capitalist accumulation'. He commented several times on the level of abstraction pertaining to those 'general laws'. They are meant to be laws of 'pure capitalism' or capitalism as such, in its 'pure form', meaning a fully developed capitalist mode of production, a complete and closed system of capitalist relations of production and exchange and a

36. As he explicitly stated referring to the 'free worker' and the 'labour market' (compare Marx 1990, p. 273).
37. He said so already in the manuscript of 1857–8, praising this as one of the big assets of 'our method' (that is the revised and consciously 'reduced' dialectical method (compare Marx 1993, pp. 460–1)).
capitalist economy that has already conquered the world. So, we have at least three heroic abstractions here: the abstraction from the diversity or variety of capitalism, the abstraction from the development or history of capitalism, and, last but not least, the abstraction from the capitalist world system. All three abstractions are mentioned in various wordings in all three volumes of *Capital*.

What is more, all three abstractions are dropped again and again throughout the three volumes of *Capital*. The most important deviations from an account of an alleged pure logic of a purely capitalist system are to be found with respect to the abstraction from the history of capitalism. As a matter of fact, there are quite a lot of those deviations. Several elaborated pieces of *histoire raisonnée* are actually included in *Capital* as we know it.\(^{39}\) That is why (many) philosophers dislike it and (some) historians appreciate it. Just to mention a few: Marx starts with the pristine form of money as it existed in precapitalist times and develops, step by a step, a full-scale theory of the modern, capitalist monetary system, comprising several forms of money and including forms of credit money that can only be created within the context of a capitalist (world) economy. His full theory of money includes an element of development – from the pristine and primitive to the artificial and sophisticated forms of money. He starts with a form of money – commodity-money – that preceded modern capitalism. He continues his analysis of modern monetary relations until the very point, where credit – a crucial feature and basic institution of capitalism – and various credit devices replace money in its original commodity form.\(^{40}\) Already in Volume I of *Capital*, he gives an account of the development of truly capitalist forms of production – from the simplest forms of co-operation and large-scale production via different forms of manufacture and up to the fully fledged factory system of modern capitalism. The same is true with respect to trade and merchant capital, a form of capital preceding the capitalist mode of production. Although we have only an outline of the planned chapters and some sketchy manuscripts, the

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39. The French term *histoire raisonnée* bears a resemblance to what Hegel called *reflektierende Geschichte* [reflecting history] in his *Philosophy of World History*. It is, of course, not a piece of narrative history proper, although Marx tells stories about single historical events too. Well written and richly illustrated as such chapters and/or sections in *Capital* are, their point is to be found in the logic of a peculiar ‘capitalist development’ that is explained, not just illustrated. A logic that lends historical meaning to various events such as, for example, the waves of enclosures in British history which become linked to the long-term process of the making of the working class in Britain.

40. Of course, one has to follow Marx’s theory of money into Volume III of *Capital* to become aware of this piece of capitalist development, the long-term transformation of the monetary system into a fully fledged credit system. For a much more detailed exposition of such elements of *histoire raisonnée* in *Capital* see Krätke 2004, 2007.
intention is quite clear: to demonstrate the peculiarities of a truly capitalist system of commerce and merchant capital by means of a *histoire raisonnée* of the development of trade and commerce. Regarding finance and landed property, Marx’s plans and intentions clearly went in a similar direction: to follow the logic of capitalist development that did change these ancient forms that already existed long before the rise of modern capitalism and, in the end, brought forth forms of finance and landed property completely suitable and adapted to the capitalist mode of production.

Thanks to these pieces of *histoire raisonnée*, Marx does in fact already provide several clues to the study of the history of capitalism – in the past as well as in the present. Following his logic, it should be possible to discern at least a higher, more-or-less complete and a lower, initial level of capitalist development, always measured by the ideal standard of a ‘full’ development of all its potential. The higher-developed form or system – or country – shows its future to the lesser-developed, as long as all obey the same general logic of capitalist development. One should, however, keep in mind that Marx did not just refer to a difference in terms of more or less here; there is a qualitative change involved, the ‘higher’ form being, in fact, something else and something more complex, more complicated – even more prone to inherent ‘contradictions’. The higher the level of capitalist development, the closer one gets to the very end of this specific economic system. Hence, a second criterion is involved here: higher-developed, more sophisticated forms of capitalist money, production and trade are more prone to crises – or more serious crises – than the lower-developed forms.

In his various manuscripts from 1857–8 onwards, Marx often talks to himself. The best clues and hints referring to the question why he did not write the ‘pure logical’ account in Hegelian terms, as Marxist philosophers would like it, are to be found here. In these manuscripts, Marx is struggling with the Hegelian legacy, trying to avoid the pitfalls of ‘dialectics’. Experimenting with different sorts of reasoning, sometimes ‘dialectical’, sometimes analytical, once in a while introducing and considering all sorts of (actual and historical) facts, he is learning from his mistakes. In the end, he is working on a much improved version of his original argument, still refining and enlarging it, but fully aware of the limits of ‘dialectical’ reasoning. Those who still believe in the myth of Marx’s ‘dialectical’ method and ignore the critique of Hegelian dialectics that is to be found in his economic manuscripts from 1857–8 onwards, usually mistake his careful

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41. Some of them, like the famous digression on ‘primitive’ or ‘original accumulation’, in fact a critique of one of the standard legends of classical political economy, have often enough been misread as purely historical accounts. They were never meant to be more than sketches of the logic of a historical process and could never replace a history of capitalism.
handling of those limits as digressions or just 'historical illustrations'. What appear to be digressions from 'pure' logical expositions are crucial parts of his argument, pointing to the 'openings' and 'systematic gaps' of the capitalist mode of production as well as to the logic of its 'inner development'.

Whether capitalism changes or has changed recently can never be the question, if one is looking for more than trivial answers. Of course, it changed and changes all the time. The salient question is whether those changes make any sense at all in the light of the peculiar dynamics of capitalist development, as Marx saw it. Ridden by all sorts of 'contradictions' and conflicts, prone to all sorts of crises, some recent changes may look rather absurd indeed. But are they? Maybe they are, but only in the sense that they follow a logic of development that is basically contradictory, even absurd. Mandel's answer was rather straightforward: he saw the recent transformations of capitalism as just another big step towards the great and possibly final crisis of capitalism. As a good Marxist, he never forgot the basic lesson to be learned from Marx's analysis: capitalism, notwithstanding its astounding dynamic, is bound to bring forth self-destructive tendencies. It thrives by innovations that will, in the longer run, undermine its very basis. Not because it runs into limits, but because it is bound to ignore them, to go beyond them and/or clear them away by all means whenever it cannot circumvent them.

4. The peculiarities of Ernest Mandel: what is specific about Late Capitalism?

Mandel's book on Late Capitalism is another effort to sort out what was new and what exactly had changed in world capitalism since the end of World War II. In order to do that, our author had not only to write the history of postwar capitalist development, but also to put recent changes into the broader context of the history of capitalism at large, from the early sixteenth century onwards. Hence, the scope of the book is much broader than the title suggests. In fact, it deals with the long-term history of capitalism as a world system, starting with the very structure of the capitalist world market that had been deeply affected by the outcomes of World War II and the ensuing third wave of decolonisation.

The changing face and maybe even different nature and logic of contemporary capitalism were already a hot issue in the 1950s. For many economists, the long boom and lasting prosperity of the trente glorieuses came as a surprise. Capitalism, according to conventional wisdom, had radically changed, banishing crises,

depressions, mass unemployment and poverty. Capitalism was somehow dwindling away and turning into a ‘new economy’. Older theories, and Marx’s theory of modern capitalism in particular, were becoming completely obsolete. Even Marxists had to look for new concepts in order to understand the modern times, and some of them did, as the example of Baran & Sweezy’s *Monopoly Capital* clearly shows.\(^{43}\) Mandel belonged to the camp of the most explicit critics of this endeavour to revise and improve Marx’s theory of capitalism. In the light of the mood of the day (as today), it cannot come as a surprise that he tried to establish again, throughout his book, as well as in his other writings, that contemporary capitalism was and remained still very much capitalism, all the fancy talk about something totally new and different notwithstanding.\(^{44}\) As a matter of fact, he stresses continuity more than change: *Late Capitalism* deals with the capitalist development since 1914, investigating a rather long period marked by two world wars, several great crises and depressions as well as several periods of prosperity.\(^{45}\)

But the important question is, of course, whether Mandel did what he intended and announced to do and whether he was able to stick to his programme. In my view, he did not. In fact, he departed several times from it. Contradicting his strong criticism of his predecessors, he comes up with his own version of ‘reproduction schemes’ in order to analyse the history of capitalism. Dealing with the structure of the world economy, he goes beyond the range of any ‘general law’ Marx ever stated, in fact introduces new ‘laws’ of his own making. Adopting the concept of long waves and trying to integrate it by developing a suitable Marxist theory for it, he goes again far beyond the range and scope of any ‘general laws’ of capitalism, and in fact yields to a lot of historical contingency. More often than not, what he actually provides as pieces of historical explanation is much better than his methodological reasoning.

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\(^{43}\) Basically, Baran and Sweezy proposed to reinterpret the Marxian or Marxist concepts of surplus-value and surplus-product and to replace them by a new concept of the ‘surplus’ (compare Baran & Sweezy 1966).

\(^{44}\) Mandel 1978, p. 527 and passim.

\(^{45}\) Theories of ‘long waves’ apart, there is no doubt about the recurrence of certain large-scale and long-term events in the history of modern capitalism – long periods of prosperity like the ‘golden age’ of 1895 to 1914 or the ‘trente glorieuses’ of 1945–75 as well as long periods of depression and stagnation, at least three of them since the 1850s. The issue was, and is, whether there is any regularity of long-term movements corresponding to this large events and whether there is any convincing explanation for the alleged covariance of many economic developments in historical time. But, the evidence as provided by the votaries of the long-waves view, including Ernest Mandel, is inconclusive.
4.i. The reproduction schemes: the analytical framework of Mandel’s ‘Late Capitalism’

What exactly are the ‘laws of motion’ of the capitalist mode of production? In Late Capitalism, Mandel does not make a clear choice. One might immediately think of Marx’s ‘law’ of the ‘falling average rate of profit’ which Marx himself regarded as the most important among the different ‘laws of motion’ of modern capitalism – the most important from a historical vantage point, as he put it in the manuscript of 1857–8. Mandel often refers to the ‘laws of accumulation’. Obviously, he does not mean Marx’s one and only ‘absolute general law of capitalist accumulation’, but a rather different set of ‘tendencies’ and ‘necessities’. Regarding capitalism as ‘dynamic totality’, he has to assert that it is necessary to take into account ‘the interplay of all the basic laws of development’ in order to produce any particular historical explanation. Again, even the most learned Marxist would like to know what such an exhaustive list of basic laws actually includes, apart from the obvious candidates, the ‘law of value’ and the ‘law of the average rate of profit to fall’. In Late Capitalism, Mandel comes up with a list of six basic variables:

1) the organic composition of capital in general as well as the organic composition of capital in the ‘most important departments’ of capitalist production;
2) the ratio of fixed to circulating capital in general and in the ‘main departments’;
3) the rate of surplus-value – in general and in the departments in particular;
4) the rate of accumulation in general and in the important departments;
5) the rate of turnover of capital in general and in the departments;
6) the exchange rates between the ‘two departments’.

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46. Marx 1993, p. 748.
47. This law is to be found in Chapter 25 of Volume I of Capital (compare Marx 1990, p. 798).
49. Fifteen years later, in an article first published in German in 1985 (and republished in English and French in 1992 and 1997), Mandel did provide such a comprehensive list of ten basic laws of capitalism, starting with the ‘law of value’ and ending with the ‘law’ of the breakdown of capitalism. As number nine, he mentions the ‘law’ of cyclical crises which should and could be extended to include the ‘long waves’. It is this extension that Mandel regarded as his own contribution to the body of Marxist economic theory (compare Mandel 1997, p. 472).
What he intends, of course, is to study the direction of changes or the logic of ‘development’ holding for all these variables in their interplay. To talk about a law, we need at least some information about the direction and intensity of changes pertaining to more than one of these variables. In addition, some informed presumption about their covariance would be helpful. Obviously, Mandel is referring to the overall development of one ‘basic variable’ of capitalist economies again – to the general or average rate of profit which is, in fact, directly affected by five of the six aforementioned ‘basic variables’. But he is also referring explicitly to Marx’s schemes of capitalist reproduction and accumulation. One might accuse him of making exactly the same mistake as his predecessors. In those earlier debates, a whole list of desiderata has been brought out. After the first rounds of criticism and counters, the participants in the debate knew exactly what variables would have to be included in the reproduction schemes, how they would have to be made dynamic and specified in order to make the schemes apt for the analysis of the dynamics of capitalist accumulation. Otto Bauer and Nikolai Bukharin were among the first who actually tried to develop a general model of capitalist accumulation and growth with the rising organic composition of capital, different in both departments, and even rising rates of accumulation, again different in both departments. Some elements, like the long-term changes in the rate of turnover have been desiderata for a long time but have been added only recently to the original scheme. Some variables, like the ratio of fixed to circulating capital, are rather easy to handle. So what one would have expected Mandel to do in his book is to come up with a new version of the original Marxian schemes, made completely dynamic. Not as a point of departure, but as a result, after he has done the necessary investigation of the ‘development and correlation of these six basic variables’. Their ‘interplay’ is what matters: the history of capitalism, as Mandel puts it, ‘can only be explained and understood as a function of the interplay of these six variables’. In terms of his theoretical outlook, he is very close to his Marxist predecessors after all.

Nowhere in Mandel’s *Late Capitalism* do we come across a new dynamic and enlarged version of the schemes of reproduction and accumulation that might show the actual ‘interplay’ of all his basic variables. Repeatedly, in various chapters of his book, he uses reproduction schemes in a time sequence of several successive cycles. So, for instance, he does in his discussion of the permanent arms economy thesis, but also in his discussion of monopoly capitalism and the possibility of two, instead of one, average rates of profit co-existing in a capitalist economy.

51. Ibid.
None of the schemes he uses is actually made dynamic in the sense of integrating at least some of the basic variables and scrutinising their respective changes over time. There are, however, several chapters in the book devoted to the closer study of the development of one or the other of his basic variables. In Chapter 5, Mandel starts with a study of the ‘fluctuations in the rate of surplus value in the twentieth century’; in Chapters 6 and 8, he studies the rise of the organic composition of capital and changes in the ratio of fixed to circulating capital. Chapter 7 is devoted to a study of the reduction of the turnover time of fixed capital. There is even a chapter devoted to the study of another basic variable which Mandel did not even mention in his list, that is the development of the ratio of productive to unproductive labour (in Chapter 12, dealing with the expansion of the services sector). Instead of bringing these studies of particular basic variables together, Mandel adds more and more – like monetary variables, the public sector, the state, the arms economy, monopolies and multinational corporations.

There is, of course, another possibility. All the aforementioned basic variables refer to the determinants of the general rate of profit as well. Hence, one might expect a rather sophisticated reformulation of Marx’s law of the falling rate of profit. That would provide a good formula for the ‘interplay’ of most of the six basic variables. Regarding the manner in which the original ‘general law’ has been established by Marx himself, as an ‘interplay’ of tendencies and counter-tendencies, Mandel misses in fact a rather good opportunity to modify the ‘general law’ in order to make it usable for the purposes of historical explanation – as Marx himself suggested. Although he announced a work of synthesis, he is largely guilty of the same mistake he criticises in the work of other authors: breaking down ‘the complex and integrated development of the capitalist world economy into various logical series independent of one another’. Analytical distinctions are indispensable, complexities have to be reduced to their elements, but any historical explanation needs synthesis, bringing together the analytically separated various parts and processes as well. As it is, only one chapter in the whole book, Chapter 17 dealing with ‘Late Capitalism as a Whole’, has to bear the burden of the synthetic effort. But it does not provide what its title promises. Instead of knotting the divergent threads of his preceding analyses together, our author discusses the question of whether late capitalism is

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53. Mandel 1978, p. 147. Similar studies have been undertaken before and after Mandel. See Delaunay 1984 for a useful overview of the Marxist legacy in this respect.
54. In stark contrast with a well established orthodoxy among Marxist economists who are used to taking the matter for granted, Mandel does see a problem here that has to be tackled seriously.
something totally new, even beyond capitalism, or just another phase or stage of
capitalism. But, on the outlook and search for ‘mediation[s] between the abstract
and the concrete’, between general laws and ‘concrete developments’, he comes
up neither with satisfactory modifications of the general laws nor with adequate
‘intermediary concepts’.

4.ii. Where Mandel goes beyond the ‘general theory’ of Marx

Like all his predecessors in the Marxist camp, Mandel in fact does not just ‘apply’
general laws. He takes the liberty of commenting on them, reinterprets them,
tries to reformulate and amplify them. Again and again, he repeats his general
credo that ‘all the laws of motion of the capitalist mode of production must be
taken into account’. But, to explain the historical development of capitalism as
a world system, even that will not be enough. As a matter of fact, there have to be
additional laws, laws not to be found in Marx’s general theory – at least, not in
any elaborated version. Some of them have only been hinted at even in his most
polished texts, like Capital, Volume I. Marx did never live to write his final word
on many unsolved problems of his theory, after all.

Actually, Mandel starts his endeavour of historical explanation with an
analysis of the structure of the world market (Chapter 2 of Late Capitalism). A
capitalist world market is, in his view, not just a world of local or regional varieties
of capitalism but something rather different. In spite of another of Marx’s alleged
laws, the famous inherent tendency of capital to create a world market and to
propagate the capitalist mode of production throughout the world, Mandel
insists on conceiving of the capitalist world economy as a world market linking
together quite disparate economies in distinct areas of the world: capitalist,
semi-capitalist and pre-capitalist, as Bukharin described them already in 1915.
Such a combination could be regarded as a temporary state if a general ‘law’ of
capitalist development were valid for all parts of the world economy and if the
world economy consisted of nothing but capitalist economies on different levels
‘higher’ or ‘lower’ development linked together. Mandel clearly rejects such a
view and restricts the area where Marx’s general laws might be valid accordingly.
The capitalist mode of production is never universal all over the world. This is
prevented by the emergence of underdeveloped or Third-World countries, a
’specific mixture of pre-capitalist and capitalist relations of production’. Market

relations, the circulation of commodities, are universalised in the capitalist world market, not the capitalist mode of production of commodities. If this is true, there can be no clear-cut divide between 'primitive accumulation', that is accumulation not by means of proper production and appropriation of surplus-value but by all sorts of (more-or-less violent) expropriation, in the precapitalist parts of the world, and mature accumulation, that is accumulation by means of wage exploitation (plus some other, secondary forms of exploitation) in the parts of the world where the capitalist mode of production is well established. 

Tertium datur – there should be a third possibility to be built into the theory of the world market – something like a law of ‘underdevelopment’ explaining why and how capitalism creates ‘limits’ to its very expansion. In Rosa Luxemburg’s view, that would be the world turned upside down: capitalism creating and preserving non- or pre- or semi-capitalist areas in the world market due to the very logic of its world wide expansion. Hence, capitalism continuously puts off its final stage or shifts its very limits by its own logic of expansion and growth.

Actually, Mandel is rather reluctant in this respect. Discussing the Marxian ‘law of value on the international level’, he realises immediately that this ‘law’ only deals with the exchange relations between different capitalist trading nations at different levels of capitalist development. So, it is rather useless for the problem at hand. He makes another attempt in the following chapter where he tries to establish the famous ‘law of uneven and combined development’, a notion inherited from Lenin and Trotsky, as a logical consequence of Marxian general laws. This is, of course, the only viable strategy if one does not like to admit that

60. Mandel 1978, p. 84.
61. The latter – a whole variety of forms of exploitation that are clearly distinct from the exploitation of wage-labour in capitalist production processes – are notoriously neglected and under-theorised in the Marxist tradition. For any explanation of recent changes of the class structure of societies where the volume of exploitable and actually exploited wage-labour is stagnant or even diminishing, one has to fall back upon these various ‘secondary’ forms of exploitation and their changing patterns. Working-class people have become subjected to forms of exploitation which used to be predominantly middle-class, while middle-class people have become subjected to forms of exploitation which used to be predominantly proletarian. Quite a lot of ‘qualitative’ changes in capitalism can be explained in this, apparently orthodox, way. Provided one has a clear concept of these various forms of exploitation which include some specimen – like ‘market exploitation’ – that might look rather revolting to die-hard Marxists. It happens nonetheless, and it can be explained.
62. Again, there is some ingenuity and political-economic imagination required – as Marx himself did only leave sketchy remarks on the theory of the world market. But he regarded the matter important enough to prepare the ground for another, final critical battle with political economy. In his earlier manuscripts, especially in the manuscript of 1857–8, there are several hints to his critique of Ricardo’s ‘false theory of international trade’ – the one and only piece of classical economic theory that adorns economic textbooks until this very day.
at least a part – in fact, a quite considerable part – of the world economy cannot be explained by ‘laws’ designed for another economic system, that is ‘pure’ and ‘fully developed’ capitalism. On the scale of the world economy, there is, according to Mandel, no ‘effective equalization of the rates of profit’,63 hence there can be no overall tendency of the non-existing average rate of profit to fall. Surplus profits of various kinds are changing their very nature and are being transformed into permanent features of all capitalist economies. Hence, there are areas of the capitalist economy where profits are no longer equalised and surplus profits last, maybe for ever. Of course, we still need the concept of an average or general rate of profit in order to find out which profits could be regarded as surplus profits. Mandel goes even further. With regard to monopolies and/or oligopolies, we should assume not one, but two average rates of profit that ‘come into existence side by side’ – one for the monopolised sector and one for the non-monopolised sector in capitalist countries.64 Apart from that, we still have to take into account those areas where profit rates do no longer equalise and no general rate of profit exists. It is the never-ending story of the competition of capitals that has to explain why both ‘underdevelopment’, underdeveloped areas, monopolies and monopolised sectors are regular features of a capitalist world economy and remain linked to the very process of accumulation. The ‘law of uneven and combined development’ is thus re-established by Mandel as the mere outcome of the ‘laws of motion of capitalism itself’.65 Of course, this looks very much like a circular argument, and it entirely hinges upon the way in which the competition between many capitals actually works. Unfortunately, this new law is exactly the opposite of what Marx himself regarded as the ‘basic law’ of capitalist competition. So, we have to face a dire consequence: if Mandel is right, Marx’s ‘basic law of competition’ is wrong. Or, at least, it is not valid as a ‘general law’ of capitalism. There is an even more devastating conclusion to be drawn: if Mandel is right, one of the most crucial ‘general laws’ of capitalist development has to be dropped, that is Marx’s famous law of the falling rate of profit. Henceforth, we will have to operate at least with several particular ‘laws of motion’ with respect to the different profit rates instead of one, or we will have to give up all pretensions to ‘laws’ with respect to the rates of profit.

4.iii. Long waves, or the quest for another law of modern economic history

If there is any ‘law of motion’ pertaining to the capitalist mode of production and to the capitalist mode of production only, it is certainly the ‘law’ of the

64. Mandel 1978, p. 95.
cyclical development of capitalist accumulation. The industrial as well as commercial and financial cycle from prosperity to crisis and through depression and recovery back to prosperity remains the hallmark of the new system of industrial capitalism ever since its first occurrence in 1825 and afterwards. Although reports about the imminent or recent demise of the industrial or trade cycle have been abundant, they were always highly exaggerated. The industrial cycle did not wither away, not even during the golden age of postwar prosperity.

Regarding the history of modern capitalism, however, it is a little bit boring just to watch and register the eternal recurrence of the industrial cycle every seven to ten years. There are bigger events, notably the recurrence of great and long lasting depressions and great world crises as well as the recurrence of golden ages of lasting prosperity throughout the capitalist world. Whether these bigger events really fit into the regularity of a long cycle of approximately fifty years is still debatable. But the main problem of using the concept of long waves as an additional clue to the history of capitalism is not ‘one of statistical verification, but of theoretical explanation’. So, instead of gaining a new device, Mandel finds himself saddled with another first-rate theoretical problem. In Late Capitalism, he provides no more than just an outline of the explanation he has in mind, stressing again that this highly complex phenomenon of the long waves could never be explained by ‘one single factor’ but needs a rather complex and synthetic approach. In his view, the long waves are waves of accelerating and decelerating accumulation and rising and declining rates of profit. The long-term ‘fluctuations in the rate of profit’ should be taken as the ‘central mechanism’ which, by its very nature, brings together in a ‘synthetic expression’ all the factors of change to which capital is subject. Apart from the fact that he has just pushed out the general rate of profit in the preceding chapter, this synthetic clue is not so easy to handle as a means for historical explanations. Due to its synthetic nature, the very same phenomenon, a rise or decline of the rate of profit, can be the result of rather diverse combinations of factors. That is why one has to go beyond – or better behind – the statistical phenomena on a level of aggregation,

66. Marx became well aware of both phenomena, although the cyclical crises remained his first and major concern. Most remarkable in this respect are his Books of Crisis, actually collections of material and preparatory notes for a planned book on the history of the first world crisis of modern, industrial capitalism in 1857–8, written at the very same time as the manuscript of 1857–8. For a short account of the Books of Crisis and their relevance for Marx’s theory of crisis see Krätke 1998a.


like the overall rate of accumulation and its pace of growth or the rise or decline of the profit rate, in order to find out the 'concrete mechanism', that is the peculiar constellation of factors at hand, in a concrete situation. To come to grips with the 'big events', that is the major turning points in the course of the long waves, one has to fall back upon proper historical explanations.69

What had already become quite clear in Late Capitalism becomes even clearer in Mandel's much longer and more detailed study of the long-wave phenomenon which was published for the first time in 1980.70 In this book, he explicitly tries to give a 'theory' or a 'theoretical explanation' of long waves.71 That noble ambition notwithstanding, the marriage between theory and history becomes even more relaxed in his new book as compared to his magnum opus. Again, he relies upon the long-term fluctuations of the rate of profit. But, this time, he not only concedes much more 'relative autonomy' to some of his central variables, but also enlarges the list of relevant variables considerably.72 What is more, his 'theoretical explanation' is, at second glance, not very theoretical after all. In fact, the historical analysis of concrete situations acquires a decisive role in his effort to come to grips with the 'inner mechanisms' behind the long-waves phenomenon. In particular, with respect to the long waves' turning points. Whereas the turn from long-term prosperity to long-term stagnation could be explained theoretically, referring to the logic of the general 'laws of motion' of capitalism, the opposite turning point, the change from long-term stagnation to long-term upswing is quite a different matter.73 According to Mandel, there is no general logic, no available 'general law' that might explain those turns, so one has to retreat to historical explanations for every single case in particular. This is, in other words, the first big gap in his Marxist 'theoretical explanation' of long waves.74 Another big gap opens up when he easily admits that one has to concede

70. Taking issue with the conventional wisdom that the time of business and cycles and crises was gone once and for all, Mandel argued already in 1964 that a theoretical explanation of the long waves was necessary – both in order to extend the scope of Marxist theories of crises and to find another basis for the periodisation of the history of capitalism (compare Louçã 1999).
71. Mandel 1995, p. 16.
72. Eventually, he excels himself in producing ever longer lists of variables, on the one hand, and introducing the notion of the 'relative autonomy' or 'partial independency' of variables, on the other (compare Mandel 1992, 1997). For his original project, this is a fatal turn which renders any search for synthesis rather futile. The best we get is a rather loose combination of several developments or cycles, including the 'relatively autonomous class struggle cycle' (Mandel 1995, p. 129) which all follow a logic and pace of their own.
73. Mandel 1995, p. 16.
74. Inevitably, the class struggle steps in at that point, a notion that plays a similar role in Marxist political economy to the notion of competition in conventional, mainstream economics. Whatever Marxist economists cannot explain, class struggle has to explain for them.
the importance, even the indispensability, of exogenous, non-economic factors in order to explain the upper or lower turning points of the long-wave cycle.\(^{75}\) Actually, this means to give up the claim to a superior explanation of the whole phenomenon by the theoretical device of the ‘inner logic’ (or the ‘general laws of motion’) of capitalism and might be read as an overall debunking of these ‘laws of motion’.\(^ {76}\) Mandel tries to stop the gap by introducing an ever larger variety of additional exogenous factors, introducing the class struggle, political actions and movements and trying to link the long waves to the long-term ‘cycle of hegemony’ as well, widening the gap in the process.

Mandel needs long waves as an enlargement of Marxist crisis theory and he uses the concept to buttress Marx’s ‘law’ of the falling rate of profit. As conceived by Marx, the infamous ‘law’ has to be understood as a combination of tendencies and counteracting factors or counter-tendencies which are both endogenous to and emanate from the very logic of capitalist accumulation. In this continuous interplay of conflicting tendencies, the balance is tipped in one direction or the other by the changing tide of different long waves. During ‘expansionary’ long waves, the law is neutralised, even reversed for a quite a long time – the counteracting tendencies prevail and the general rate of profit continues to rise. Only during ‘depressive’ long waves, the opposite tendencies prevail and the general rate of profit declines.\(^ {77}\) In striking contrast with Marx’s intentions, Mandel demonstrates that the central ‘law of motion’ of modern capitalism is not a general law but rather a historical and temporary tendency present in some periods of the history of capitalism but not in others. In order to maintain Marx’s law, Mandel has to historicise it. Unfortunately, he leaves us with a rather shaky construction, as he relies upon the very regularities of the changes of the average rate of profit in order to explain the inner mechanism of long waves while the latter, in turn, are included in the explanation of those very regularities. Increasing the number of additional and semi-autonomous factors and variables to explain the long waves is likely to blur the weakness of the core argument but cannot compensate it.

5. Still the age of monopoly capital, finance capital and imperialism?

How do the diverse tendencies and aspects fit together? How can we conceive *Late Capitalism* ‘as a whole’? Already in his book on *Marxist Economic Theory*,

\(^{75}\) Mandel 1995, pp. 16, 18–19.
\(^{76}\) Mandel 1995, p. 23.
ten years earlier, Mandel tried to synthesise the different tendencies and ‘laws’ he had discerned. In *Late Capitalism*, he tries again. The last chapters of the book, especially Chapter 17 dealing with ‘Late Capitalism as a Whole’, are devoted to this purpose. But those chapters reveal that our author tries hard to reconcile quite different periodisations of the history of capitalism without achieving any new synthesis. Apart from long waves and the sequence of a first, second and third ‘industrial revolution’, the traditional Leninist view of the long-term development of capitalism is still very much present in Mandel’s study. Although he has some doubts about the highly debatable notion of an age of ‘free competition’ in the history of capitalism, he explicitly reconfirms the validity of the concept of monopoly capitalism, complementary to this myth cherished by Marxists and non-Marxists alike. Accordingly, *Late Capitalism* becomes just another name for the ‘third phase of capitalism’ (as the title of the book in French reads), coming after the phase of monopoly capitalism and imperialism, the second phase, which ended in 1914 at the eve of World War I. At the very beginning of the history of modern capitalism, there is a long period of transition, dominated by all sorts of ‘primitive accumulation’ and by the phenomenon of state-led ‘mercantilism’. With the first industrial revolution, starting around 1760, we move towards the first stage or phase of capitalism in which ‘free competition’ prevails. Via another period of transition, we arrive at the second stage or phase of monopoly capitalism. Another period of transition leads into the third and last stage of capitalism, late capitalism. The stages or phases are, in fact, further subdivided into distinct periods in his account, but the general framework is invariably one of three big stages and three periods of transition before or in-between them. Although Mandel rejects the concept of ‘state monopoly capitalism’ for good reasons (not just because economists affiliated to Communist parties used it), he shares the general Leninist idea of a final period or phase of the decay and decline of capitalism. He does not envisage a complete and immediate ‘collapse’ of capitalism, rather, a long-lasting period of crisis. In this final crisis, there will be no real way out, another stage or some kind of rejuvenation of the capitalist mode of production is out of the question.

79. He argues against the alleged omnipotence and omnipresence of the big corporations, abusively dubbed ‘monopolies’, and the state as their closest and ever loyal ally as well as against the even more eccentric idea of a complete fusion between monopolies and the state. Similar myths prevail in contemporary accounts of the unlimited reach and power of the multinational/transnational corporations that dominate the Left’s outlook on the present stage of ‘globalisation’.
Such devotion to orthodoxy comes at a cost. The traditional view is hard to reconcile with the outlook provided by the theory of long waves which Mandel tried to establish and defend. It is even more difficult to reconcile with the astonishingly fresh views on the ongoing 'internationalisation' of capital and the capitalist mode of production which he displays for instance in his chapter on the 'International Concentration and Centralization of Capital', anticipating quite a lot of the Marxist debate about 'globalisation' of recent years. Late Capitalism, of course, was finished and published just before the next Great Depression was well under way, starting with a series of international monetary crises from 1971 onwards. In his studies of the crisis events of the 1970s, first to be published in book-length form in German in 1977, Mandel interpreted the 'Second Slump' first and foremost in terms of the Marxist theory of the short, industrial cycle, focussing upon the classical crisis of overproduction. Nonetheless, he did an excellent job in situating the general, even world, crises of 1974–5 and 1979–80 in their particular historical context – at the end of the long period of postwar expansion and at the beginning of a new long period of stagnation and depression – as well as in the more general context of the history of modern capitalism. Had the fatal, final phase of the general crisis of capitalism already arrived or was it just about to undergo another structural transformation? In Mandel’s view, as indicated in the final chapter of Late Capitalism, another ‘Great Crisis’ was bound to arrive. Nonetheless, capitalism in its new guises would still be capitalism, its basic laws would still be valid and indispensable for any future effort to understand the ongoing changes in the capitalist world system. There remains, however, a certain ambiguity in Mandel’s later writings on the same matter. All the ongoing changes and transformations in the capitalist world system notwithstanding, there is no doubt as to the incessant validity of Marx’s general laws. Whether basic institutions and fundamental ‘laws’ of capitalism are modified, whether these modifications are bound to stay or to disappear again, remains undecided. So, with hindsight, Paul Mattick’s harsh judgment has been corroborated. Mandel has reconfirmed the general laws but

81. Mandel 1978, pp. 310–42. In the early 1970s, the rise of multinational corporations and the ‘internationalisation’ of capital was already a conspicuous fact that no political economists could ignore. The first Marxist studies of this new phenomenon as well as the first Marxist prophecies of a coming age of the worldwide domination of multinational corporations were published just about the same time as Mandel’s book.

82. See Mandel 1980.

83. Paul Mattick would have disagreed. In his last, unfinished book on Marxism – Last Refuge of the Bourgeoisie, published posthumously in 1983, he conceded that there was no possible, once and for all proof for or against the thesis that ‘capitalism may modify itself to an hitherto inconceivable extent’ and set its laws aside (compare Mattick 1983, p. 101).
forgotten about the peculiarities of late capitalism, which is just the very same old capitalism always moving in the same way and in the same direction, towards its final downfall. Marxist orthodoxy can be a nuisance, even a handicap.

6. Rival views to Mandel’s theory of Late Capitalism

Mandel’s work has been highly praised as well as thoroughly criticised in both Marxist and non-Marxist communities of economists and other social scientists. Sometimes, he has been harshly attacked – for instance by Paul Mattick who accused him of ignoring, or rather forgetting, all the basic tenets of Marx’s economic theory. Sometimes, his work has been virtually ignored. In Michel Béaud’s Histoire du capitalisme de 1500 à 2000, first published in 1981, he is only mentioned as a reference in the bibliography under the heading of ‘Imperialism and Its Crisis’ without any further comment. Specialists of economic history have criticised his use and/or ignorance of economic historical facts and specialists of economic statistics were not always pleased with his use of macroeconomic data. Of course, Mandel never claimed any originality in these respects. It was relatively easy for him to parry the attacks launched by the votaries of a ‘pure’ logic of capital so fashionable in the early 1970s. The real challenge to his conception of a reintegration of theory and history came several years later when the French école de la régulation and the US social structures of accumulation approach gained momentum and widespread influence among young Marxist intellectuals. The regulation school was created by some rebellious pupils of Althusser, still very much under the influence of the master, although in strict opposition to him. As such, they rejected all general laws of capitalism, at least denied them any explanatory value as far as the history of capitalism was concerned. Instead, they propagated an apparently new set of intermediary concepts, claiming that all the different phases of capitalism were profoundly different and rejecting any idea of a long-term logic of capitalist development. Each particular phase or stage of capitalism has to be explained by itself, within its own context. Accordingly, each passage from one stage or phase to another had to be understood in its own terms. Instead of general laws valid throughout the life and times of capitalism, we have various and rather ill-defined ‘configurations’ of different ‘modes’ of accumulation, of regulation, of control.

86. See Béaud 2000, p. 418.
87. Compare the contribution by O’Brien in this volume.
and so on. Modes that would, altogether, form a ‘régime’. Originally, the new ‘school’ started with a long essay by Aglietta on the peculiarities of postwar capitalism in the USA, a work still inspired by the idea that a rethinking of some basic analytical tenets of Marx’s economic theory – once again to be found in the unfinished ‘schemes of reproduction’ or *tableaux économiques* – might provide clues to understand recent and present changes in capitalism. This original concept was rapidly dropped as it was closely linked to Marx’s theory of value, scorned and allegedly refuted by academic economists. What remained was an apparently new and attractive periodisation of capitalism in a simple triple step: Fordism in the centre preceded by an age of pre-Fordism and followed by an age of post-Fordism. Using these new buzzwords allowed a new generation of budding political economists to disentangle themselves from any closer contact with the intricacies of Marxist economic theory and to avoid the dreadful standard reproaches of ‘determinism’ and ‘economism’.

Mandel, as far as I know, responded to the challenge by the alleged ‘theory of regulation’ only in passing. In his book on long waves, he commented briefly and in a friendly manner on the work of Michel Aglietta, even suggesting that their different views might boil down to mere terminological varieties. What Aglietta liked to call ‘Fordism’ he would call late capitalism instead. Such a fraternal comment manifests a large amount of wisdom. Nonetheless, the fight should not have been avoided, as the regulation school in the years to come ended up with something that was (and still is) neither theory nor history, even more to the detriment of the Marxist tradition than any old-fashioned dogmatism could ever be. In the postscript to the German edition of his introductions to the three volumes of *Capital*, Mandel took issue with another academic fad, analytical Marxism and its attempts to reformulate – and in fact refute – basic tenets of Marx. The regulation school is just mentioned in a footnote. Aghietta, Boyer and Lipietz are snubbed with the brief remark that they implicitly criticise *Capital*. Whether they like it or not, they have to suppose that somehow the ‘regulation’ or the ‘regulators’ are able to neutralise or even reverse the basic tendencies (or ‘laws’) of capitalism. This is why Mandel obviously did not like the concept of ‘Fordism’ but was more at ease with the notion of its final crisis. In his view, the ‘crisis of Fordism’ would be tantamount to returning to normality after the rather exceptional period of the ‘thirty glorious years’. To take a highly exceptional episode in the history of capitalism as the main base for a periodisation of capitalism must have struck him as a rather eccentric notion.

Any theory of capitalism, Marxist or not, will inevitably be a ‘middle-range theory’. Marx’s own theory of capitalism belongs to this category – as he explicitly takes issue with the notion, already fashionable in his days, that capitalism is eternal.90 Because of its middle-range nature, Marxist philosophers have searched for the general theory or meta-theory behind the fabric of Capital ever since.91 Marxist economists, on the other hand, have looked for more specific concepts that would allow them to come to grips with recent developments in the real world of capitalism. Finance capital, monopoly capital, joint-stock companies, multinational corporations, banks, banknotes, central banks, agro-industrial capital, imperialism, just to mention a few, are such ‘intermediary’ concepts that might be useful to bridge the gap between the ‘general’ theory of capitalism and the investigation of particular periods in the history of capitalism and/or particular varieties of capitalism in space and time. Working on such intermediary concepts regularly turns out to be a rather tricky affair, not least because of the ambiguity of many of Marx’s own categories and propositions which are, more often than not, less ‘general’ and much more imbued with ‘historical meaning’ and ‘historical specificity’ than the Marxist philosophers may like.92 Marx’s own categories do not only bear their historical imprint but suffer from a particular ambivalence with respect to their historical validity. Some of them, like ‘commodity’, ‘money’, ‘exchange’ not only pertain to modern capitalism proper but have a much broader historical range, while others, like ‘manufacture’, ‘factory’ or the categories pertaining to particular forms of money and credit or to particular forms of capital (industrial, commercial, banking, or agrarian capital, for instance) have a much more restricted range. If one does not read and use them in the context of the pieces of histoire raisonnée that come with them, one is easily confused. Quite a lot of Marx’s analytical categories can be and have been misread as ‘historical’ categories proper – such as, for instance, the famous distinction between ‘absolute’ and ‘relative’ surplus-value production and their various methods. One might even – with silent support from Ernest Mandel – go so far as to maintain that quite a lot of Marx’s general laws are not so general after all. In particular, the ‘law’ of the ‘falling rate of profit’.

90. One can find this view among many of Marx’s contemporaries. Historians and economists cherished it. Gerlich 1913 gives a good example of the prevailing mood in German economic historiography.
91. Marxist philosophers search Capital for historical materialism and dialectics, Marxist sociologists look for a general theory of modern society (for a contemporary example see Budet 1999).
92. In my view, this is not the fault of Engels’s work as an editor of Marx’s manuscripts. To stress the historical content and range of Marx’s concepts and tenets, as Engels did, was not against Marx’s intentions. Rather, Engels made the ambiguity of Marx’s general theory, with respect to the development of capitalism, more visible.
It is not surprising that the regulationists have never seriously tried nor succeeded to provide those intermediary concepts that they originally promised to supply. Similar endeavours to come to grips with the vast variety of particular institutions of modern capitalism and to connect them within the framework of a middle-range theory have failed before. The history of ‘institutionalism’ and the recent attempts to revive the notion of a ‘social economics’, combining sociology, economics and history, provide many good examples for this repeated failure. To develop ‘intermediary concepts’, one needs at least some general concepts to build upon, but not all general concepts provide a suitable base for such an exercise. What is more, one needs a general framework to link them together. Without a ‘general theory’, no ‘intermediary concepts’.

Sticking to Marx’s general theory of capitalism, such concepts can and should be developed because of the ambiguity of many of Marx’s own concepts. Because of their historical imprints, they are suitable for further historical specification. To develop such concepts, to refine the scaffolding of a general theory is not easy. Intermediary concepts are meant to bridge the gap between general theory and historical explanations proper; they are not concepts apt to specify peculiarities of different phases of capitalist development. Imperialism, to take the most salient example, does not belong to one stage or epoch of capitalism only – be it the ‘highest’ or the ‘latest’. Kautsky and Lenin were both wrong, to put it briefly.

A comprehensive list of such intermediary concepts can be easily drawn up. What is more, we have several examples of theoretical work on such concepts, still worth our while. One might take Hilferding’s concept of finance capital as an outstanding example for the task at hand. In stark contrast to the rather sloppy way in which the concept is abused in present-day Marxist jargon, where it is usually confused with the category of money capital proper and has lost

93. That is why the ‘institutionalists’ proper did never develop a coherent outlook on the dynamics of modern capitalism. Their abstractions regularly went too far (as in the case of ‘technology’ or ‘culture’) or not far enough.

94. That the original research programme was not pursued with energy and care is still a pity. Aglietta, for his part, has at least an idea of the problems to be tackled. His basic discovery that the capitalist accumulation process involves and calls for changes in the overall living conditions of the working class, is still right and remains a useful guide for historical research as he intended it. But the ensuing success of the so-called regulation school was not due to the rather complex problematic that Aglietta suggested as guideline for further research but to the apparently simple device of a new triple periodisation of capitalism and a new sort of crisis-narrative, lacking any analytical rigour but very seductive for many budding Marxists as it allowed them to account for nearly everything without getting into any serious theoretical or historical research. Moreover, the whole enterprise was flawed from the beginning as the basic data on the ‘US experience’ as presented by Aglietta were mostly wrong (compare the critique by Duménil/Lévy 1990 and Brenner/Glick 1991).
any precise analytical meaning, Hilferding's original concept refers not to money capital or banking capital as such but to the interrelationship between industrial capital and banking capital. Although they remain analytically distinct 'in general', there are changing patterns of interrelationships between particular sorts of capital. Following Hilferding's lead, there are more specific sorts of 'capital' to be distinguished, more relations and combinations to be found and analysed. One can take the unfinished analysis of merchant or commercial capital or the fragmentary bits and pieces of an analysis of banking capital proper as Marx left them and try to elaborate on them, solving the problems Marx did not solve himself. In this respect, Mandel's *Late Capitalism*, more than thirty years later, abounds in useful hints and trials that have hardly been used. He did not come up with a better, satisfying solution to the age-old problem of the periodisation of capitalism, lingering halfway between Marxist-Leninist orthodoxy and a new approach that would be both more systematic and more differentiated in historical terms. He remained undecided between refutations and reconfirmations of Marx's general laws, in fact tried both by means of reformulating some as specific and temporary tendencies in historical time, connected to longer and shorter 'waves' and cycles. But with a little help from his friends, it should still be feasible to bring Mandel's project of a reintegration of theory and history within Marxist political economy to a more satisfactory conclusion. Instead of ruminating the myths of Fordism, its crisis and an imminent rise of post-Fordism, one might be able to understand better how and why capitalism has changed again and where capitalism's future lies.

**References**


95. Hilferding did also provide one of the first – after Engels's unfinished and long unpublished outline – attempts of a Marxist theory of the stock market, another intermediary concept that has been treated with utmost neglect in the Marxist tradition. Actually, when he was working on his book, he was not aware of the late Engels's manuscript – more of a lengthy expose for an article still to be written – which was only published as late as 1933 for the first time.

96. With respect to commercial/merchant capital, the problem is even more serious than Banaji suggests in his contribution to this conference. Marx was very well aware of the challenge to be met as he started with a general concept of commercial/merchant capital in Volume I of *Capital* and had to develop the specific concept of commercial/merchant capital pertaining to the capitalist mode of production where productive, industrial capital prevails. In the manuscript of 1864–5, he asked the right questions, but he never finished the job.


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The ‘Law’ of Uneven and Combined Development: Some Underdeveloped Thoughts

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Abstract
This paper presents a critical reconstruction of the main Marxist debates about the idea of ‘leaps forward’ in historical development. There have been two important approaches: the so-called ‘law of uneven and combined development’, as developed by Leon Trotsky, George Novack and Ernest Mandel, and Jan Romein’s ‘handicap of a head start’. Although Romein’s approach is Stalinist in origin, elements of it are compatible with Trotsky’s interpretation. But, even an expanded version of the ‘law’ of uneven and combined development lacks predictive value, although one can say with certainty in hindsight whether a combined development has taken place. It is argued that the ‘law’ is, in fact, an underspecified social mechanism and that its explanatory power can be increased by identifying a number of recurrent patterns.

Keywords
uneven development, combined development, diffusion, Trotsky, Novack, Romein

One feels a little foolish in proclaiming a scientific law inasmuch as it is done so frequently as a form of humor.
Elman Service

The ‘law of uneven and combined development’ occupied a special place in Ernest Mandel’s thought. He used this ‘law’ again and again to refer to developments in world capitalism as well as in the so-called transitional societies. In this paper, I seek to situate Mandel’s interpretation critically in the context of the twentieth-century debate on the connection between ‘backwardness’ and...
'leaps forward in development', and show that the 'law' might be of greater analytical value if certain elements of it were more accurately specified.

1. The Trotsky-Novack-Mandel approach

Within the Marxist tradition, the idea of 'leaps forward' acquired its first advocates in the early twentieth century. Rudolf Hilferding wrote in his *Finance Capital* (1910):

Capitalist development did not take place independently in each individual country, but instead capitalist relations of production and exploitation were imported along with capital from abroad, and indeed imported at the level already attained in the most advanced country. Just as a newly established industry today does not develop from handicraft beginnings and techniques into a modern giant concern, but is established from the outset as an advanced capitalist enterprise, so capitalism is now imported into a new country in its most advanced form and exerts its revolutionary effects far more strongly and in a much shorter time than was the case, for instance, in the capitalist development of Holland and England.

Anton Pannekoek also observed in 1920, referring to the October Revolution:

This is not the first time in history that a transition to a new mode of production – or a new form or phase of a mode of production – displaces the centre of the world to new countries or different regions. In Antiquity the centre shifted from the Near East to Southern Europe, in the Middle Ages from Southern to Northern Europe; the rise of colonial and merchant capital made first Spain and then the Northern Netherlands the leading country, while the rise of industry did the same for England. The reason is easily grasped. In a region where the earlier form attained its highest development, the material and intellectual forces and institutions that ensured its existence became so fixed and sturdy that they became almost insurmountable obstacles to the development of new forms. Think for example of the guild ordinances of the medieval cities, which ensured that later capitalist manufacturing could only flourish where they were not in force; or think of the Dutch merchants’ policies in the seventeenth century, which stifled industry. There is even a corresponding law in organic nature, which, to paraphrase Darwin’s ‘survival of the fittest’, could be called ‘survival of the unfitted’.

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2. We can also find embryonic elements of it in Marx’s own writings. See e.g. Mehringer 1978, pp. 20–64.
But it was chiefly Trotsky who made the idea of societal leaps acceptable among Marxists. As is known, beginning in 1904–5 he worked on a theory of uninterrupted revolution [непрерывная революция], which stated that the rapid development of world capitalism in Russia left only the working class capable of completing a social revolution. "The proletariat will carry out the fundamental tasks of democracy – and the logic of its immediate struggle to safeguard its political rule will at a certain point pose purely socialist tasks for it." Over the years, Trotsky generalised this theory into a much broader theory of social change. His theoretical labours reached their apex in this respect in 1932–3 in his book on the History of the Russian Revolution. Here, he presented his ‘law of combined development’:

Although compelled to follow after the advanced countries, a backward country does not take things in the same order. The privilege of historic backwardness – and such a privilege exists – permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages. Savages throw away their bows and arrows for rifles all at once, without travelling the road which lay between those two weapons in the past. The European colonists in America did not begin history all over again from the beginning. The fact that Germany and the United States have now economically outstripped England was made possible by the very backwardness of their capitalist development. On the other hand, the conservative anarchy in the British coal industry . . . is a paying-up for the past when England played too long the role of capitalist pathfinder. The development of historically backward nations leads necessarily to a peculiar combination of different stages in the historic process. Their development as a whole acquires a planless, complex, combined character.

Trotsky emphasised that the ‘possibility of skipping over intermediate steps’ is ‘by no means absolute’. He voiced two major reservations. Firstly, the extent to which such a possibility exists depends on ‘the economic and cultural capacities of the country’. Secondly, a ‘leap’ does not always have a progressive result:

The backward country . . . not infrequently debases the achievements borrowed from outside in the process of adapting them to its own more primitive culture. In this the very process of assimilation acquires a self-contradictory character. Thus the introduction of certain elements of Western technique and training, above all

7. Trotsky 1977, p. 27.
military and industrial, under Peter I, led to a strengthening of serfdom as the fundamental form of labour organization. European armament and European loans – both indubitable products of a higher culture – led to a strengthening of czarism, which delayed in its turn the development of the country.8

In sum, Trotsky distinguished two regularities: first the ‘law of unevenness’, and linked to it the ‘law of combined development’, that is, ‘a drawing together of the different stages of the journey, a combining of separate steps, an amalgam of archaic with more contemporary forms’.9 Let me try to deconstruct Trotsky’s theory to some extent. What is, in fact, the unit of analysis here? Jon Elster observes:

World history may be studied from two points of view: as the rise and decline of nations or as the rise and decline of institutions. The former approach is that of Thorstein Veblen and, more recently, of Mancur Olson…. The latter perspective is that of Marx and, more recently, of Douglass North…. Trotsky’s theory of combined and uneven development says that these questions are interrelated.10

Progress. There is progress; and this progress is linear, and can thus be used as a standard with which to measure to what extent a nation/institution is more or less ‘backward’.11

Unevenness. The development of nations/institutions is uneven, so that more or less backward or advanced nations/institutions exist alongside one another – incidentally, a thought that could already be found in Lenin as the ‘law of uneven development’.

Combination 1. Backward and advanced nations/institutions are interwoven with each other.

Privilege of backwardness. A ‘backward’ nation/institution can, under certain conditions (‘economic and cultural capacities of the country’), appropriate technical and other gains from an ‘advanced’ situation without going through the intermediate stages that the advanced nation/institution did have to go through.

8. Ibid.
9. Ibid. See also the very useful study of Trotsky’s views in Thatcher 1991.
Combination 2. The new situation that thus arises in the previously 'backward' country can lead to an advantage over the previously 'advanced' nation/institution; but 'not infrequently' the result is only a form of modified backwardness.

After Trotsky's death, it was chiefly the US philosopher George Novack (1905–92) who tried to develop the theoretical framework in this area further. In 1957, he published a two-part essay in the British Labour Review in which he generalised Trotsky's analysis, declaring it 'one of the fundamental laws of human history', and introduced the concept of 'the law of uneven and combined development', which, in later decades, would come to lead a life of its own. Novack considered the pattern that he had described 'a scientific law of the widest application to the historic process'.\(^{12}\) He asserted that Trotsky's theory was an 'application' of a more general regularity to 'the key problems of the international class struggles in our own time'.\(^{13}\) The law of uneven and combined development, Novack said, held true not only for human history but also for all evolutionary biological processes. Novack thus used a different unit of analysis from Trotsky, namely all living organisms and their forms of social life.

He distinguished the law of uneven development on the one hand, which provides that 'the constituent elements of a thing, all the aspects of an event, all the factors in a process of development' develop at different rhythms, and the law of combined development on the other hand, which provides that 'features belonging to different stages' can converge to form something new.\(^{14}\)

In the joining of such different, and even opposing, elements, the dialectical nature of history asserts itself most forcefully. Here, contradiction, flat, obvious, flagrant contradiction, holds sway. History plays pranks with all rigid forms and fixed routines. All kinds of paradoxical developments ensue which perplex those with narrow, formalized minds.\(^{15}\)

The combination of slavery and capitalism could lead, for example, to a situation in which there were commercial slaveholders among the Creek Indians of the Southern US. 'Could anything be more anomalous and self-contradictory than

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12. Novack 1972a, p. 82.
13. Novack 1972a, p. 85. He said even more clearly a few years later: 'The law of uneven and combined development is a general law of the historical process of which the theory of permanent revolution is a particular expression limited to the period of transition from the capitalist system to socialism', Novack 1972b, p. 147.
communistic Indians, now slaveholders, selling their products in a bourgeois market?  

Combined social formations are characterised, Novack says, by a struggle of opposites. He distinguishes two main types.

**Combination Type 1:** The backward form ‘absorbs’ the product of the advanced culture. For example, the Indians could replace the stone axe with the iron axe without fundamental dislocations of their social order because this change involved only slight dependence upon the white civilization from which the iron axe was taken. Sometimes, elements from an advanced culture can even prolong the life of a backward culture. ‘The entrance of the great capitalist oil concerns into the Middle East has temporarily strengthened the sheikdoms by showering wealth upon them.’

**Combination Type 2:** Elements of the backward culture are ‘incorporated’ into the advanced culture. When, for example, Native Americans became involved in the fur trade, money pushed its way into their societies, with revolutionary consequences, ‘setting up private interests against communal customs, pitting one tribe against another and subordinating the new Indian traders and trappers to the world market.’

In the long term, Type 2 always prevails, because ‘the superior structure … thrives at the expense of the inferior features, eventually dislodging them.’

Ernest Mandel — who placed considerable value on Novack’s opinions — took over the core ideas of this theoretical construct in later years. He focused, however, on the construct’s usefulness for analysing capitalist and transitional societies — though he sometimes failed to make a sharp distinction between Novack’s ‘law’ and Trotsky’s theory of permanent revolution and almost never mentioned Novack by name.

Mandel rarely made any pronouncements about the ‘law’ in the abstract. One of the rare occasions on which he did was in the late 1970s, when he

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16. Ibid.
18. Ibid.
19. Ibid.
21. It was Novack, for instance, who prevailed on Mandel to begin writing his *Marxist Economic Theory* — see Jan Willem Stutje’s forthcoming biography of Ernest Mandel.
22. For example see Mandel 1970b. Mandel borrowed the concept of the ‘transitional society’ from Novack as well; see Novack 1968.
23. See, however, his summary of Trotsky’s view in Mandel 1995, pp. 1–8.
defended the thesis that the law of uneven and combined development could only have been discovered in a particular stage of world capitalism. In Marx’s time, it had still seemed as if every country were developing independently along the same lines: ‘The country that is more developed industrially only shows, to the less developed, the image of its own future.’ This idea reflected the actual nineteenth-century situation, Mandel says: ‘France and Belgium did generally follow the pattern of English development; Germany and Italy by and large repeated French development, although without a radical bourgeois revolution.’

This pattern – which economic historians like Alexander Gerschenkron have also recognised, by the way – ceased to be valid toward the end of the nineteenth century. ‘Japan, Austria, and Tsarist Russia started on that road, but were unable to traverse it completely.’ With the rise of imperialism, ‘it became impossible for less developed countries to repeat completely the process of industrialization and modernization undergone by the imperialist countries.’ Since then, imperialism had unified the world economy into a ‘a single world market’, even though world society had emphatically not become a ‘homogeneous capitalist milieu’. On the contrary:

although [imperialism] submits all classes and all nations (except those which have broken out of its realm) to various forms of common exploitation, it maintains and strengthens to the utmost the differences between these societies. Although the United States and India are more closely interwoven today than at any time in the past, the distance which separates their technology, their life-expectancy, their

26. Commenting on Marx’s assertion that an industrialised country shows a less industrialised country ‘the image of its own future’, Gerschenkron writes that this generalisation is ‘in some broad’ sense valid. ‘It is meaningful to say that Germany, between the middle and the end of the last century, followed the road which England began to tread at an earlier time.’ Gerschenkron 1962, pp. 6–7.
27. Mandel 1979, p. 69.
28. Ibid. Mandel gave three reasons for this reversal. ‘First, the weight of imperialist capital on the world market (and therefore in every country, including the backward ones) was such that any organic process of industrialization in competition with imperialist capital was ruled out so long as imperialism dominated… Second, the native bourgeoisie in these countries was trapped between its desire to industrialize and modernize on the one hand and its close relations with agrarian property on the other hand. Because of its close relationship, the bourgeoisie had no interest in effecting a radical agrarian revolution, for to do so would have been to destroy a significant part of its own capital. Such an agrarian revolution, however, is the precondition for the creation of the extensive internal market required for a thorough, organic process of industrialization… Third, the peasantry – which would have provided most of the potential participants in the bourgeois revolutionary process… – was unable to offer central political leadership for that process.’ Mandel 1979, pp. 69–70.
But such expatiations were, in general, exceptional, as previously mentioned. Mandel tried much more often to show concretely that particular developments had been the result of uneven and combined development. Here, one example will suffice: inter-imperialist competition. Mandel became aware of this problem in the course of the 1960s. He did not mention the subject in his *Marxist Economic Theory*; but he did pay attention to it in his reply to Jean-Jacques Servan-Schreiber's *Le Défi américain* (Paris, 1967), and was, in fact, the first person on the European Left to do so. From the late 1960s on, Mandel analysed US hegemony on several occasions in his works. In *Die EWG und die Konkurrenz Europa-Amerika* (1968), he claimed that the United States had ‘benefited from the law of unequal development for a century’ and was ‘now becoming its victim’. After the end of the Civil War, the US had succeeded in a strikingly short time in catching up with Britain as an industrial power, thanks in part to the lack of surviving feudal or semi-feudal elements in its society, the availability of advanced technology, and the presence of major raw materials. The two World Wars further weakened the US's rivals, so that, in 1945, ‘Germany, Japan, Great Britain, France and Italy had lost practically all their autonomous military and economic power’. A steadily increasing surplus productive capacity and a growing surplus of capital, concentrated in the hands of the big corporations, accompanied the US economic growth that ensued. The surplus capital could not be exported to underdeveloped countries, because their markets were too small and the investment climate too insecure. It therefore had to be placed in other developed capitalist countries, such as Western Europe and Japan. The resultant ‘gigantic transfusion of American capital’ led to the reconstruction of European and Japanese industries that had suffered greatly from the Second World War or otherwise become obsolete. An exceptionally rapid accumulation

32. The advanced technology resulted from the relatively high wages in the US, which in turn resulted from the limited labour supply, which in its turn resulted from the large quantity of ‘freely’ available land, which for many years gave US workers opportunities to become independent farmers.
34. Mandel 1968.
35. There was also a political and strategic consideration that played a role in this respect. US hegemony was contested almost from the start, by the Soviet Union and colonial revolutions. In
process thus began in these countries, leading to a shift in the relationship of forces. In the 1960s, the US lost its absolute superiority for good – though this loss did result in a consolidation of its relative superiority.

2. A second approach: Romein’s ‘handicap of a head start’

The idea that history makes ‘leaps’ has been accepted by all sorts of authors for a very long time. Over a century ago Lewis H. Morgan (1818–81) suggested that societies can skip over stages. Nikolai Chernyshevski (1828–89) concluded: ‘History is like a grandmother; it loves the younger grandchildren.’ Thorstein Veblen too described in his book *Imperial Germany and the Industrial Revolution* (1915) how ‘several generations’ had developed machine technologies during the Industrial Revolution in Britain at the cost of ‘large and long experience and argumentation’, which the Germans had subsequently taken over ‘in definite and unequivocal shape’ – a transfer involving ‘no laborious or uncertain matter’.

It should in any event occasion no great surprise that the Dutch Communist historian Jan Romein (1893–1962) developed a second theory of social ‘leaps’, independently of Trotsky – although I cannot rule out the possibility that Romein implicitly intended his theory as a Stalinist answer to Trotsky. While order to maintain its hegemony against these challenges the US was compelled to restore Western Europe’s and Japan’s economic power. Mandel 1970a, pp. 10–11.

36. Mandel 1964. In later publications, Mandel also pointed out that an extensive industrial reserve army existed in Western Europe and Japan in the first ten to fifteen years after the Second World War that could be mobilised for the accumulation process. See Mandel 1976, pp. 169–71; Mandel 1974.

37. Mandel 1970a, p. 17. Christel Neusüss argues that this last argument of Mandel’s turns logic upside down. Mandel shows that uneven development has determined the concrete historical relationship between the US and EEC, and then he calls this an expression of the law. ‘But this is exactly what he means to demonstrate: that the historical fact of uneven development can be explained on the basis of the relationship between the historically and naturally divergent preconditions of capitalist production in particular countries, on the one hand, and the effect of the law of value on the world market, on the other.’ Neusüss 1972, p. 80n.

38. As cited in Gerschenkron 1962, p. 179.

39. Veblen 1964, pp. 190–1. The same theme has subsequently been put forward countless times. Ronald Dore, for example, spoke of a ‘late development effect’. ‘It is generally recognised that late-starters have some advantages – Germany leapfrogging over Britain in steel technology in the nineteenth century, for instance, or Japan in shipbuilding after the Second World War, starting, with her yards completely destroyed, unencumbered with all the nineteenth-century machinery which clutters the Clydebank. What is not so generally recognized is that there is a late development effect also in (a) social technology – educational systems, methods of personnel management, committee procedures, and (b) ideologies which – in the case of the egalitarian democratic ideologies germane to the present argument – although originally consequences of an advanced
Trotsky had reasoned chiefly from the viewpoint of the ‘backward’ country, Jan Romein reasoned from the other direction. Once more starting where Pannekoek had in 1920, Romein spoke of a ‘law of the handicap of a head start’ and used it ‘as a political standpoint, not only to the advantage of the new Soviet state but also to the advantage of its new leader, Joseph Stalin’.\(^40\) In 1935, Romein published an essay on ‘The Dialectic of Progress’. Citing many examples from military, cultural and economic history, he defended the central thesis that ‘the most backward competitor has the best chance of success in the struggle for supremacy’.\(^41\) Developments in the Soviet Union, he argued, confirmed this:

> Totally contrary to the ‘theory’, which taught that the so-called Russian experiment had to fail because it had skipped over the bourgeois-capitalist phase, it seemed instead that that (relative) skipping over created the conditions for success. The slogan of *dognat’ i perignat’, catching up with and surpassing Western capitalism, proved no idle phrase but a conscious application of what we have just tried to show: namely, that each time the highest system is not the direct continuation of the previous one, but rather develops on a lower foundation in contradiction to the previous one, albeit while drawing on the results of that previous one.\(^42\)

Romein – who was familiar with Trotsky’s work\(^43\) – thus altered an element of it. We could call this altered element *Combination 2A*: while Trotsky left the question open of what the outcome would be of introducing ‘advanced’ elements into a ‘backward’ situation, Romein claimed that an initial lag in development leads not only to a leap forward but even to an advantage over the previously advanced nation/institution. In this way, Romein gave an apologetic twist to the law, using it to justify ‘socialism in one country’. Contrary to ‘ordinary’ Stalinists, however, he considered that the Soviet experiment was possible, not because capitalism was already well developed in Russia, but rather because it was *not yet* well developed.

At the same time, Romein added some elements to the argumentation that were compatible with Trotsky.

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stage of industrialization in the societies in which those ideologies first appeared, can have independent life and force of their own when diffused to societies just beginning industrialization. I suggest that by these processes of diffusion late-developing societies can “get ahead” – can show in a “more developed” form, patterns of social organization which, in the countries which industrialized earlier are still emerging, still struggling to get out from the chrysalis of nineteenth-century institutions. Dore 1973a, p. 12.

41. Romein 1937, p. 29.
42. Romein 1937, pp. 48–9.
43. See his reference to the German edition of Trotsky’s *History of the Russian Revolution* on p. 49.

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Handicap of a head start, the mirror image of the ‘privilege of backwardness’: just as an initial lag in development may lead to a leap forward, a head start may lead to stagnation.

Competition between advanced and backward nations. Only competition among nations always reveals which is backward and which is advanced. However petrified old forms may be, they still rule supreme as long as new forms do not threaten them. Therefore one cannot speak of the ‘decline’ of old forms. Neither does capitalism ‘decline’, although it changes in times of crisis. ‘I would prefer to drop that whole “idea of inherent decline” as a historical concept. It is unusable, because it is too vague. It amounts to a more or less instinctive, and therefore more or less superficial, biological view of historical processes’.

Intensity. The tempestuous development of world capitalism has a contradictory effect on development by leaps. On the one hand, a steady acceleration takes place. ‘Increased trade, development of credit institutions and a greater quantity of available capital have made it possible to appropriate technical and organisation improvements so much more quickly and easily!’ As a result, ‘the period during which a given system has and profits from a head start is becoming shorter and shorter, because improvements are easier to appropriate and apply’. On the other hand, ‘the greater scale of capital investment leads at the same time to reluctance to make improvements, since they often require installing totally new factories’. Taken together, the outcome of these two effects is that, while the duration of a head start is becoming shorter, it is being ‘more intensively used’, ‘so that the only differences with the earlier situation are ones of tempo and intensity’.

US anthropologist Elman Service (1915–96) would, incidentally, discover the handicap of a head start entirely on his own twenty-five years after Romein. In a 1960 publication, Service made a distinction from an evolutionary perspective...
between two contradictory influences: on the one hand, specific evolution, through which every given system 'improves its chances for survival, progresses in the efficiency of energy capture, by increasing its adaptive specialization', with 'nonprogressive' stabilisation or complete stagnation as its final result; and, on the other hand, general evolution, through which forms that are 'not highly specialized' and have the potential to adapt to new circumstances continually originate alongside the stagnating forms.\textsuperscript{49} Combining these two factors resulted in the 'Law of Evolutionary Potential', which Service summarised as follows: 'The more specialized and adapted a form in a given evolutionary stage, the smaller is its potential for passing to the next stage', or: 'Specific evolutionary progress is inversely related to general evolutionary potential'.\textsuperscript{50} The direct consequence of this regularity is that 'over-all progress' is discontinuous and irregular. Referring to the 1917 Russian Revolution, Service also pointed out a spatial aspect of his 'Law', an element that neither Trotsky nor Romein had explicitly mentioned – local discontinuity. Service meant by this that 'if successive stages of progress are not likely to go from one species to its next descendant, then they are not likely to occur in the same locality'.\textsuperscript{51} Leaps forward also lead to geographical displacements.

3. Debates

The theory of the handicap of a head start was the occasion of some debate. Trotsky had stated that a backward country must have sufficient 'economic and cultural capacities' in order to appropriate advanced technology successfully. Romein had taken this aspect much less seriously; and the Dutch-German technician Frits Kief (1908–76) argued that this had led Romein to overestimate the scope of the 'dialectic of progress' to a considerable degree.

In the classical Marxist approach, a form of social development must mature completely in order for a new form to originate. Given how closely the struggle for socialism is to the working class, the existence of the working class is a precondition for socialism – also and above all because the existence of this class is an expression of the existence of the economic and technical relations that make socialism necessary. Marx therefore linked concentration of capital to socialisation of labor. Both of these factors determine a society's degree of ripeness for socialism. 'The centralization of the means of production and the socialization of labour reach a point at which they become incompatible with their capitalist integument'.

\textsuperscript{49} Service 1960, pp. 94–5.
\textsuperscript{50} Service 1960, p. 97.
\textsuperscript{51} Service 1960, p. 99.
Reasoning in Marxist terms, a phase of development can thus in principle not be skipped over. This of course does not mean that every capitalist development must retrace the route from the most primitive to the most highly developed stage. It only means that the capitalist stage is an unavoidable stage, which must be traversed in order to go from absolutism to socialism. With one ‘unless’: unless socialism has been achieved in the most highly developed capitalist countries. But this is obviously not what Romein means.\textsuperscript{52}

Kief cited Trotsky’s statement approvingly:

The possibility of skipping over intermediate steps is of course by no means absolute. Its degree is determined in the long run by the economic and cultural capacities of the country. The backward nation, moreover, not infrequently debases the achievements borrowed from outside in the process of adapting them to its own more primitive culture.\textsuperscript{53}

He added “Trotsky thus touched here on precisely the key missing element of Romein’s theory: a country’s economic and culture capacities as the determinant of the possibility of skipping over stages of development.”\textsuperscript{54} Romein had fallen victim to a very common phenomenon among non-technically schooled intellectuals, Kief said: overestimating a people’s capacity to adapt to technology – an overestimation that had led Lenin to make a ‘tragic mistake’:

His tragic mistake was namely to think that a country could industrialize in successive technical stages, rather than through organically building up its whole productive apparatus. Make sure that you first build up heavy industry – basic industry – and [Lenin thought] you have the basis for consumer goods industry and thus for prosperity.

This is a tragic error, because it only deals with the technical side of the question and neglects the human side; or in other words, neglects the cultural side…

No doubt one can attempt to make up for technical backwardness by importing factory installations and technical equipment. But the attempt will not succeed unless the living conditions of people are not simultaneously improved, because people will have to use the equipment. It turns out that human adaptation to modern technology requires time, a lot of time.

In order to staff and run a factory, more is needed than just picking up some knacks. The more delicate the mechanisms become, the more accurate the measuring instruments and measurements must be. But that demands awareness. We can see that Romein has taken no account in his theory of many factors that are essential, particularly in the modern production process: factors that are also and

\textsuperscript{52} Kief 1955, pp. 356–7. The citation within the citation is from Marx 1976, p. 929.
\textsuperscript{53} Trotsky 1977, p. 27.
\textsuperscript{54} Kief 1955, p. 358.
primarily psychological in nature, such as respect for the material, the product, the tools and the measuring instruments. These psychological factors are culturally determined.\textsuperscript{55}

Dutch sociologist Jacques van Doorn wondered how universally valid the theory of the handicap of a head start is. He argued in the 1950s that it would be better not to use the term ‘handicap of a head start’ because it was only a ‘dialectical artifice’, and that it was more useful to begin from an ‘empirically demonstrable and explicable fact’: so-called ‘rigidification’. Drawing on the work of Robert Merton and Philip Selznick,\textsuperscript{56} van Doorn argued that every social system eventually rigidifies:

At all levels, technical, psychological and sociological, the systems in question are characterized by a certain degree of structuration. This structuration results either from a conscious allocation of functions or from functioning in a particular way over a long period of time. The consolidation that thus arises acquires a certain autonomy in the course of time, however, which comes to impede changes in the systems’ functioning. In technical systems this consolidation takes the form of an apparatus out of balance; in psychology one speaks of a functional autonomy of motivation; in sociology this consolidation is called institutionalization.\textsuperscript{57}

The handicap of a head start manifests itself only when rigidification becomes predominant. But, contrary to what Romein seems to suggest, this kind of fatal inflexibility ‘far from always’ occurs. ‘A limited degree of institutionalization still leaves room for integrating new elements, that is, room for social change.’ The example of constantly dynamic large-scale industry shows that structures that retain a degree of openness can both be institutionalised and undergo rapid change.\textsuperscript{58}

Dutch sociologist Cornelis Lammers also concluded that Romein’s theory was not sufficiently worked out ‘with an eye to concrete, systematic research’.\textsuperscript{59} He therefore tried to apply Romein’s idea to organisational development, and distinguished for purposes of operationalisation four different kinds of leaps forward:

\textsuperscript{55} Kief 1955, p. 360.
\textsuperscript{56} Philip O. Selznick (1919–), born Philip Schachter, was a Trotskyist from 1935 to about 1941. Assertions that Robert K. Merton (1910–2003), born Robert Schkolnik, sympathised with Trotskyism in his early years as well, have neither been confirmed nor refuted (communications by Melvyn Dubofsky and Alan Wald).
\textsuperscript{57} van Doorn 1958, p. 911.
\textsuperscript{58} van Doorn 1958, pp. 912–13.
\textsuperscript{59} Lammers 1984, p. 95.
i) Deliberate leaps forward, by means of which organisations consciously skip over a stage. This involves ‘a sober calculation by dominant organizational elites’ that by introducing very advanced technology, etc., ‘they can equal or surpass their competitors, rivals or adversaries’.  
ii) Non-arbitrary leaps forward, by means of which organisations ‘that are not engaged in a zero-sum game’ (for instance government agencies or voluntary associations) and that therefore have no ‘need of constant change’ orient toward new developments and subsequently decide ‘of their own accord’ as it were’ to introduce advanced technology or something comparable. 
iii) Leaps forward through acquisition, that is, ‘founding new [organizations] on the ruins of old ones, or at least by using elements acquired from the “wreck” of older organizations’.  
iv) Leaps forward based on affinity, that is, ‘abrupt changes as the result of a certain correspondence or convergence between the original organizational form or methods on the one hand and on the other hand the form or methods that ultimately arise through renewal, adaptation or transformation’.

Lammers argued, in addition, that the ‘dialectic of progress’ is not a universal law but, at most, ‘a connection that sometimes occurs under quite specific circumstances’ for two reasons. First, far from every form of backwardness or lag in development is the result of the ‘handicap of a head start’. Most organisations have, after all, never been at the head of the pack and thus never experience any ‘handicap of a head start’. They can benefit from the ‘privilege of backwardness’ (Trotsky) by ‘carrying out one or more of the four forms of leaps in development previously mentioned’. Second, not every ‘handicap of a head start’ leads to a leap forward in development.

Rather, the ‘normal’ consequence of the ‘handicap of a head start’ is an organization’s remaining fixed in its original form ‘until death ensues’. If an organization whose potential for renewal is ‘retarded’ should find itself in a drastically altered environment, the chance that it will agonize and ultimately perish will be proportional to the strength of the ‘brake’ constituted by its head start.

60. Lammers 1984, p. 106.  
64. Lammers 1984, p. 112.  
66. Ibid.
4. Provisional conclusion

Despite the Stalinist influences in the Romein debate, elements of it can definitely be integrated into the Trotsky-Novack-Mandel approach. Nevertheless, the ‘law’ seems so far to be an analytical tool with a very restricted usefulness.

Reacting to Novack’s articles, Cliff Slaughter asked at the time to what extent one could really speak here of a law:

A scientific law should outline the particular sets of conditions which give rise to a typical result in the given sphere of investigation. . . . Can the law of uneven and combined development be seen in the same way? It states that factors developed to an uneven extent, either between societies or within one society, combine to form single formations of a contradictory character. If this generalization is to be accorded the status of a law it should give clear guiding lines to the following problem, among others. Will the processes at work give rise to a dialectical leap forward in history, as in the October Revolution in Russia, or will they give rise to degenerative processes, as in the bureaucratic distortions of Stalin’s regime, or the destruction of the Tasmanian aborigines?67

The Maoist-inclined sociologist Wim Wertheim (1907–97), who had shown his agreement with Romein’s interpretation on several occasions since the late 1950s,68 also expressed doubts in his book Evolution and Revolution (1974) about whether leaps forward can really be described as resulting from a law. While leaps forward constitute a recognisable pattern in history, Wertheim preferred to use the term ‘trend’, ‘the strength and the evolutionary validity of which has still to be thoroughly investigated’.69 Neither Romein nor Service had really specified the ‘specific characteristics of a society earmarked for the next evolutionary step’, and, in addition, ‘it is never the most backward society which makes the leap forward’.70 Instead of playing with ‘quasi-scientific laws’, Wertheim found it more sensible ‘to elaborate and test a series of more or less concrete hypotheses, in order to find out under what conditions the trend of the retarding lead and the privilege of backwardness [are] operative’.71

What should we make of this? Novack had answered Slaughter that the law cannot predict the outcome of combining factors at different levels of development,

67. C.S., letter to the editor in Labour Review, as cited in Novack 1972c, p. 120.
68. See e.g. Wertheim 1958; Wertheim 1964, pp. 16–18, 180–1, 259–60; Wertheim 1966.
69. Wertheim 1974, p. 76.
70. Wertheim 1974, p. 77.
71. Ibid.
because its action and results do not depend upon itself alone, but more upon the total situation in which it functions. Under certain conditions, the introduction of higher elements and their amalgamation with lower ones accelerates social progress; under other conditions, the synthesis can retard progress and even cause a retrogression. Whether progress or reaction will be favored depends upon the specific weight of all the factors in the given situation.72

This defence leads us, at the very least, to the conclusion that the ‘law’ is insufficiently specific. We generally understand a ‘law’ to be a statement of the type: ‘If preconditions C1 . . . Cn hold true, then it follows that if P, then Q.’ For example: ‘If the atmospheric pressure is 1 bar, then water will reach the boiling point at 100 degrees Celsius.’ In the case of the ‘law’ of uneven and combined development, we know what P and Q are, but we do not know what all the preconditions C1 . . . Cn are that are necessary in order for P to lead to Q. To predict this result, we must not only observe that there is unevenness, but also exactly what kind of unevenness it is and what the possibilities and limits of transmission are. We cannot thus strictly speaking describe this as a law.73

Statements about uneven and combined development thus also lack any predictive value, although one can say with certainty in hindsight, ex post facto, whether a combined development has taken place. It may be more correct to call the ‘law’ of uneven and combined development a mechanism in Jon Elster’s sense, that is a frequently occurring and easily recognisable causal pattern that is triggered under generally unknown conditions or with indeterminate consequences. Unlike a covering law, a mechanism does not say ‘if A, then always B,’ but ‘if A, then sometimes B.’74

73. E.P. Thompson (1978, p. 86) already suggested that ‘the argument will be advanced if we discard the concept of “law” and replace it with that of “the logic of process.”’ Leo Kofler has argued that, in a Marxist perspective, ‘sociological’ laws can exist that are only applicable to one case. In my opinion, this approach undermines the whole concept of a scientific law. I prefer Helmut Fleischer’s position that the ‘domain of the concept of law in its significant sense is that of the isolatable and elementary, the typical and schematic.’ See Waryński 1944, p. 161; Fleischer 1973, p. 117; and compare Alfred Cobban’s remark: ‘In practice, general social laws turn out to be one of three things. If they are not dogmatic assertions about the course of history, they are either platitudes, or else, to be made to fit the facts, they have to be subjected to more and more qualifications until in the end they are applicable only to a single case.’ Cobban 1964, pp. 13–14. One might see the concept of ‘probabilistic law’ as a way out here, but I am not convinced that this would be more than an act of intellectual camouflage.
74. Elster 1999. There is here, of course, a close link with the Marxian concept of the ‘tendency’ (see e.g., Marx 1981, p. 339). Mandel (1995, p. 1) has also characterised the law of uneven and combined development as a ‘historical mechanism,’ but without further specification of the concept. See also Stinchcombe 1991 and Bunge 1997.
The explanatory power of the mechanism of uneven and combined development can be increased by identifying a number of recurrent sub-mechanisms. Some insights can probably be gained from non-Marxist diffusion theorists, sociologists and economists, and from world-system analysts. But, ultimately, we need historical studies that carefully explore historical attempts to transfer particular innovations (ideas, technologies, organisations or institutions) from one social context (A) to another (B). Such studies should at least reveal: (i) context A's relevant (political, social, cultural, natural) features; (ii) the actors attempting the transfer from A to B and their interests; (iii) the characteristics of the 'channels' through which the transfer from A to B was attempted; (iv) the social and material factors determining the innovation's assimilation, non-assimilation or adaptation in context B; and (v) the transfer's later implications for the relationship between A and B. The results of such studies could probably teach us a lot more about the nature of historical leaps.

Translated by Peter Drucker

75. Rogers 1995 is still a useful standard work. Studies that examine unsuccessful diffusion seem particularly important.
77. There is, for example, much to be learned from the work of Alexander Gerschenkron (1904–78) and the ensuing discussions about late industrialisation in Europe from 1870 to 1914. See, above all, Gerschenkron's collected essays (Gerschenkron 1968). While Gerschenkron never referred openly to his political sympathies during his later life in the US, his work cannot be understood without reference to his past in the 1920s and '30s as an Austro-Marxist and 'critical supporter' of the Soviet Union. It is also at least highly likely that Gerschenkron familiarised himself during his years as a leftist in Vienna with Trotsky's History of the Russian Revolution when it was published in German in 1932–3. Other interesting contributions include Jervis 1947, Ames and Rosenberg 1963.
78. For example, Bunker and Ciccantell 2003. Serious attention should be paid to political and cultural dimensions. Following Trotsky, Ernst Bloch and other thinkers Mandel (1995, p. 107) has argued that historical processes may express 'the partial non-synchronism of socio-economic and ideological forms'. Thus, the transfer of advanced ideological elements may be non-synchronous with the less advanced socio-economic context where these elements are introduced, or the transfer of advanced socio-economic elements may be non-synchronous with the ideological context where these elements are introduced. Non-synchronism may explain why cultural forms and institutions of advanced capitalism have sometimes not 'really' been transferred to peripheral contexts, but as simulacra. In these cases, a discrepancy may arise between the formal façade and actual behaviour, leading to systematic 'regulatory inconsistency'. Waldmann 1998 has a brilliant discussion of this phenomenon.
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Concerning Der Spätkapitalismus: Mandel’s Quest for a Synthesis of Late Capitalism

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Abstract
Between 1940 and 1980, Ernest Mandel (1923–1995) studied many aspects of capitalism. With his magna opera, Traité d’économie marxiste (1962) and Der Spätkapitalismus (1972) he had a great impact on the social movements which emerged in the 1960s and 1970s of the last century. This article attempts to unravel the story of the development of Mandel’s economic historical work. It follows the search for the synthesis of late capitalism, positions Mandel in the Marxist tradition and looks for what was innovative in his contributions. The Traité d’économie marxiste was a provocative experiment. The author shows how Mandel replaced history into the core of Marx’s economic theory and how he supersedes Eurocentrism by independently asking for attention for Asia, Africa, the Islamic World and pre-Columbian America. Mandel worked on Der Spätkapitalismus for more than ten years. The article shows how Mandel rehabilitated the forgotten ‘long wave theory’, which enabled him to offer an explanation for the exceptional postwar expansion, but also made him predict the end of the ‘golden days of capitalism’. The study was completed in 1972 in a turbulent West Berlin, where as visiting professor at the leading Otto-Suhr-Institut für Politikwissenschaft he defended his vision in lively debate with students and confères and where the last theoretical differences were ironed out.

Keywords
Ernest Mandel, history of capitalist development, long wave theory, golden age

Although an extensive body of literature exists on the origins of early capitalism, and much has been written about the rise and development of imperialism since the nineteenth century, there is still no well-founded historical theory of the worldwide expansion of the capitalist mode of production.1 Immanuel Wallerstein’s

1. Thank you to Marcel van der Linden, Lex Heerma van Voss, Götz Lankau and two anonymous referees for their valuable comments on earlier versions of this article.

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world-systems approach tries to meet this need, but limits itself to the sphere of circulation and gives insufficient weight to the importance of social conflicts.²

Various authors, such as Eric Wolf³ and Kay Trimberger,⁴ consider that an alternative to Wallerstein’s modern world system can be found in Ernest Mandel’s theory of the capitalist world economy, which he defines as an ‘articulated system of capitalist, semi-capitalist and pre-capitalist relations of production, linked to each other by capitalist relations of exchange and dominated by the capitalist world market’.⁵

Mandel emphasised the historical importance of social struggle, and considered the growth of the capitalist mode of production from the end of the eighteenth century on as

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a \text{dialectical unity of three movements:} \\
\text{(a) Ongoing capital accumulation in the domain of already capitalist processes of production;} \\
\text{(b) Ongoing primitive accumulation of capital outside the domain of already capitalist processes of production;} \\
\text{(c) Determination and limitation of the second moment by the first, i.e., struggle and competition between the second and the first moment.}^6
\]


The present article attempts to trace the emergence of Mandel’s work, which was part of the canon of the critique of political economy in the second half of the twentieth century and had a substantial influence on the 1968 generation. It follows Mandel’s quest for a synthesis of late capitalism, a new, third phase of capitalism following the phases of free competition and imperialism.

Mandel distinguished himself from the prevailing interpretations in the field of ‘labour economics’. Yet he did not shut himself off from academic thought. He wove various heterodox insights together into an approach that

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² This applies, in particular, to his *The Modern World System*. For a critical discussion of Wallerstein’s work, see van der Linden 2001.
⁶ Mandel 1978, p. 47.
sought to understand the structure of bourgeois society as historically originated \([\text{geschichtlich entstanden}]\) and capable of being historically transcended \([\text{geschichtlich aufhebbar}]\). What place is Mandel entitled to in the tradition of Marxist scholarship? What does his innovative contribution consist of?

After an introduction to the \textit{Traité}, this article investigates the influence that colleagues and kindred spirits had on Mandel, and shows his unique and sometimes paradoxical relation to scholarship and politics. We gauge the critical reception of his work, in particular by the Polish-Ukrainian historian Roman Rosdolsky, whose objections spurred Mandel to carry on with his research on \textit{The Economics of Neocapitalism}. This essay attempts to show how Mandel’s rereading of Marx, and above all, of Marx’s early economic writings, reinforced his opposition to Eurocentrism and his defence of a ‘genetic-evolutionary method’ against Althusserian structuralism. As we analyse late capitalism, finally, we will present Mandel as the originator of an economic, historical theory that claims to fathom the dynamics of the capitalist mode of production with the help of a dialectical conception of determinism.

\textbf{Economics as history}

\textit{The Traité d’économie Marxiste}, published by Julliard in Paris in 1962, was a daring experiment. Mandel emphasised that Marx’s \textit{method} was the only orthodoxy that could be accepted: ‘Marxist economic theory ought not to be regarded as a completed outcome of past investigation but rather as the summation of a method, of the results obtained by using this method, and of results which are continually subject to re-examination.’\textsuperscript{7} For this reason, he defended the standpoint that ‘the scientifically correct position is obviously that which endeavours to start from the empirical data of the science of today in order to examine whether or not the essence of Marx’s economic propositions remains valid.’\textsuperscript{8} In methodological terms, Mandel argued for an exposition that rested on a ‘genetic-evolutionary’ basis, on a dialectic that placed all social phenomena in a historical context. He made use of insights drawn from modern anthropology, history, sociology and psychology, rejecting a one-sidedly economic interpretation of capitalism.

The \textit{Traité}’s first four chapters are devoted to the history of precapitalist economies. Readers who were sceptical about the official, Stalin-inspired handbooks had the sensation of reading a history – from the neolithic revolution to modern times – that did not restrict itself to Western countries, but rather

\textsuperscript{7} Mandel 1968b, p. 18.
\textsuperscript{8} Mandel 1968b, p. 17.
took the whole world as its subject. Mandel made an effort to ‘de-occidentalise’ his material in order to offset the conception that every society had to pass through the same, successive stages, partly in order to respond to the growing interest in Marxism in the non-Western world.

He sought to answer the question why capitalism had developed in Europe rather than in China, Indian or the Arab world, societies that had been superior to Europe for centuries. Jairus Banaji, an expert on early-modern history, comments in this issue that Mandel had written ‘one of the best short histories of early capitalism’.

In addition to the early-modern period, Mandel also dealt at length with the contradictions of modern capitalism. In lively descriptions of historical trends and events, he analysed the development of production and distribution, the mechanism of exploitation, the periodic crises of overproduction, the role of money, credit and land ownership, and the functions of the state as guarantor of monopoly profits.

In the last part of the Traité, it was the turn of the economy of the transition period and the critique of the Soviet economy. Mandel dwelled on ‘the contradiction between the non-capitalist mode of production and the bourgeois norms of distribution’, which he considered ‘the fundamental contradiction of every society transitional between capitalism and socialism’? ‘The bureaucracy’s hold over the state and the economy meant that these contradictions did not lessen but rather increased.

Trotskyism owed its very existence partly to the critique of Stalinism; it considered itself Stalinism’s other, and took on the task of defending the ‘true’ Marx, Lenin and Trotsky against Stalinism’s so-called falsifications. With the Traité d’économie marxiste, Mandel tried to go beyond this defensive critique. Even if specialists put some of Mandel’s specific arguments in question, his claim to having analysed society as a totality using Marxist categories contributed to the book’s success. He also appealed to the critical imagination, which was gaining ground slowly at first, and would soon be making rapid strides among the younger generation. Mandel’s contentions that reality could be changed, and that humanity did not have to eternally remain a slave to money, the market economy, inequality and tyranny, were encouraging especially to youth. His study marked the beginning of the renaissance of Marx scholarship during the second half of the twentieth century.10

Mandel set himself the goal in the Traité d’économie marxiste of bringing Marx’s economic theory up to date. He hoped to offer resistance to the

academic world, which dismissed Marxist economic theory as too abstract, and offer an alternative to theorists with Communist loyalties, who contented themselves during the Stalinist period with repeating Marx’s lessons by summarising *Das Kapital*.

The history of Mandel’s book had its own dialectic, however. Its ideas originated in debates with other, sometimes divergent visions, which Mandel became familiar with in the political and scholarly milieu of his time. Who was part of that milieu? What sort of influence did it have?

**Masters and friends**

Mandel had been working on this piece for ten years and – as he asked a friend, ‘If you see G[eorge] N.ovack], you can… remind him that this little book was born essentially from a suggestion that he’d made. A suggestion that in the end took up 900 pages…’ The philosopher George Novack (b. 1905), who was originally from Boston and whose real name was Yasef Mendel Novograbelski, was one of the prewar ‘New York intellectuals’, a group of mostly Jewish writers who found a forum for their anti-Stalinist sentiments in periodicals like *Partisan Review* or *Politics* and *Dissent*. Novack spent much of 1953 in Paris. There he met Mandel, with whom he shared a passion for politics and scholarship. Novack inspired Mandel to take Trotsky’s law of combined and uneven development as the red thread running through his analysis of the capitalist world and the so-called transitional societies. While Mandel did not give the law any explicit attention, many passages in the *Traité* showed traces of the law’s application to his analysis.

Novack was not the only one that Mandel was indebted to. In 1948, he met Roman Rosdolsky, who had emigrated from Vienna to the United States a year before. Born in 1898 in Lemberg, Austria (now Lviv, Ukraine), Rosdolsky had already made a name for himself as a historian and sociologist before the War. From 1921 on, Rosdolsky studied in Prague and Vienna, where he was a correspondent for the Moscow-based Marx-Engels Institute. After the suppression of the Social-Democratic uprising, Rosdolsky returned in February 1934 to Lemberg (by that time Lwów, under Polish rule). There, he became

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13. On this law, see Novack 1972, pp. 82–129.
14. Mandel 1968b, Chapters 12, 13, and 16.
active in the Polish Trotskyist opposition and met Isaac Deutscher, who would later write biographies of Stalin and Trotsky.\footnote{16}

In Detroit, Rosdolsky worked as an independent scholar without an official academic position. His friendship with Mandel lasted until his own death in September 1967.

The leitmotif of the *Traité d’économie marxiste*, Mandel confided in Rosdolsky, was ‘to present the fundamental theses of the Marxian economic system, not apodictically, but rather as a synthesis, as the final result of all the empirical data of “official” science’.\footnote{17} The point was not to determine what Marx had or had not written, but to test to what extent historical and empirical research confirmed Marxist economics.

Mandel did not hesitate to put complex theoretical problems – from issues concerning Marx’s theory of wages, Hilferding’s so-called revision of Marx’s theory of money, to Otto Bauer’s theory of crises or the meaning of the concept ‘productive labour’ in a transitional society – to Rosdolsky, whom he considered the best Marx scholar of his time. Rosdolsky gave comments on the draft chapters and recommended the book to friends (‘You don’t often come across such good work’).\footnote{18}

Mandel wrote the first draft in the early 1950s. According to the agreement, the book was supposed to be published by a London publisher in the fall of 1952 under the title *Economic History and Concepts of Political Economy*.\footnote{19} But publication was put off to the point that it fell through.

Depression and insomnia – psychological and physical reactions to his experiences under German occupation – held him up, but substantive problems also demanded more time.\footnote{20} They had to do above all with the method and conceptual structure of Marx’s thought.

Shortly after his arrival in New York in 1947, Rosdolsky had managed to get his hands on one of the three or four copies of Marx’s *Grundrisse* that were in circulation in the West.\footnote{21} Rosdolsky considered it his responsibility to analyse this work – the nursery of *Das Kapital*, unknown even among specialists – and make it accessible to a wider audience.\footnote{22} His research led to publication of

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his magnum opus, *The Making of Marx’s ‘Capital’*, a meticulous analysis of the development of Marx’s thought in the 1850s.23

Mandel got hold of one of the first copies in 1955, expressing the hope to Rosdolsky ‘to learn a lot from it’.24 Hardly any attention had yet been paid to the genesis of Marx’s economic theory, not to speak of its methodological aspects. Studying the *Grundrisse* convinced Mandel of the importance of the historical method. Every exposition that was not based on ‘genetic-evolutionary’ principles was doomed merely to parrot the old master, he concluded. It also convinced him of the fruitfulness of Rosdolsky’s approach in the debate over Marx’s reproduction schemes. Mandel joined Rosdolsky in concluding that Marx’s only purpose in developing these schemes was to prove the possibility of periodic economic equilibrium, despite the anarchy of capitalist production. Crises could not simply be explained on the basis of the schemes, though this misunderstanding was present in early Marxist writings, including in one form or another in Rosa Luxemburg, Rudolf Hilferding and Nikolai Bukharin’s works.

Mandel continually asked Rosdolsky for advice. ‘I ask you above all to read (and criticise) [one] section’, he wrote, about a passage in which Mandel was looking for an answer to the question why simple commodity production and usurers’ and merchant capital led to modern capitalism in Western and Central Europe and nowhere else.25 Mandel urged Rosdolsky to clarify his sometimes too cursory comments: ‘In general nothing truly good can emerge from a single brain; several thick skulls must have room to bump up against each other in order to make the sparks fly.’26 Despite their close scholarly relationship, political differences did not fail to crop up. On the occasion of the rebellions in Poland and Hungary in 1956, Rosdolsky raged against the ‘childish’ optimism of Mandel’s co-thinkers in the Fourth International.27

I hoped that you wouldn’t take my frank criticism amiss. I know that you surely have the best of intentions. Still that doesn’t mean you should let yourself be carried away by revolutionary impatience…. But now, seriously, enough of this; I give you my word not to come back to the subject again. I’m old and lonesome enough; why should I put our friendship at risk?28

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Two years later, Rosdolsky proved less acquiescent. After a criticism that read like an indictment, and a recommendation to stop 'playing at being an International', he concluded:

You’re sure to be very angry with me, but ‘dixi et salvavi animam meam’ ['I have spoken and saved my soul']. Precisely because the Trotskyist movement ‘in the historical sense’ means so exceedingly much to me, I have to distinguish myself all the more sharply from those who do business today under the name of Trotskyism. So you can regard this letter in a sense as a 'farewell letter'.

After several months, their correspondence resumed, only to be broken off again in July 1960, this time for a longer period. Rosdolsky was close to Isaac Deutscher, whose rejection of Trotsky’s arguments for a Fourth International was a source of great irritation to Mandel. Mandel confided to a mutual friend:

Rosdolsky is a very good friend of mine, but who has been a bit cooled (I suppose for political reasons) since a couple of years. I respect him greatly, as I consider him one of the scholars of Marxist economics alive today. On political issues… he tends to share Deutscher’s views which of course puts him often at cross-purposes with us.

Critiques

Seeing the Traité through to publication was an involved process. The fact that publishers at first did not dare take the book on showed how marginal independent Marxist thinking was in the early 1960s. Only in 1961 did Mandel get a firm commitment from the big Paris publishing house of René Julliard, at the recommendation of editor-in-chief Claude Bourdet of France-Observateur ('he’s an absolutely remarkable boy…').

In February 1962, the book was finally out. Mandel announced delightedly: 'My book is done now; I corrected the last galley proofs yesterday. It’s turned into a bulky volume of 1,000 pages. The transport with the advance orders for Belgium will weigh more than a tonne – imagine, a tonne of explosives being dispatched by railway…'

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29. Rosdolsky to Mandel, 6 June 1959, Ernest Mandel Archive, folder 481.
30. Mandel to Gordon, 29 May 1963, Ernest Mandel Archive, folder 321. In Russia after Stalin, Deutscher defended the thesis that Stalinism was a historically necessary, industrialising dictatorship, whose goal was to deliver Russia from its social and economic backwardness. Now that forced industrialisation was complete, he said, there was a real chance for democratisation of the régime.
Mandel’s *Traité d’économie marxiste* encountered a mixed reception in political and scholarly circles. It was greeted with praise – Belgian radio spoke with respect of a sequel to Marx’s *Das Kapital* – but also with silence, particularly by official social democracy. Mandel complained to André Renard, the uncontested leader of the Walloon working class, that he felt he was victim of ‘a conspiracy of silence on the part of the “big press”’. Mandel complained to André Renard, the uncontested leader of the Walloon working class, that he felt he was victim of ‘a conspiracy of silence on the part of the “big press”’.33 Belgian historian Marcel Liebman wrote about it to Isaac Deutscher as ‘an important contribution to Marxist thinking’, regretting only that the chapter about the Soviet economy was ‘so blatantly uninformed and unfair to the present trends of evolution in Russia’.34 Deutscher agreed with the criticism,35 which seemed inspired by expectations that the bureaucracy would itself reform the system. Mandel did not fail to stress that this was an illusion.

The criticism did not decrease Deutscher’s appreciation. He praised the book’s ‘great scientific merits’, describing the book to Rosdolsky as one for which ‘we have been waiting [for] many, many years’.36

At their first meeting in London in May 1962, Deutscher promised Mandel to review the book in *The Economist*. The review appeared under the title ‘Marxist Heretic’, an undeniable tribute from the author of *Heretics and Renegades*. Mandel, said Deutscher,

is an independent thinker, combining an exceptionally wide erudition with a remarkable lucidity and fluency of expression. His treatise is by far the best popularisation of Marx’ economic theory that has appeared for forty or fifty years. And it is far more than that – an ambitious, and largely successful attempt to bring the doctrine up to date.

It doubtless had its weaknesses, but ‘no student can afford to ignore this very important work’.37 The praise lavished on the book took Mandel by surprise: ‘I’m sure I don’t deserve half your praise, and there are certainly [many] more weaknesses in the book than those you mention.’38 More flattering reviews followed in publications including *New Left Review*, the Italian *Critica Marxista, Survey, Socialistiche Standpunten, L’Express* (Paris), *La Nouvelle Revue Marxiste*, and the Paris-based *Combat*. CGT economic specialist André Barjonet, Lucien Laurat, Maximilien Rubel, Yugoslav Rudi Supek and

34. Liebman to Deutscher, 3 May 1962, Isaac Deutscher Archive, folder 42.
38. Mandel to Deutscher, 23 September 1962, Isaac Deutscher Archive, folder 47.
British Communist Maurice Dobb reviewed it. André Renard, Jacques Defay and Oskar Lange expressed their enthusiasm in letters.

On publication of the English-language edition, a review appeared in *The New York Review of Books* by Robert L. Heilbroner, professor at the New School of Social Research in New York.\(^{39}\) He applauded its publication as ‘an event of great importance’ and a ‘masterful representation of Marxism’. It could make Marxists of its readers, if not for the fact that precisely ‘in reading so free a work as Mandel’s…the limitations of Marxism and Marxian economics also stand forth, at least in my eyes – limitations that make it impossible for me to be a formal Marxist.’

Heilbroner counted among its limitations ‘the belief in dialectics and class struggle’ as the foundation of human history. Not every historical experience could be squeezed onto that Procrustean bed, he said.

Mandel was curious about Rosdolsky’s judgment. He sent him the book, but waited in vain for a reaction. Rosdolsky told the young Marxist and Hegel specialist Otto Morf that he found the *Traité* ‘weak’.\(^{40}\) It would have been a better book if it had been discussed more widely before publication.\(^{41}\) Mandel remained in the dark about Rosdolsky’s opinion. Rosdolsky simply shrank from criticism, certainly when it came to work by friends whom he considered serious researchers. Deutscher also complained that Rosdolsky too often kept his views to himself.\(^{42}\)

Only in 1964, after much insistence – ‘Why haven’t you sent me more criticism of my book…? I would be very grateful to you for any criticism I received’ – did Rosdolsky confess that he felt driven into a corner. All too often he had found that authors would not accept criticism: ‘Only a week or so ago Isaac [Deutscher] broke with me because of my criticisms of his third volume [*The Prophet Outcast: Trotsky 1929–1940*], so I’ve restrained myself.’\(^{43}\) But now, if Mandel insisted…!

Rosdolsky summed up his objections in about three points. First, Mandel had sacrificed Marx’s economic method on the altar of his desire to reach a wider audience. He had buried himself too much ‘in the material’, and, in the process, had given up Marx’s specific dialectical method, the soul of his economic doctrine. Mandel had also remained unclear about what Rosdolsky considered the core of Marxism, the ‘theory of collapse’. It distinguished revolutionary


\(^{40}\) Korsch 2001, p. 1527.

\(^{41}\) Rosdolsky to Morf, 11 August 1962; Rosdolsky to Morf, 17 April 1963, Roman Rosdolsky Archive, folder 299.

\(^{42}\) Deutscher to Rosdolsky, 14 April 1962, Isaac Deutscher Archive, folder 87.

\(^{43}\) Rosdolsky to Mandel, 18 January 1964, Ernest Mandel Archive, folder 22.
Marxism from Austro-Marxist equilibrium theorists like Hilferding and Otto Bauer. Finally, according to his critic, Mandel remained too vague on the questions of ‘the falling rate of profit’ and ‘crisis theory’.

Mandel would understand that Rosdolsky – rebus sic stantibus – preferred not to write about the book for publications. The best possible publicity was extremely necessary for the sake of the movement. ‘But you forced me to tell you my opinion – and now I only hope that you will react differently from Isaac.’

The economics of neocapitalism

In the introduction to the Italian edition of the Traité d’économie marxiste – published three years after the French edition – Mandel noted that the debate over the contradictions of capitalism had assumed large proportions. Leaving aside the question of what role the Traité played in the debate, he announced a forthcoming book – on what he called ‘neo-capitalism’ or ‘neo-colonialism’ – in which he hoped to pay attention to the relationship between economic growth and social structure and their distorting repercussions for current economic theory.

In April 1964, he had published a short article in The Socialist Register, a yearbook published in London edited by Ralph Miliband and John Saville, under the title ‘The Economics of Neo-Capitalism’. The book he now announced looked to be an elaboration of that essay, which also appeared that same year in Sartre’s Les Temps Modernes. The plan seemed promising: eight chapters, three hundred pages, to be completed within six months. But it would take not half a year but almost ten years before the manuscript – much expanded, under the title Der Spätkapitalismus – was delivered to the German publisher Suhrkamp.

In ‘The Economics of Neo-Capitalism’, Mandel expressed his conviction that following the phases of free competition and imperialism a new, third phase had begun in the history of capitalism, which he referred to here as ‘neo-capitalism’ (elsewhere he would call it ‘capitalism in decline’ and finally ‘late capitalism’). He had earlier given his thoughts about its anatomy free rein in

45. Mandel 1965.
46. Mandel 1964c.
47. Mandel 1964b.
the spring of 1963 in a series of lectures that he had delivered at a leadership weekend in Paris of the Unified Socialist Party (PSU), which were published as *Initiation à la théorie économique marxiste*.50

Mandel argued that the postwar expansion in the industrialised world was not primarily due to reconstruction, but rather to what he called a third industrial revolution in a changed climate. Its characteristics were: an uninterrupted arms race, increasing state intervention in economic life, planning and permanent inflation.51 Mandel emphasised that the new mode of functioning in no way suspended the general laws of development of capital as Marx had uncovered them. The new phase was both a prolongation and a partial negation of the imperialist phase, just as the imperialist phase had been both a continuation and a partial negation of the phase of free competition.

Mandel did not arrive at a detailed analysis. He did develop the beginnings of a framework that enabled him to link up economic, political, technological and social factors and variables with each other. In the *Traité*, Mandel had still analysed the cyclical course of capitalist development, following Marx, as short-term fluctuations caused by periodic industrial crises. He did not investigate other time spans. In his contribution to *The Socialist Register*, Mandel broadened his perspective. He situated the postwar expansion in long waves of capitalist development, a theory whose foundations had been laid by Parvus and van Gelderen at the beginning of the twentieth century, Kondratiev and Trotsky in the 1920s, and Schumpeter in the 1930s. This approach tempted Mandel to the pronouncement that the end of the ‘golden days of capitalism’ was rapidly approaching.52

With this article, Mandel responded to Rosdolsky’s criticism of his handling of crisis theory. While Mandel had underscored the ineluctability of crisis and recession,53 the *Traité* had not included a systematic analysis of the theory of collapse, which Rosdolsky was convinced was the core of Marxism. In addition, Rosdolsky had considered Mandel’s synthesis of underconsumption theory and disproportionality theory – two influential models for explaining the economic cycle – wrong: ‘Marx was an opponent of both these theories; so how can they be “reconciled” from a Marxist point of view?’54

Mandel considered that he had now faced the weak point of the *Traité*, and, in particular, of its overly descriptive fourteenth chapter, ‘The Epoch of

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50. Mandel 1964a.
52. Louçã 1999, p. 104.
54. Mandel 1962, pp. 188–98.
Capitalist Decline’. His essay was an exposition that was meant to be incorporated into a more extensive synthesis of the third phase of capitalism. When that analysis was still not finished in 1969, Mandel decided to include it as an appendix to the second French edition of the *Traité*.

### Against Eurocentrism

Even if he did not manage in these years to arrive at a synthesis of late capitalism, Mandel did have the opportunity in less extensive writings to systematise his analysis and iron out its theoretical wrinkles. Soon after publication of the *Traité*, Lucien Goldmann, a philosopher and literary critic originally from Chernovits in Southeast Galicia, invited him to do so.

Goldmann, who taught at the Sorbonne, was editing a six-volume *History of Marxist Thought*, and asked Mandel for a contribution on the theme ‘Marx’s Economic Thought up until the Publication of *Das Kapital’.* When Mandel turned in his over seventy-page essay in August 1965, Goldmann proved to be so busy with his studies that the project fell through. Mandel decided to rework his contribution into a book published by Maspero in 1967, exactly a hundred years after the first publication of Volume 1 of *Das Kapital*, under the title *La Formation de la pensée économique de Karl Marx, de 1843 jusqu’à la rédaction du ‘Capital’, étude génétique* (in English, *The Formation of the Economic Thought of Karl Marx*, published 1971).

In this study, Mandel followed the development of Marx’s thinking step by step. He told the story of how Marx came by way of Ricardo to accept and improve the labour theory of value and discussed Marx’s most important economic discoveries before he conceived *Das Kapital*. He analysed in detail the place that the concept alienation (*Entfremdung*) occupied in the various phases of Marx’s intellectual development, and the importance of the concept in his theory in general. With a fascinating chapter on the Asiatic mode of production, finally, Mandel contributed to the debate opened in 1964 in *La Pensée*, a theoretical journal close to the French Communist Party, on the issue of whether the succession of modes of production did or did not have a unilinear character.

There was an inclination to describe all social formations that did not fit into the unilinear scheme as the Asiatic mode of production, which robbed the

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57. Goldmann to Mandel, 1 October 1962, Ernest Mandel Archive, folder 278.
concept of its analytical specificity. Mandel reminded readers that Marx and Engels had not developed the concept in order to rescue this or that primitive society from oblivion. Rather, they used it to characterise Indian and Chinese society at the moment that it came in contact with European industrial capital in the eighteenth century. In short, they were trying to explain why India, China, Egypt and the Islamic world, which had for thousands of years been the centre of ritual and material culture, followed a different development path from Western and Southern Europe.

‘Marx’, said Mandel, ‘only spends time on “the pre-capitalist forms of production” in order to show up, negatively, the factors which in Europe have led, positively, to the flowering of capital and capitalism.’ Mandel was committed to de-occidentalising the explanation of the development of capitalism as a world system. This is why he attached so much importance to slave, semi-feudal and Asiatic modes of production. The unilinearists had sowed confusion with their theory of successive stages, which society had to follow throughout the world. They failed to take account of the diversity, of the existence alongside each other, of capitalist, semi-capitalist and precapitalist worlds. For Mandel, this variety was in fact characteristic of the world economy, not a temporary state of affairs that would be eliminated by a so-called general law of capitalist development. There could be no universalisation of the capitalist mode of production, as Rosa Luxemburg had tried to demonstrate. Precisely because an industrial revolution in regions of non-European culture had failed to occur between the sixteenth and nineteenth centuries, the world market under the influence of processes of international concentration had prevented any successful leap in the ‘Third World’ from ‘primitive accumulation’ of money capital to ‘primitive accumulation’ of industrial capital. Since that time, said Mandel:

Capitalism itself produces under-development (of countries, regions, economic and industrial sectors).... The development of capitalism is also the development of

59. The Asiatic mode of production was discussed between 1928–9 and 1932 in Unter dem Banner des Marxismus. Stalin put an end to the discussion. In 1938 he codified a scheme of fixed stages (primitive communism/slavery/feudalism/capitalism/socialism) in the History of the Communist Party of the Soviet Union (Bolshevik): Short Course. Marx’s concept of the Asiatic mode of production subsequently disappeared from the discussion for two decades, until Karl August Wittfogel focused attention on it once more.

60. Mandel 1971, p. 137.

61. Luxemburg 1913.

under-development. Capitalism is the dialectical unity of development and under-development, in which one necessarily determines the other.63

Marx’s classic dictum that backward countries see their future reflected in developed countries has lost its universal validity in the imperialist epoch. In place of a general law of capitalist development, Mandel stressed the law of combined and uneven development: in order to expand capitalism produces and preserves pre- and non-capitalist countries, sectors and regions.

Contre Althusser

La formation de la pensée économique de Karl Marx not only provoked debate about the ‘Asiatic mode of production’; Mandel’s ideas about the significance of Marx’s Economic and Philosophical Manuscripts of 1844 and his 1845 German Ideology provided even more fuel for discussion.64 In his chapter ‘Manuscrits de 1844 aux Grundrisse: d’une conception anthropologique à une conception historique de l’aliénation’, Mandel took sides in the dispute raging in Europe and the US over the concept of ‘alienation’, which had taken on new life with the 1965 publication of French Communist and philosopher Louis Althusser’s Pour Marx and Lire ‘le Capital’.

What was the relationship between Marx’s youthful works and the Grundrisse and Das Kapital? Did Marx hold onto the anthropologically based notion of ‘alienation’ – an alienation conceived as something characteristic of human nature – as he had encountered it in Hegel? Or was there discontinuity, and was it necessary to speak of different phases in Marx’s thought? And if there were different phases, what phases?

Mandel distinguished three different currents in the debate.65 The first current denied that there was any difference between the ‘young’ and ‘old’ Marx, and saw the kernel of Das Kapital – ‘alienated labour’ – implicitly present as early as the Manuscripts.66

64. In addition to Marx’s Economic and Philosophical Manuscripts of 1844 and Marx and Engels’s German Ideology (1845), the works referred to in the controversy included Marx’s 1847 Poverty of Philosophy and his Grundrisse (1857–58). Jürgen Rojahn demonstrated in 1983 in the International Review of Social History that Marx’s 1844 Manuscripts do not form a philological unity. See Rojahn 1983.
66. In the first group, Mandel included independent socialist authors like Erich Fromm and Maximilian Rubel, but also Italian Communist Party leader Palmiro Togliatti.
A second group was of the opinion that the Marx of the Manuscripts had handled the problem of alienated labour ‘in a more “total” and “integral” way’ than the Marx of Das Kapital, and that the ‘young’ Marx had given the idea an ethical, anthropological and philosophical dimension. Either the ‘two Marxes’ were contrasted with each other, or Das Kapital was ‘re-evaluated’ in the light of the Manuscripts.

Like Jürgen Habermas, Mandel thought that neither of these two currents took account of the distinction between an anthropological and a historical conception of labour, and that they did not realise that the Marx of Das Kapital had dropped the metaphysical conception of 1844.

The last current, with Louis Althusser as its influential representative, put forward the argument that the young Marx’s concept of ‘alienated labour’ was in contradiction to Das Kapital, and that the concept of alienation had initially prevented Marx from accepting the labour theory of value. ‘Alienation’ was, for Althusser, a pre-Marxist concept that Marx had had to reject before he could begin his scientific work.

Mandel could not agree with any of these standpoints. On the one hand, he recognised the discontinuity in Marx’s thinking; on the other hand, he rejected the idea that Marx had thrown the concept of alienation overboard. According to Mandel, the concept had undergone a qualitative change analogous to the transformation from Marx’s anthropologically-based thought to thinking in historical-materialist categories. Marx had taken his first, cautious step in this transformation in the 1844 Manuscripts, no longer formulating his critique of political economy on the basis of a Feuerbachian or Hegelian conception of alienated labour but rather on the basis of his practical observation of the misery of the workers. Marx’s conclusion, Mandel said, was no longer ‘a philosophical conclusion, on the plane of thoughts, ideas’, but an abolition of private property through ‘actual communist action’. ‘The call to revolutionary action, to be carried out by the proletariat, is already substituted for the resignation of the “philosophy of labour”’, Mandel said.

Marx’s ideas were still far from completely mature in 1844, Mandel hastened to add, for while, at times, he sought the cause of alienated labour in a specific form of society, division into classes and private property, at other times – for example as ‘externalisation’ of humanity as species-being [Gattungswesen] – he

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67. The second group included Heinrich Popitz, Karl Löwith, and also, to some extent, Herbert Marcuse and Hendrik de Man.
68. Habermas 1963.
69. The third group included Wolfgang Jahn, Auguste Comte and Louis Althusser.
70. Mandel 1971, p. 158.
sought it in human nature, if not in a Hegelian sense then in any event as the
negation of a supposed ‘ideal human being’.

With time, Marx would overcome these contradictions. He reached a major
watershed in *The German Ideology*, when he abandoned the conception of
humanity as species-being and located the historical roots of exploitation in
the division of labour and commodity production, in private property and
competition. Marx’s merit, said Mandel, was that he placed the concept of
alienated labour in the domain of history. He transformed the Feuerbach-
Hegelian anthropological conception that he had had before the *Manuscripts*
into a historical conception in *The German Ideology*, the *Grundrisse* and
*Capital*.71

With *La formation de la pensée économique de Karl Marx*, Mandel wrote
his most philosophical book. He polemicised against social-democratic and
conservative perspectives that were trying to co-opt Marx by recognising him
only in his humanistic, Hegelian form; but also against Marxists like Auguste
Cornu and Louis Althusser, who rejected the term ‘alienation’ as romantic,
unscientific and pre-Marxist – not to speak of Soviet apologists who preferred
to see the concept disappear completely from public discussion.

But the brunt of Mandel’s critique was directed at Althusser, who refused
to admit history to his method. The author of *Pour Marx* and *Lire ‘le Capital’*,
Mandel wrote in a letter to Perry Anderson, had declared war

on everything which is historical, i.e. dialectical in Marxism, and transformed it
into a kind of metaphysical neo-positivism (static structuralism, without built-
in contradictions, without motion, without understanding that the basis of
Marxism – as Marx himself said – was the understanding of the historically
perishable nature of all ‘structures’, and the logic of their evolution-revolution).72

Althusser was at the centre of the debate over Marxism in France. For Mandel,
this was an incentive to take a stand, when he could, on Althusserian structuralism,
which Anderson called a ‘brilliant neo-dogmatism’. Mandel did so in his
1969 essay ‘Althusser Corrects Marx’73 and during a much-discussed three-day
colloquium on Marx at the Goethe University in Frankfurt in September 1967.74
An assemblage of star scholars from East and West came together there in order
to rehabilitate Marxism as a ‘critique of political economy’.

73. Mandel 1969b.
74. Euchner 1968.
An interplay of different variables

Since the 1930s, Marxism had retreated into the university, where Marxists diverted their attention from political economy to philosophy and sociology with research on cultural and ideological phenomena.75 Within the dominant Soviet Marxism, Marxist economics degenerated into dogma that had no room for new developments. Authors such as Gramsci, Moskowska, Meek, Dobb and Sweezy were exceptions. But, for the rest, the 1940s and 1950s were lost years. In the following decade, a turn took place, a development which Mandel, Baran, Sweezy, Gunder Frank, Gorz and economists such as Heilbroner, Barrat Brown, and Rosdolsky contributed to. The Grundrisse, which was reprinted in 1953 and, with a certain time lag, made its influence felt, was also important. On the waves of an anticapitalist movement that was returning to life, inspired by decolonisation, antiracism, anti-Stalinism and the struggle against the war in Vietnam, the Frankfurt colloquium witnessed a restoration of the role of political economy in creative Marxism.

At the colloquium, Mandel took a close look at economic growth in the industrialised countries.76 Did the idea of crisis-free growth correspond to reality, or was it wishful thinking?

Mandel maintained that a rise in productive investment could not be combined in the long term with a declining rate of profit or under-utilisation of productive capacity. The creation of money and credit and planning could not change this fact. A rising rate of profit and expanding markets only coincide temporarily in a cycle, never permanently. For this reason, investments also come in waves, in spite of any counter-cyclical measures.

But why, then, do employers periodically succumb to feverish investment activity? Why is no effort made to prevent an ‘overheated conjuncture’? The question was all the more pressing in light of the possibilities for national and, via the European Economic Community, even international planning. Mandel’s answer followed Marx to the letter: because of competition among capitalists on the one hand, and between capitalists and the working class on the other.

Mandel considered the latter form of competition essential to ‘neo-capitalism’. Given the complex international relationship of forces, ‘late capitalism’ could not afford any major crises. Counter-cyclical policies aimed at preventing recessions led however, by way of holding down unemployment, to wage increases on such a scale that rapid decline of the rate of surplus-value and rate of profit was inevitable.

75. Anderson 1976.
Because the trade unions could only be led to restrict their freedom when compelled by dictatorship, Mandel saw no other option for the employers’ class than the creation of a new industrial reserve army, that is, accelerated replacement of living labour with ‘dead’ labour in order to counteract an lasting increase of the share of wages in newly created value: ‘Technical progress and technological innovation are thus factors that are not exogenous to the accumulation process in a capitalist economy. They are an inevitable outcome of the inner logic and internal antagonisms of this mode of production.’

Serious crises could only be avoided at the price of rising overcapacity and a ‘creeping’, uninterrupted decrease in the value of money, with, of course, consequences for economic growth. The other side of the coin of leaps and bounds in investment activity in the interest of technological renewal was a delay if not stagnation of growth, due to a steadily increasing number of monopolies and sectors where price competition had been eliminated and markets carved up.

The arms industry and service sector alone still offered a possibility for some time to come of converting an increasing share of surplus-value into capital. ‘Normal’ conversion of this mass of surplus-value into capital, that is, in sectors with the average rate of profit for the society in which there was a threat of overcapacity, would have put the valorisation of the total capital in danger.

Mandel charged the pragmatic theorists of post-Keynesian growth with ignoring the characteristic late-capitalist problem of overcapacity. As soon as unemployment showed its face once more, the Keynesian school, swinging back and forth between deficit spending and fighting inflation through tightening credit, was incapable of recognising the structural problems, let alone keeping them in check.

Marx’s economic theory was better equipped for the task, Mandel said. For Marxists, the pace and extent of economic growth were determined by five ‘strategic factors’: the rate of surplus-value, the rate of accumulation, the organic composition of capital, the circulation time of fixed capital, and the extent of the expenditure of non-accumulated surplus-value as ‘revenu’, that is, as private consumption by capitalists.

The interplay of these factors could explain how as monopoly and control over markets increased, a growing mass of surplus capital appeared whose unproductive consumption was a sign of overcapacity, leading to a prolonged fall in the rate of profit.

How exactly the interplay of these factors worked out and what their relationship was to each other, Mandel did not reveal.

77. Mandel 1968b, p. 248.
What was remarkable was that Mandel was, for the first time, presenting a theory of late capitalism in which the system's dynamic was not derived from one factor, but rather from an array of factors. In this way, he distinguished his approach from the monocausal analyses current in the Marxist tradition, as in the work of Henryk Grossmann, for whom overaccumulation was the motor of capitalist development; or the work of Rosa Luxemburg and Paul Sweezy, who attributed the main role to the problem of realisation of surplus-value; or the cases of Rudolf Hilferding and Michael Kidron, who focused respectively on competition and on unproductive consumption of surplus-value.78

In Mandel's eyes, the complexity of modern capitalism left no room for reductionism. On this point, he followed the example of Roman Rosdolsky, whose polemic against Mandel's neglect of Marx's economic method had clearly not been fruitless. As we have seen, Rosdolsky had specifically demanded in his criticism of the *Traité* that Mandel, in addition to 'the material' and 'naked empiricism', pay attention to the role of the dialectical totality in Marx's work.

In his later work as well, Mandel would remain loyal to the proposition that only the development and correlation of all the variables can explain the dynamic of the mode of production. In his contribution to the Frankfurt colloquium, he selected five of them; in his magnum opus *Der Spätkapitalismus* there would be six;79 in his study *Long Waves of Capitalist Development*, there would again be five;80 while, in a 1984 essay, he would increase the number to ten.81

Social and political relationships, like the struggle between capital and labour, did not appear in either 1967 or in 1972 (*Der Spätkapitalismus*) as a fundamental factor. Only in 1984 did Mandel put forward 'the law of class struggle determination of wages' as a 'partially independent' variable.

In the 1960s and 1970s, Mandel only dealt with variables that were endogenous from an economic point of view, which, as it were, flowed automatically from the structure of the system itself. These factors determined the speed and direction of development, but did not fundamentally change the system.

Nervous of any form of mechanical determinism, Mandel regarded 'class struggle' as an independent, exogenous factor, which took its place on an equal footing alongside the endogenous logic (the logic of surplus-value extraction).

Dissatisfied with this analytical indeterminacy, Mandel arrived in 1984 at a closer approximation: 'Besides the inner logic of the system, exogenous factors

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78. Grossmann 1929; Luxemburg 1913; Baran and Sweezy 1966; Hilferding 1920; Kidron 1968.
are at work, which partially co-determine the system’s development, at least at short and medium terms ranges.82

But, he added, the system itself sets the bounds of the possible changes: ‘Inside the system you can boost or undermine profits, deliberately or inadvertently. But you cannot suppress profits.’ That can only be done by eliminating the system, that is, by abolishing capitalism. ‘Hence any interaction between endogenous and exogenous forces is always limited by these parameters, by these constraints.’ Mandel gave ‘class struggle’, in the form of the elementary struggle over wages and working conditions, as an example. The struggle reaches ‘its limit when it threatens to eliminate basic mechanisms of the system.’

Class struggle is thus in part determined by the logic of the system, by fluctuations in the labour market and the rate of accumulation, but not mechanically and not exclusively. The variables are thus ‘partially independent’, tied, as it were, by an umbilical cord to the system, though the system does not itself directly produce them.83 Averse to determinism, Mandel advocated an integrated analysis of the entire societal reality.

In an autobiographical entry written for the Biographical Dictionary of Dissenting Economists, Mandel, in the last period of his life, counted as one of his accomplishments the fact that he had developed an economic, historical theory based on this dialectical (parametric) form of determinism.84 Unlike a mechanically determinist, unilinear Marxism, his theory could take account of the possibility, ‘nay the inevitability’, of choices in social and economic processes. But the choices remained within the limits of the system, and were determined by conflicting social interests: the playing field on which the struggle for power plays itself out.

In Berlin

One of the critics of Mandel’s presentation at the Frankfurt colloquium was Elmar Altvater: ‘a very gifted young Marxist economist’, Mandel confided to Rosdolsky.85 Altvater had been a member of the German Social-Democratic Party (SPD) from an early age, but had left the Social-Democratic student

83. This semi-autonomy is illustrated for example by the fact that there is no synchronisation of the business cycle with the cycle of class struggle. Class consciousness is more a function of what has occurred in the period of the previous fifteen to twenty years of class struggle than of the specific economic situation at a particular moment.
organisation SDS when the Party adopted the anti-Marxist Bad Godesberg programme in 1959.

Altvater had developed as a Marxist economist on his own. An official study of Marx’s *Das Kapital* was unthinkable inside the gates of academia. The 1966–7 recession, which signalled the end of the German ‘economic miracle’, had a catalytic effect. The legend of a crisis-free economic development, without overproduction or unemployment, fell apart. In search of an explanation of the rebirth of the business cycle, Altvater ran into Mandel, who caught his attention first with the *Traité* and now with a publication on ‘The German Economic Crisis [*Die Deutsche Wirtschaftskrise*]’. The Federal Republic’s first postwar recession was no exception, said Mandel; it was characteristic of late capitalism, which was headed for a general crisis that would break out simultaneously in the major Western industrial countries. In 1964, Mandel had still put forward this prediction cautiously, but, by the end of the decade, he was repeating it more and more emphatically.87

Altvater found in Mandel a Marxist who, alongside an analysis of modern capitalism, also offered the insights necessary as a key to Marx’s work. This was what Altvater and his rebellious generation were looking for.

Mandel was much in demand as a speaker in Germany as early as the early 1960s. Altvater emphasised that the ‘New Left’ and German student movement would have had difficulty emerging without Mandel’s theoretical contributions.88

Unlike France, with its uninterrupted, heterodox left tradition, Germany lacked Marxist continuity. The left-wing biotope had been totally destroyed between 1933 and 1945, and the orthodoxy that developed afterwards owed its inspiration above all to the GDR and Soviet Union.

Mandel could help fill the vacuum in part because his own history had regularly intersected the history of the German workers’ movement. He had been born in Frankfurt and, though he had grown up in Antwerp, German had been his family’s language in the 1930s when German political emigrants were their guests. He had experienced fascism and Nazism personally in the camps, but had never lost his confidence in the revolutionary potential of the German working class. One other factor, though its impact is difficult to measure, contributed to the network he belonged to: in the summer of 1966 he married the thirty-year-old SDS activist Gisela Scholtz, who was familiar with progressive student circles.

Mandel had great expectations of the German student movement. Marxist theoretical work evoked a response there. In 1970, he received an invitation

86. Mandel 1969b.
to be a guest lecturer for four months at the trend-setting Otto-Suhr-Institut für Politikwissenschaft in Berlin. He proposed as a topic "Theories of late capitalism", or would the theme "Market and plan in Eastern European economic theory" be more interesting to you? The Institute looked forward to benefiting from Mandel's expertise in both fields.

What a contrast to the chicanery that Mandel had to put up with in Brussels, the city he lived in! He gave a course on 'Introduction to Marxist Economic Theory' in the social-science faculty of the Free University of Brussels, but ran up against opposition from conservatives there. They tried to exclude him from the faculty on formal grounds: his lack of a doctorate. Mandel asked Lucien Goldmann to confirm that he was preparing a doctoral thesis under Goldmann's supervision. He complained to Marcel Liebman, 'This business causes me deep disgust, and it disgusts me even more to have gather documents to defend myself in order to stop petty people from making fools of themselves.'

Robert Heilbroner, Maurice Dobb, Maximilien Rubel, Wolfgang Abendroth, Piet Franzen, Ekkehart Krippendorff and other leading lights came to his defence.

Nor was the opposition limited to the anathemata that the conservative Right pronounced on him. In 1970, France, the US and Australia closed their borders to him.

He could still travel freely to Germany, and his appointment as guest lecturer in Berlin for the 1970–1 winter semester filled him with pride. He made the trip every week to West Berlin. About a thousand students listened to his lectures on 'The Theory of Late Capitalism' for 16 weeks, every Wednesday from 3 to 5 p.m. 'This is all extremely strenuous', Mandel told Karola and Ernst Bloch. He became friends with the famous philosopher through Rudi Dutschke, who had stayed in England for a little while after the attempt on his life in April 1968. From England Dutschke asked ironically, 'Ernest, can a department of the F[ree] U[iversity] become a school for rev[olutionary] cadres?'

Mandel seized the occasion at Berlin's Otto-Suhr-Institut to complete his theory. In the shady streets of Dahlem he had to come to an understanding with an intellectual milieu in which a wide range of critical theories was in vogue. Just as capitalist recovery around 1900 had fostered a revisionist tendency, the unprecedented growth after 1945 provided fertile ground for ideas that sought to reformulate Marx's theorems.

In Mandel’s eyes, these ideas shared an inclination to deny the Western proletariat’s role in the struggle against imperialism and capitalism. They explained this as a result of a change in capitalism’s classical *modus operandi*: a mindset that was particularly popular in undogmatic left-wing circles.

The main alternative was the theory, prevalent among Communists, of state monopoly capitalism. This theory included the thought that the power of the monopolies could be reined in with the help of the state, so that a transition to socialism could be launched without having to break with capitalism. For Mandel, the possibility of the state’s eliminating or largely neutralising capitalism’s fundamental contradictions depended on whether the law of value also held true for late capitalism. Mandel’s own unambiguous confirmation that it did contrasted with a ‘yes’ so hedged with ‘ifs’ and ‘buts’ that Mandel said it ended up as a ‘pathetic “nyes”’.

**The anatomy of late capitalism**

Mandel structured his lecture series around seventeen themes, which corresponded more or less to the chapters of *Der Spätkapitalismus*, published two years later.94 From the beginning, in his first lecture, Mandel stressed the necessity of a historical explanation. This was essential, given Mandel’s conception of partially autonomous variables that represent ‘all the basic proportions of the capitalist mode of production’.95 The successive phases in the history of capitalism could be analysed by situating the interplay of these variables in a historical framework. What is expressed in the interplay of the variables, said Mandel, is the rise and fall of the rate of profit, the seismograph of history, which records the economic cycles and waves.

Late capitalism could accordingly be seen as that phase of the epoch of capitalist decline, opened by the First World War, in which, after defeats of the international workers’ movement, a sharp rise in the rate of surplus-value brought about a sudden, prolonged rise in the rate of profit, and thereby an increase in capital accumulation and a speed-up of economic growth. Over time,

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95. Mandel 1978, p. 41. The six fundamental variables that Mandel gave were: 1. ‘the organic composition of capital in general and in the most important departments in particular’; 2. ‘distribution of constant capital between fixed and circulating capital’; 3. ‘the development of the rate of surplus-value’; 4. ‘the development of the rate of accumulation (the relation between productive surplus-value and surplus-value which is unproductively consumed)’; 5. ‘the development of the turnover-time of capital’; and 6. ‘the relations of exchange between the two departments’. See also Mandel 1978, p. 39.
however, the laws of motion of capitalism made a falling tendency of the rate of profit inevitable, signalling the beginning of a new period of slower growth.

His reconciliation of ‘theory and history’ situated Mandel as an intellectual freebooter in relation to the Marxist mainstream: outside of Althusserian orthodoxy; outside of what Perry Anderson called ‘Western Marxism’, which had turned its back on economic research; and outside the tradition of apprentices of Marx like Luxemburg, Hilferding, Grossmann and Bukharin, who used Marx’s reproduction schemes as the starting point for their efforts to explain the specific phases of the capitalist mode of production.

While Mandel had declared in the Traité that the schemes were unsuitable as a tool to analyse disruptions of equilibrium, now he wondered whether it was possible to establish different, modified schemes. These schemes would have to be made up of three or four departments instead of just two, and would have to take account of the tendency towards uneven development. Marx’s two-department reproduction schemes would then form only a special case, just as economic equilibrium is a borderline situation given capitalism’s characteristic tendency to uneven development of its different sectors, departments and elements. An analysis would have to be made of how the partially independent variables develop in various different conditions; of why disequilibria are inevitable; of how a new equilibrium is restored, why new disequilibria arise, and when and under what conditions they lead to overproduction crises. But Mandel did not manage to design such dynamic schemes. Not the great number of variables, but rather their dialectical character proved to be an insurmountable difficulty.

The capitalist system, Mandel stressed time and again, ‘can only be explained and understood as a function of the interplay of [the] variables.’ The interplay: that was what it was about for Mandel. But once he failed to create a framework, in the form of more dynamic reproduction schemes, to investigate the development and correlation of the basic variables, the six fundamental laws of development, not only his analytical toolkit (the reproduction schemes) but also his analytical method (the interplay of all the variables) was left hanging in midair.

Could this be the reason why, despite the deep-going analysis of the separate variables in Mandel’s successive chapters, the structure and cohesiveness of his book does not always satisfy, and his synthetic historical representation of a

96. Mandel divided up the four departments as follows: I. production of fixed capital; II. production of raw materials; III. production of consumer goods; IV. production of luxury goods (see Mandel to Chester, 1 September 1972, Ernest Mandel Archive, folder 61).
complex, integrated reality fails to convince? As Elmar Altvater pointed out to Mandel after a critical reading: ‘It’s as though these individual chapters… are individual essays in a row on individual manifestations of late capitalism. The chapters could also be published separately, at least for the most part, as essays furnished with a brief introduction.’

Moreover, Chapter 17, ‘Late Capitalism as a Whole’, the one meant as a synthesis, devotes so much attention to the ‘critique of the political economy of late capitalism’ that Mandel allows little room, besides a general theoretical argument for the continued validity of the law of value, to present the new and specific combination of competition, monopoly and state characteristic of this phase of capitalism. He makes clear that late capitalism is only a phase of monopoly capitalism; but what distinguishes it from other phases, such as classical imperialism (1890–1940), is less clear. A formulation like ‘monopoly capitalism, and late capitalism in particular’ suggests that there is no more than a gradual shift, marked more by continuity than by change.

Otherwise late capitalism must be seen as the over-determination of the long postwar conjunctural wave with an expansive keynote, by contrast with the preceding, interwar phase characterised by a long wave with a recessive keynote. The concept includes all the long wave’s consequences for state regulation, the relationship between monopoly and non-monopoly sectors, and the corresponding divergences in different rates of profit.

Marxists often take refuge in reductionism: a quest for universally valid answers that Mandel rejected. Yet Der Spätkapitalismus also invited interpretations in which the synthesis was reduced to long waves, determined by what his critics called the one dominant variable: the rate of profit. Is this a case of ‘poor reading’, as some commentators have said? The fact holds true even for Mandel: the complexity of the material could never be overestimated. Despite his intentions, the result intrigues without arriving at a mature synthesis.

98. For the English edition of Der Spätkapitalismus, Perry Anderson recommended ‘a somewhat longer prefatory explanation of the structure and the order of the book… The transitions from chapter to chapter are often quite abrupt’ (Anderson to Mandel, 13 April 1973, Ernest Mandel Archive, folder 50).


100. Among them, Mattick and Rowthorn. Also see Michael Kräcke’s contribution in this issue.

Long waves

The history of capitalism appears as a cyclical movement of capital accumulation: a succession of expansion and contraction, prosperity and crisis. Even though crises were viewed during the period of postwar boom as a problem that had been solved – in Marxist as well as academic circles – Mandel held to his analysis that the business cycle continued to exist and tried to refine the theory of the business cycle, elaborating on Chapter 11 of the Traité d'économie marxiste. He discussed the role of credit expansion and permanent inflation extensively in Der Spätkapitalismus, as factors that postponed a crisis temporarily but would make it even more explosive in the end.102

For Mandel, however, the history of capitalism on an international level appears not only as a succession of five-, seven- or ten-year cyclical movements, but also as a succession of longer periods of roughly fifty years. This was a third temporality, located between the short industrial cycle and the cycle corresponding to the duration of the system itself (based on the so-called theory of collapse).

Mandel’s version of long waves had no fixed regularity or duration: there is an asymmetrical relationship between the turn from an expansive long wave to a depressive one and the turn from a keynote of stagnation back towards expansion. Mandel conceded that an empirical verification of long waves was not the same thing as the statistical confirmation that his critics demanded, but he regarded ‘the main problem not as one of statistical verification, but of theoretical explanation’.103 That was a vast, fallow field for research, because the debate on long waves had fallen silent since the 1930s. In spite of Mandel’s rehabilitation of long wave theory, only in the second half of the 1970s did interest in it spread to broader circles. The 1974–5 recession provoked an explosion of articles and debate.

Unlike Parvus (1901), Mandel did not seek an explanation for expansive long waves in expanding markets; unlike van Gelderen (1913), he did not attribute expansive waves to expanded production. Neither did he endorse Kondratiev’s explanation based on the long life of ‘big’ investments, or Schumpeter’s explanation, deriving long waves from innovative activity of entrepreneurs.104

All these explanations, Mandel said, neglected fluctuations in the rate of profit, without which no explanation was satisfactory, a standpoint that he had expressed as early as 1964. Rises and falls in the rate of profit do not depend

on one factor, but rather on a series of factors, and the mechanism behind a
turnabout must be investigated historically in each case.

While Mandel characterised the turn from accelerated to slow growth as
inevitable, he considered that the movement in the other direction is not
automatically brought about by endogenous factors: factors anchored in the
economic process itself. External 'system shocks' – an image Trotsky had used
earlier to refer to a range of non-economic factors such as war, revolution and
counter-revolution – play a decisive role. Only external shocks of this kind
could explain what, for Marxists, had to be seen as a paradox: a sudden, sharp rise
in the rate of profit, without which economic growth was ruled out. That had
occurred after 1848, after 1893 and after 1940/1948. These turnarounds could
be incorporated into a Marxist economic analysis because – here, we can think
back to Mandel's argument during the 1967 Frankfurt colloquium – different
key variables are partially autonomous. Historical research is required in order
to reveal their (non-mechanical) correlations. Mandel's conclusion inextricably
links and welds economics with history: 'We can therefore accept the idea that
the long waves are much more than just rhythmic ups and downs in the rate
of growth of the capitalist economy. They are distinct historical periods in a real
sense.'

But, if late capitalism is a 'distinct historical period' that coincides with the
long wave that began in 1940/1948, then does its continuity with the preceding
phase need to be relativised? In the introduction to Der Spätkapitalismus,
Mandel said in passing that postwar capitalism was 'merely a further development
of the imperialist, monopoly-capitalist epoch.' That seems to characterise
the long wave, with its unique combination of contradictions, as a mechanism
of secondary importance, rather than as a new accumulation régime. Did his
repugnance for the popular notion of 'organised capitalism,' with its connotation
of harmonious development, lead him to put the emphasis on continuity?
His discontent with the term 'late capitalism' (a chronological term rather than
a synthetic one) betrayed how torn he was between different conceptions.
It seemed as if late capitalism could not be analysed simply as an 'older' phase
after all.

106. Elsewhere, Mandel formulated the paradox as follows: 'Is it possible . . . to explain long-
term upsurges in the average rate of profit at certain historical turning points, in spite of the cyclical
downturn of that same rate of profit at the end of each industrial cycle, and in spite of the secular
decline pointing to the historical limit of the capitalist mode of production? Our answer to this
question is a categorical "Yes."' Mandel 1995, p. 9.
107. Mandel 1995, p. 82.
Conclusion

Mandel followed in Marx’s footsteps by putting history back at the heart of economic theory. That, in addition to his opposition to Eurocentrism, was a major accomplishment. He set out to analyse late capitalism as soon as he had a clear idea of its historical trajectory. The theory of long waves helped him understand the ebb and flow in investments, production, growth, unemployment and income. He succeeded in defining a new sub-phase in the history of capitalism that, in his own words, retains ‘the main characteristics of monopoly capitalism (imperialism according to Lenin’s vocabulary)’ while adding ‘significant new features’ as well.109 Internationalisation of productive forces and capital, made possible by the third technological revolution, were in his eyes the main trend in post-war capitalism. In Der Spätkapitalismus and the earlier Th e EEC and European-US Competition [Die EWG und die Konkurrenz Europa-Amerika] he foresaw the decline of US absolute hegemony and the nation-state’s decreasing capacity for economic intervention. Structural transformations and adjustments were indispensable in order to address the dilemmas successfully: a remarkable anticipation of the debate over globalisation that got under way in the 1990s.

While many of the central elements of Der Spätkapitalismus were already present in the Traité d’économie marxiste, such as the theory of unequal exchange, the existence of two average profit rates in monopoly capitalism, and crisis theory, the Traité lacked a coherent analysis of post-1945 capitalism. Mandel’s objection to people’s inclination to let the ‘thirty glorious years’ carry them away to the point of arguing that capitalism’s inherent contradictions had been weakened can also be made to a certain extent to the Traité. Mandel had not taken enough distance from the ‘new prophets of harmony’.110 During the course of the 1960s, he set about overcoming its weaknesses. First, with his rehabilitation of long-wave theory in 1964, then with his elaboration of the concept of ‘alienation’ and his critique of Althusser’s structuralism in La formation de la pensée économique de Karl Marx in 1967, and, finally, through his development of a dialectical (parametric) conception of determinism, also beginning in 1967, he laid the foundations for an analysis of late capitalism ‘based on the immanent laws of the movement of capital’.111

Yet Mandel’s work did not remain unchallenged, even in his own circle. Rosdolsky, whom Mandel considered his teacher, thought the Traité was weak. Der Spätkapitalismus also evoked serious criticism. Elmar Altvater expressed

dissatisfaction with its lack of coherence and with various theses that Mandel had elaborated. Mandel had, he thought, not been successful enough in investigating the development and correlation of the different fundamental laws of development.

All in all, it was not made clear enough what distinguishes late capitalism from monopoly capitalism or imperialism. Mandel's periodisation might have came into better relief if he had outlined the long waves' relationship to the different epochs of capitalist accumulation (accumulation régimes). With production of surplus-value and the development of the rate of surplus-value as starting points, a reference to Taylorism and Fordism as new regimes of surplus-value-extraction from the First World War on would have been useful. The expansive period of the third technological revolution, the 'thirty glorious years' that began in 1940/48, could have been analysed as an exceptional phase of that accumulation régime, with a high degree of continuity. The term late capitalism, with its unavoidable fatalistic connotations, would then have been superfluous.

Archives

The Ernest Mandel Archive is housed in the International Institute of Social History (IISH) in Amsterdam. In addition to manuscripts and personal documents it includes an extensive political and scholarly correspondence consisting of roughly 20,000 letters. The archive covers about 25 metres of shelf space. The IISH also hosts the archives of Roman Rosdolsky, Isaac Deutscher and Wolfgang Abendroth.

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Review Articles


The aim of Jane Whittle’s book is to identify and explain the origins of agrarian capitalism in England. Its motivation lies in testing Robert Brenner’s influential class-based explanation of the origins of capitalism with a detailed empirical study of historical change.1 Her study focuses on the village of Marsham, part of the manor of Hevingham Bishops in north-east Norfolk, eastern England, in the period of 1440–1580. Comparisons are made with nearby manors and villages where evidence survives. This area was chosen because of its wealth of surviving evidence, Norfolk’s advanced commercial credentials, and its particularly rebellious population having featured strongly in both the 1381 rising and Kett’s rebellion of 1549 (pp. 1–2).

Whittle’s particular explanation emphasises property structures and class in the determination of the transition to capitalism, and she accepts Marx’s assertion that the most important aspects of the transition are the dissolution of serfdom and the subsequent expropriation of the peasantry from the land (p. 16). However, she takes issue with Brenner’s application of Marx in regard to the chronology of the changes, the concept of ‘prime mover’ in determining change whether class, demographic, or commercialisation, the extent of lordship interference versus autonomous peasant activity, the role of class alliances in the changes, and the question of the security of land tenure. Before looking more closely at these points of contention, Whittle’s overall conceptual apparatus for understanding the transition will be addressed.

Feudalism versus peasant society

Whittle is critical of the use of the concept of feudalism and its theoretical capacity to develop into capitalism, the latter being defined as a system ‘dominated by production for the market and a particular type of labour’, and only fully developed by the late eighteenth century after the parliament-induced enclosures finished off a long process of transition. She equates the feudal mode of production with the social relations of serfdom, and so it follows that because serfdom largely died out in England by about 1420, ‘we have to accept the period from the mid-fifteenth century to the late eighteenth century as a “gap” between modes of production, rather than “transitional” or “mixed”. Her preferred concept is ‘peasant society’ which she says ‘offers a more useful and flexible theorization of the type of economy preceding capitalism in

England and other parts of the world, than feudalism can provide. Her application of the concept of ‘peasant society’ focuses on the peasant household and family labour for subsistence with partial market integration. The household exists, however, within a larger political unit, or state, where peasants’ political and legal rights are inferior to those of the ruling class to whom they pay rent or tax (pp. 10–12). She then goes on to suggest that ‘a model in which peasant economy and society merges into capitalism is preferable to that in which capitalism is seen as rising inevitably out of a void created by the collapse of feudalism’ (p. 16).

These formulations will frustrate historians engaged in the transition debate, particularly Marxists. To begin with, her definition of peasant society cannot be distinguished from generally acknowledged applications of it within feudal terms, except that it importantly de-emphasises the presence and role of the feudal ruling class and its property and power base. But most significantly, serfdom, that is, labour rent and other servile or customary services, forms only one aspect of the feudal rent or levy imposed upon peasants within feudal society. Other aspects include seigniorial monopolies of mills and ovens, court fines, enforced money rents and state taxation to which the large percentage of freeholders were also subject to, along with the peasants from manors and regions where serfdom dues were either very light or non-existent. An end date for feudalism in 1420 is therefore misleading, as is the consequent denial of a possible transition from feudalism to capitalism. As I understand it, the concept of the transition from feudalism to capitalism assumes that elements of these distinct societies co-exist within a transitional social formation, and the capitalist mode of production and the related institutions and culture that form capitalist society become predominant over time following the circumstances of its uneven emergence and its extension. Whittle’s perspective serves the purpose for her emphasis on the natural workings of the market and autonomous peasant activity in determining change, and I will return to this point below.

The prime mover

Whittle’s rejection of Brenner’s assertion of class as prime mover in the transition is based upon a misreading and a misunderstanding. Firstly, she accuses him of emphasising class relations without reference to demographic change and wider economic factors, and, secondly, she asserts that ‘prime mover’ explanations ‘have an inherent weakness, creating the impression that historical change was inevitable once certain conditions are attained’ (pp. 26–7). The first point cannot be sustained as Brenner has consistently asserted, most recently in his paper on the Low Countries, that the outcomes of demographic change and commercialisation are determined by their mediation by the given social-property structure and the balance of class forces in a particular region. The second point carries little force where it concerns class as prime mover. It is in the nature of class struggle that outcomes are open-ended and not inevitable. As Brenner states in an early essay, ‘it needs to be remembered that even in the west the collapse of serfdom did not lead in any automatic way to capitalism or successful economic development’.

Periodising the transition

The central aim of Whittle’s research has been to examine the level of development that was reached in rural England between 1440 and 1580 (p. 15). These dates are important because Brenner identifies the period from the mid-fifteenth century to the second half of the sixteenth century ‘as the time when crucial differences became apparent in the agrarian systems of England and France’. She goes so far to say that Brenner argues that fully-fledged agrarian capitalism had developed in England by 1580, expressed in the classic triumvirate class structure of landlord, capitalist tenant and propertyless wage-labourer (pp. 23–4). Against Brenner, she argues that, between 1440 and 1580, there was no deliberate expropriation of the peasantry by lords either through direct eviction or through the increase of entry fines on the inheritance or conveyance of peasant customary land and its transfer to competitive leasehold. Brenner had argued that it was by these means that lords expropriated the peasantry. Following the dissolution of serfdom and the significant weakening of their income, the lord’s allied with the peasant élite in order to increase the proportion of land under their control and to improve their income from the higher rents leasehold was able to attract.4 Whittle says that, in practice, customary or copyhold tenure was secure. While entry fines did increase, these increases were negligible and certainly not market sensitive like leasehold (pp. 78–81). Instead, she argues that the dissolution of serfdom by the early fifteenth century freed up the land market and polarisation in landholding was engendered by the actions of the peasants (mainly the élite) themselves and without lordship interference. Peasants, and, because of the improved status of customary land having lost the taint of servility, increasingly gentry and wealthy townsmen, confronted each other with unequal resources on a free land market, and polarisation took place naturally in this way, although the contours of class struggle are clear even here. Her general argument therefore, against Brenner, is that there was no major structural change in the nature of the rural economy or society between 1440 and 1580. Change came before 1440 with the dissolution of serfdom, and after 1580, although immediately after, when landlords became very active in Norfolk in the late sixteenth and early seventeenth centuries in order to benefit from high prices and increase revenues by the large scale transference of land to competitive leasehold, something that Brenner argued had generally happened earlier. She argues that a fundamental indicator of this lack of structural change before 1580, is that limited proletarianisation had taken place in terms of a free wage-labour force employed in agriculture. Landlessness had increased, but smallholding was still strong and was combined with other subsidiary occupations and extensive common rights of grazing (pp. 305–13).

The problems with this thesis begin with its core theme of the absence of major structural change towards agrarian capitalism in England between 1440 and 1580. It needs Brenner to say that agrarian capitalism expressed in the classic tripartite structure had fully matured in England by 1580. From here, it is easy to prove otherwise, especially from her limited sample. But, because Whittle accepts that the economies of France and England had noticeably diverged by the seventeenth century, she is obliged to propose alternative reasons than Brenner does for this divergence. She suggests in the conclusion of the book that the ability of English peasants to resist state taxation in the late fifteenth century and early sixteenth century gave

them a freer rein towards improvement, compared to the French peasants who had been
devastated by wars on their soil in the first half of the fifteenth century and had experienced
heavy taxation and absolutism from then onwards (pp. 311–12). This is a rather arbitrary
notion, not least because the English parliament also resisted Tudor taxation in England, and
this ability for the English gentry to offset the power of the English monarchy was one of the
reasons the country did not slide towards a comparative situation with France. The English
peasantry, particularly the vast majority of non-elite peasants, had more immediate local
obstacles than the Tudors. This aside, what Brenner did in fact say, in regard to the chronology
of the changes, was that the tripartite capitalist hierarchy was ‘newly emerging’ in the Tudor
period, and that it was the process of institutionalising this form compared to the re-
fragmentation of small French peasant property under an increasingly powerful state begun in
the fifteenth century that was the key to the divergent evolutions of these two countries.5
Brenner then goes on to argue that the consequent growth of agricultural productivity in
England engendered by these new social relations maintained demographic increases and
continuing industrial growth founded on a growing domestic market. Continental Europe
continued to be fettered by its feudal agrarian base.6

**Capitalist agrarian structure and proletarianisation**

An important question arises from this discussion however. Was it necessary for a fully mature
capitalist agrarian structure to have developed before the processes of agrarian capitalist
development could take hold and lead to a divergence; or, in other words, did the imperative
exist for enough specialising farmers and clothiers in key districts to produce competitively for
the market, and to accumulate, innovate and improve efficiency and therefore agrarian
productivity in order to do so? It should be recognised, and this is a fundamental point, that
an entirely market-dependent proletarianised labour force was *not* required for the processes
of agrarian capitalist development to take hold at the outset. Such an unskilled, dependent,
labour force would increasingly be the result of these processes, not their cause. Whittle’s
focus on proletarianisation as an indication of the extent of structural change in the economy
towards agrarian capitalism in the sixteenth century is misleading therefore, particularly when
capitalist organisation in agriculture was typically pastoral in its early stages, requiring
relatively fewer labourers than arable farming. Proletarianisation might be profitably analysed
as early as c. 1520 in the areas of developing cloth industry and small town districts, although,
as Whittle says rather disarmingly, this industry was run on a more capitalistic basis outside of
her region; a more scattered worsted industry was prevalent in the latter (p. 248). On the basis
of evidence from the Tudor subsidy of 1524–5, Michael Zell has demonstrated that the small
cloth town and district of Cranbrook in the industrialised Weald of Kent was one of the
wealthiest districts there, and yet the polarisation of wealth was particularly acute, with over
sixty per cent of the taxable population in the two poorest wealth bands.7 David Rollison
has provided a little used indicator of structural change in the economy by revealing the

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striking extent to which capitalist clothiers had become a powerful lobbying group for their industry by 1550. A crisis in the cloth industry by this time meant large-scale unemployment and social unrest.8

Whittle’s conclusion against Brenner that, ‘If there was a three tier rural society in the sixteenth century, it was manorial lords, yeomen, and smallholders, subtenants and servants, not landlord, tenant farmer and wage labourer’, can hardly be denied given that it is based upon a false distinction. In my own empirical research, I have found very little to distinguish yeomen from lease-holding tenant farmers in the sixteenth century, as free-holding tended to be monopolised by gentry, and so there is no argument about the first two elements in the hierarchy.9 And, as I have just argued, a predominance of ‘capitalist wage-labourers’ was not required for agrarian capitalism to take hold and create a divergent economy from France’s; a heavily wage-dependent and therefore market-dependent population of smallholders holding less than five acres, subtenants and servants could suffice. The key to the extent of structural change between 1440 and 1580 in rural society is therefore, in my view, the extent to which the first section of the agrarian capitalist hierarchy had developed, namely landlord and capitalist tenant, and I will now briefly develop this point.

Despite her assertion of lack of major structural change in her sample, Whittle’s own examples are indicative of the contrary. She states that ‘It is clear that the social and economic structure of early sixteenth century north-east Norfolk exhibited a strong polarisation, both in the possession of land, and in moveable wealth, *The fuller the picture that can be obtained, the stronger the polarisation appears to be*’ [my italics], (p. 224). As early as 1515 ‘at least’ 21 per cent of the customary land of Hevingham Bishops manor was already enclosed (p. 59). She also finds cases of gentry deliberately depopulating villages. For example, one called Bettes was the only resident in his village as early as 1522 having depopulated it and engrossed land in the surrounding manors as well (pp. 199–200).

Turning to evidence for other parts of England, Christopher Dyer has calculated that around 1400, 20 to 25 per cent of demesne land, that is, land in the lord’s direct possession and separate to that possessed by free and customary tenants, was leased to tenant farmers, and he suggests that this was a revolutionary step in itself happening, as it did, within a few decades.10 He also demonstrates how these capitalist ventures were likely to, and in fact did, expand into the early sixteenth century. He uses a typical example of a fifteenth-century farmer in the West Midlands holding a 500-acre demesne and his son going on to expand it by over a hundred acres just after 1500. Already by the end of the fifteenth century, there were an estimated 5,000 farmers like Heritage owning a fifth of the land in lowland England.11 My own study of a small town and its surrounding manors on Romney Marsh in Kent, south-east England, reveals similar processes. From the 900-acre manor of Dengemarsh within the parish of the small town of Lydd, a demesne of 300 acres was leased to a yeoman farmer from the early fifteenth century along with the rents and court perquisites of the whole manor. By the early

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sixteenth century, this was consolidated and enlarged by another 100 acres. At least another two large farms of 100 and 80 acres had also been carved out of the customary holdings by that time and leased back to the engrossing yeomen by gentry. The stimulus for this accumulation was the demand for wool from the expanding cloth industry in the nearby forest called the Weald of Kent from the 1460s, the cloth heading for the expanding Flemish Antwerp entrepôts via London. By 1580, some of these farmers already held thousands of acres on Romney Marsh, 2–300 acres being very common.12

This evidence supports a conclusion that England had gone a significant way towards a landlord/lease-holding tenant-farmer structured agrarian economy by 1580, enough to create a divergence from the French economy.

Class alliances or peasant autonomy?
Another important question arises however, and that is, how was accumulation of land possible outside of the lords’ demesnes, the latter being leased early on? This question touches on the nature of class alliances in generating the transition. Whittle argues that accumulation and engrossment of land was undertaken by the peasants themselves without interference from lordship, and it was largely the outcome of the natural workings of a free land market.

Firstly, what may appear to be a free land market as seen in the transactions recorded in the manorial courts rolls may indeed be the result of force and intimidation to sell. This was clear in my own sample. When these court transactions and deeds are used in conjunction with evidence of conflict in separate sources, and these hardly ever survive of course, a different picture may be developed.13 Second, with what we know of the activities of gentry in her sample, Whittle’s point about the lack of lordship interference needs qualifying, because gentry, who could also be lords there were also the biggest engrossing tenants, besides being deliberate depopulators. She says, in fact, that ‘there was no sharp dividing line between the policies of lords and their larger, more powerful tenants who sought to engross holdings’ (p. 200). She goes on to categorically reject the notion promulgated by Brenner, and Thirsk and Tawney before him, that engrossing and enclosure were facilitated by mutual interests between lords and their farmers. This is a crucial aspect of the transition, in my view, because, arguably, without such an alliance the lords’ capacity to adapt through leasing and eviction would have been highly problematic. These farmers who were the peasant elite had earlier been the mouthpiece of peasant resistance against lords, and their shift closer to the lords would have been decisive in the changes. However, Whittle argues the contrary, which is that lords often sided with their peasant tenants against engrossing farmers. Her single example to support this view is not convincing, however. In this instance, the ecclesiastical lord sided with peasant tenants because the engrosser, who also held the demesne lease, enclosed part of the common fields. Anywhere else, this situation would seem strange, but in Norfolk, lords owned foldcourse rights to graze their sheep on the commons and this explains why in such unique circumstances the lord was upset at his rights being infringed. What is significant is that the engrosser, who was one of the largest tenants on the manor, and someone who had recourse to

official posts, was granted a warrant of good conduct by Roger Townshend, knight, and Edmund Wyndham, esquire, indicating he had patronage from powerful lay lords outside of the manor in question (pp. 60–3). The Townshends were, in fact, major gentry sheep farmers adjacent to the west of Whittle’s sample by the end of the fifteenth century, and they supplied the expanding cloth industry in Suffolk to the south.

In my own sample, a petition to the Lord Chancellor in 1583 against two sheep farmers, a yeoman and a minor gentleman, gives an indication of the potential relationship between lords and major tenants. The petitioner states that they were

men of wonderful wealth, and tenants to the most worshipful gentlemen in the county of Kent, of their marsh land in Romney Marsh and thereabouts, whose aid and friendship the said defendants so greatly expect that they think to colour up their great faults which are in truth the engrossing up of the greatest part of the marsh lands in those parts into their own hands and turning it all to grazing.14

In his latest book, Christopher Dyer has pointed out that,

In 1517, the government, under Cardinal Wolsey, set up a commission to investigate the ‘casting down of houses’ and the conversion of arable to pasture. The reports of the commissioners and the court cases that followed revealed hundreds of offences, mainly in the east midlands from Buckinghamshire to Nottinghamshire. They missed many deserted villages because they tended to catch lords who were removing the last villagers from badly shrunken settlements. For example the depopulation of Burton Dasset in 1497 by Edward Belknap [lord] and John Heritage [capitalist farmer] resulted in the loss of twelve houses, but this had been a very large manor with more than seventy tenants before the first plague. Clearly most of the inhabitants had moved out before the lord enclosed the fields.15

Heavily populated settlements were also cleared, however. But, in support of Whittle’s thesis, Dyer also identifies the processes of engrossment and enclosure as being carried out by the peasants, notably the elite, but without lordship help, and that the creation of large farms through winners and losers on the peasant land market was also a factor. This must certainly be seen as one part of a complex English experience, therefore, although lack of evidence of direct lordship help may not necessarily mean there was no lordship influence or back-up. The peasant elite, for example, were usually lordship officials. Dyer also points out that, as indicated in the above quote, the majority of enclosed land in the West Midlands, outside the large demesnes, was of vacated land and deserted villages following peasant migration in the late fourteenth and fifteenth centuries from servile tenures and poor quality and isolated holdings. Peasants literally voted with their feet, and this was a form of resistance that had a major impact on the decline of serfdom in England.16

Security of tenure

One of Robert Brenner’s central hypotheses put forward to explain the difference between the evolution of the agrarian economies of France and England is that in England, leasehold (an increasing feature as indicated above), but also copyhold tenure, whether its possessors held it for a stated number of family lives or whether they inherited it *imperpetuam*, was insecure, but, in France, the peasants gained full proprietorship of the land early on. The implications are that, because copyholds were subject to variable entry fines, they were, like the leases market sensitive and subject to the highest bidder. At a time of demand for land or high prices for produce, a lord would have the option of raising entry fines at will meaning the newly-inheriting small peasant holder with few means could lose his land legally to an engrosser if he could not come up with the extra cash.\(^\text{17}\) Whittle accepts that the level of insecurity varied over the country as it was dependent upon the custom of the manor, but she shows in her sample that fines upon entry to a property were either fixed according to agreed custom between lords and peasant tenants, or, if variable, did not change much. She therefore refutes Brenner’s argument that insecurity of tenure was behind the changes. However, what is interesting about the lords in north-east Norfolk is that they took very little active part in the changes until the end of the sixteenth century, when they suddenly had the capacity to transfer customary holdings to leasehold on a large scale. Despite the fragmented jurisdictions and relatively small demesnes in Norfolk, one may suspect, therefore, that they may have had the capacity to do this before but were satisfied with the income they were receiving. Indeed, in Whittle's sample, the customary rents and entry fines might have been fixed, but fixed at the high level of 7d per acre, and not least because they included commutations of earlier servile dues (p. 72, pp. 78–9). With the buoyant land market, and relatively dense population, the lords may not have been so stuck for income until the pressure of high prices provoked large-scale action. She says herself that the lords, ‘were capable of administering these disparate units of land, people and jurisdiction with tenacity, and for a moderate profit’ before 1580 (p. 36).

In my sample in Kent, copyhold rents and entry fines were low, and, although their value varied, mainly due to the diversity of coastal land fertility, they were mostly fixed at only 4d an acre right across the fifteenth and early sixteenth centuries, the freehold rent in Norfolk, and did not vary much between manors except on one manor where they were only 1d an acre.\(^\text{18}\) These favourable conditions for peasants must have been a legacy of the relatively free tenure in Kent, where there were originally very few servile dues compared to elsewhere. It is not surprising therefore that the pressure on the lords to transform the economy in the context of their declining income was greater much earlier in these circumstances. An offensive by the lord, his demesne farmers and merchant stewards of his Abbey of Battle against the small-holding tenants who were both peasants and small-townspeople occurred as early as the 1460s.\(^\text{19}\)

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History from below

The bulk of this review has been critical of Jane Whittle’s book. However, it is a very welcome addition to the transition debate, and, as she says, it was needed to redress the balance between theoretical and detailed empirical work on the debate. Her meticulous research and marshalling of the evidence is outstanding in the field, and the chapter exploring the extent of wage-labour and proletarianisation deserves to be used as a model for research on other regions. The most important point that can be taken from this book, however, is the question of the level of autonomous peasant activity in determining the transition to capitalism. This point is more than a question of empirical assessment of which much more needs to be done. It has an affinity with the ‘British Marxist’ approach to ‘history from below’, an approach most recently applied in regard to the late medieval period in the work of Rodney Hilton and Christopher Dyer. This approach places emphasis on the choices, decisions and struggles of ordinary people and their capacity to initiate or determine the direction of change. While I advocate this approach myself, hypotheses on the limitations on the coercive capacity the feudal lords had over the peasantry should not be overdone. Even in Whittle’s sample, which describes a region of particularly weak lordship based upon fragmented jurisdictions and limited demesnes, the lords are there or thereabouts, and, when push came to shove by 1580, their role appears decisive. One more than suspects that the history of English political institutions would have been different had this not been the case.

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References


For many years, Bruno Rizzi (1901–77) was an obscure figure. The only book of his that was talked about, La Bureaucratisation du Monde, was published in France in 1939 and had a very restricted circulation. It was known in some left-wing milieu only because Trotsky mentioned it cursorily and very critically in his essay of September 1939, ‘The USSR in War,’ where he associated Rizzi with Hugo Urbahns. Pierre Naville made an extensive and more balanced analysis of Rizzi’s main thesis in his article ‘La Bureaucratie et la Révolution’ published in Arguments. But while, later, some of the collaborators of this French journal became deservedly well-known, they were virtually unknown during the life of the publication from 1956 to 1962. Only the multi-shaded leftist movement that proliferated around the world during the second half of the 1960s and the first half of the 1970s, and the renewed interest in a radical left criticism of the Soviet system, opened the way to mass editions of the first volume of La Bureaucratisation du Monde, as well as the works of several other authors, until then forgotten or discussed only inside a few groupuscules.

Even now Bruno Rizzi is known, when he is known at all, because of that one book. Alessandro Orsini’s work usefully draws our attention to the evolution of Rizzi’s thought from the Trotskyist arguments expressed in 1937 in Dove va l’U.R.S.S.? to his last letters. Regrettably, Orsini does not describe, or did not uncover, Rizzi’s ideological trajectory before 1937, when he was expelled from the Italian Communist Party, and it would be interesting to know the origin of his passing fancy for Trotsky’s theories.

But, as La Bureaucratisation du Monde is not only a stage in a personal journey, it must also be judged in the context of left criticism of Soviet Union’s evolution. From this angle, Orsini’s book is seriously wanting, and although it contains a summary of Trotsky’s views pertaining to the Stalinist USSR (p. 32), it does not situate them in the larger debate.

Believing that socialism was identical with state ownership of the means of production, Trotsky maintained till the end that Soviet Union remained a post-capitalist economy. He believed that the dearth of means of consumption, brought about by the USSR’s economic isolation, engendered the emergence of a bureaucratic stratum to ration out goods and to distribute them among the population. Trotsky never tired of repeating that, although this bureaucracy asserted its own privileges, it was not a social class, because it rested upon distribution, not relations of production. Thus, Trotsky inferred that, in spite of being parasitical, this social stratum was interested in maintaining the socialist relations of production, as it could not subsist without them.

This paradox seriously limited the purchase of the Trotskyist criticism of Stalinism. If Trotsky lost all his followers inside Soviet Union, it was not only because of the political persecutions. Those persecutions were effective because Trotsky’s partisans were divided into two groups. On one side were those who believed that high-speed industrialisation and the
collectivisation of agriculture strengthened the economic foundations of socialism. They offered their abilities to the administration of the five-year plan, and were annihilated later. On the other side were those who rejected the idea that the Stalinist economy could be socialist, considering it an odd opinion to maintain when the five-year plans made such an extensive use of Taylorism and Fordism, even more than in the United States.

In the extreme-left milieu opposed to Stalinism and critical of Trotskyism, some factions arose which began to examine the difference between the concept of juridical property relationships and the concept of social relations of production. State ownership of the means of production concerned property relationships and should not be a criterion to define socialism, which should be defined at the more fundamental level of the relations of production, considered as the organisation of and the control over the labour process. From this point of view, the Soviet Union was labelled by some extreme-left factions as a ‘state capitalism’, and the conceptual panoply of Marxism was applied to define Stalinist bureaucracy as a capitalist social class. A régime of exploitation of the capitalist kind was said to exist in Soviet Union.

Another current of opinion, also originated from left-wing opposition to Stalinism and criticism of Trotskyism, remained under the influence of the property-relationships concept. If property pertained to the state there would be no market, and without market there would be no capitalism. If Stalinist society, that everyday experience showed to be the negation of socialist yearnings, was not capitalist, then it necessarily was something else. This was the occasion to define a post-capitalist mode of production and to define Soviet bureaucracy as a new kind of dominant class, based upon a new mode of exploitation. From this point of view, the classification of the bureaucracy as a social class did not concern the level of the production process, considered as a social relationship, but the level of property relationships.

This context explains *La Bureaucratisation du Monde*, as it explains also other works from that period, some of them still more forgotten – and more unfairly forgotten. To the reader interested in these matters, I recommend Henri Morel’s excellent bibliographical review, which classifies and chronologically organises the several currents of opinion critical of Soviet economy and society up to the end of the Second World War. Notwithstanding the thirty years elapsed since it was written, it is an indispensable article. Inside Russia, the evolution to state capitalism and the emergence of a new bureaucratic exploiting class was developed already in 1918 among the anarchists and the members of the Left Social Revolutionary Party, and even among the left wing of the Bolshevik Party. Afterwards, these polemics could only increase, and a book written by Anton Ciliga and published in France in 1938, thus one year before *La Bureaucratisation du Monde*, revealed that the criticism of the Stalinist régime as a mode of exploitation of the workers by a new dominant social group was taking place inside the Soviet political prisoners’ camps. Ciliga’s book made available copious information to those people who up until then were not conversant with the arguments among the Russian extreme Left or, by ignorance of the languages, had no awareness of the theoretical works produced by the German and Dutch communist ultra Left during the 1920s and the beginning of the 1930s, although some of these works were translated into French.

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Already in a book published in Paris in 1931, Lucien Laurat argued that Soviet bureaucracy had changed into a ‘new exploiting class’. The Trotskyist faction ‘falls more and more behind with reality’, charged Laurat. ‘It does not see that the oligarchic bureaucracy is already formed as a class.’ Laurat acknowledged that the socialist branch of the Soviet economy seemingly retained capitalism’s main features, but, in his view, the absence of private property and of market competition inside that branch was enough to prove that we were not dealing here with capitalism. The Soviet bureaucracy did not lead a state capitalism, maintained Laurat, and it also did not carry out a capitalist politics subordinated to the private owners’ interests. ‘[W]hat distinguishes Russian revolution from the prior revolutions and prevents any comparisons’, said Laurat, ‘is the emergence of a new leading caste and the formation of the economic foundations of this caste while the very revolutionary process is going on, since the seizing of power.’ This is a very interesting book not only because it antedates by eight years *La Bureaucratisation du Monde*, but also because the quality of Laurat’s economic reasoning and of his social analysis places his book at a much higher level than Rizzi’s. After a minute study of the Soviet economy’s internal obstructions, Laurat concluded with an alternative that today seems prophetic: either USSR will go back to capitalistic private property or it will constitute a system of public control through the establishment of a proletarian democracy.

However, Orsini does not mention Laurat, nor Ciliga, nor the other authors who also maintained that Soviet economic foundations were not socialist. What is even worse, Orsini does not recount that the very same polemic that Trotsky engaged against Rizzi was engaged also against Laurat, against Hugo Urbahns, against Boris Souvarine, against Simone Weil, against Craipeau, against Yvon, and others. With these systematic omissions, Orsini helps to bolster up the myth of Rizzi’s originality (pp. 17–18, 31), in spite of several authors or political militants having previously sustained similar opinions. This is particularly flagrant when we see that Trotsky, in the polemic against Rizzi cited by Orsini (p. 32), begins attacking Hugo Urbahns and immediately afterwards passes to Rizzi. We ought not to single out particular authors when the object of Trotsky’s fury and sarcasm was really a collective one. To recall this is not even a question of historical justice. The main point is that we cannot understand the theses argued for in *La Bureaucratisation du Monde* if we do not recognise that the different ways of perceiving juridical property relationships, and of ascribing to them – or not ascribing – priority over the social relations of production, account for the disagreements about the critique of Stalinism. The preponderance that the market topic acquired later in Rizzi’s works was rooted in the preponderance already given in the 1939 book to the juridical concept of property relations.

Rizzi’s argument was strictly directed at the Soviet Communist Party’s control over the central political apparatus, and he was not interested by the relations of production in the social context of business. Rizzi stressed state control, not control of the labour processes, and

10. Laurat 1931, pp. 231f.
he presented the transformation taking place in the exploitation system as one taking place within the frame of the state. A failed attempt to manipulate the capitalist economy is enough to show that the political power shifts from the capitalist class to the state bureaucracy.11 This would change the economic rules of operation.

State intervention in economic matters indicates that the nature of society and even of the State is beginning to change. When the process is completed society will be different and will have a suitable State… As the State keeps expanding its economic intervention, the economy arrives at a point where it is no more capitalist… Society is changed.12

In Rizzi’s opinion, the economic system established by the bureaucratic class suppressed the market, and thence labour-power was no longer under the effect of the law of supply and demand. If the bureaucracy exploited the workers in their entirety, through the central political power and state trade unions, then bureaucratic collectivism substituted state slavery for proletarisation.13 Proletarians change their juridical attire, because they no longer sell their labour power, as was formerly the usage in the capitalist free market, and they are in fact “bought” by the State… It is a new kind of collective slavery under the aegis of the State.14

However, considering these questions at a superficial level, Rizzi did not perceive that capitalism’s centralised and statist organisation never superseded the competition between production units nor annulled the mobility of labour-power in the labour market.

Orsini analyses Rizzi’s 1939 book and what it says about the workers’ situation as if its only object was to criticise the USSR (pp. 28–31). Only, further on, Orsini informs us that ‘Rizzi extended to the whole world his reflections about the bureaucratisation of Soviet society’ (p. 36), but he offers no further explanation of this. The truth is that Rizzi tried to expound a global vision taking in not only the Soviet régime but also democracy and fascism. Although the book’s section pertaining to the study of fascism was not published, we know that, in Rizzi’s opinion, Italian fascism and German national socialism are in a process of quick bureaucratisation and… they already have an anti-capitalist character, although Capital is not yet radically suppressed there, as it is in USSR… Europe and the world must become fascist or socialist. Capitalism has no more prospect of life… Bureaucratic Collectivism… rests socially upon the dominant classes which made the State their headquarters, in Russia, in Italy, in Germany, in Japan, and in the smaller States…. This new social form is degenerate, but nevertheless it is active, and it supersedes more and more Capitalism, which is dead as a propelling system’.15

Although Orsini states that, according to Rizzi, with Soviet bureaucratic collectivism, ‘the manifestations of the State showed the same features characteristic of the totalitarian States of

a fascist kind’ (p. 31), we see that the convergence did not limit itself to the ‘manifestations of the State’ but occurred in the very economic system. And, in Rizzi’s opinion, the similarity did not stop with the totalitarian régimes. The New Deal ‘indicates the initial stages of capitalism’s economic dismemberment and of bureaucracy’s political crystallisation in America.’ As the outline of an analogous process was also discernible in France and in Great Britain, Rizzi inferred that all over the world when capitalism had not been surpassed it was on the verge of extinction. ‘In its final evolution the capitalist economy compels, after a fashion, the bourgeois State to betray its masters and to transform itself into a bureaucratic State.’

Orsini states that, in his 1939 book, Rizzi reached a ‘fundamental intuition,’ ‘according to which USSR was a “regressive society” when compared with capitalist society’ (p. 24; see also pp. 29, 34). Orsini states also that, in Rizzi’s opinion, bureaucrats had a strictly parasitic role and did not stimulate the production process (pp. 40–1). But Rizzi maintained some very different opinions. Supposing, in the fashion of Marxist orthodoxy, that productive forces develop gradually, he conceded that bureaucratic collectivism was a more progressive stage than capitalism. ‘In an historical perspective, the task of this society is to raise in an orderly manner world’s total production’ wrote Rizzi about bureaucratic collectivism, and he declared also that ‘next society will attain the highest limits of production concerning volume and perhaps also concerning quality.’ Moreover, in that book, Rizzi claimed that the combined strength of the proletariat and the collectivist bureaucracy would create the opportunity to proceed with a pacific reorganisation of the world economy, which would lead to the democratisation of bureaucratic collectivism, in a process heralding the arrival of the classless society. During a long period of political and economic democratisation, the state would progressively lose its oppressive character and would become a means of collaboration between the bureaucrats and the workers. Anyway, the bureaucracy was about to solve the two only problems preliminary to the formation of a classless society, as it substituted collective property for private property, and moreover it was directing production not by the profit principle but by the principle of general benefit. ‘The final ruling class of history is so near the classless society that it negates its class and proprietor nature.’ Therefore, communism would be bureaucratic collectivism’s sole and ineluctable outcome. ‘[T]he totalitarian State will lose more and more its political character to keep only its administrative character. This process will eventually lead to a classless society and to Socialism.’ Again, anybody who only reads Orsini’s book will be completely unaware of these theses professed by Rizzi in 1939. What is even worse, Orsini claims that Rizzi ‘believed that planning could never lead to democracy. Its ultimate result would always be bureaucratic collectivism, which would necessarily impoverish

18. Rizzi 1939, p. 140.
millions of people’ (p. 42). Not only Orsini does forget some of La Bureaucratisation du Monde’s crucial theses, but he misrepresents Rizzi’s thought.

In Il Socialismo dalla religione alla scienza, written in 1939–43, Rizzi still attributed a positive role to the technocrats. Orsini quotes passages where Rizzi asserted that it will never be possible to abolish the political power of the minority against the majority, because it is indispensable to social order; and staying with this question, Orsini cites a passage from La Bureaucratisation du Monde where Rizzi stated that the production process is necessarily directed by technocrats (p. 57; see also p. 111). But all this does not prevent Orsini from claiming that Rizzi attributed a parasitic role to the bureaucracy. The contradiction is even more gross when Orsini describes what he supposes to be Rizzi’s ‘original contribution’ ‘to democratic elitism theory’: the distinction between the ‘necessary conditions’ of socialism, which were the ‘development of productive forces’, and the ‘sufficient conditions’, which were the ‘existence of a political elite fit for leading the rising social class interests towards better relations of production’ (p. 116). It is amazing that Orsini does not know that this distinction was first thought of, or at least was first developed theoretically, by Lenin. Besides, Orsini misconstrues the specific concept of élite, as it was formulated by Pareto and by Mosca, confusing it with the generic notion of active minorities; and he supposes that the concept of an élite was synonymous with the notion of revolutionary vanguard, common in the extreme-left milieu (pp. 116, 129–32). However, these conceptions are originally distinct, and the concept of an élite is not opposed to the notion of vanguard but to the concept of social class. The transformation of a revolutionary vanguard into an élite comprehended as a dominant social class marks the mutation of a revolutionary process into a counter-revolutionary process. Without being in the least troubled by his demonstration that, in Rizzi’s opinion, experts were indispensable, state power was inevitable and revolutionary élites were necessary, Orsini, apparently referring to Socialismo infantile, a work published in 1969–70, says that, from Rizzi’s perspective, the development of market socialism would lead to the disappearance of the state (p. 71). Also, in a letter from 1970, Rizzi evoked the abolition of the state following the proliferation of market-socialist firms (p. 99). Still more paradoxically, as Rizzi embraced Robert Michels’s thesis concerning the inescapably oligarchic tendency of the parties and trade unions and began criticising the political élites (pp. 118–23), we wonder whether the technocrats are indispensable to economic activities and the bureaucrats are not indispensable to political activities, or vice versa. Such contradictions, depriving Rizzi’s work of any coherence, are unnoticed by Orsini. Even worse, after dedicating several pages (pp. 118–23) of his book to showing, with plenty of quotations, that, at least from 1950 onwards, Rizzi considered that political parties with permanent positions could not lead to socialism, Orsini concludes that Rizzi ‘had an highly elitist conception of history and in his view the political élites performed an indispensable leading role in the social changes: without a political élite equal to the task there will be no socialism’ (p. 125).

Orsini relegates to a footnote the topic of the anti-Semitism in La Bureaucratisation du Monde, which induced the French authorities to forbid the book, and he quotes:

After all, national-socialism’s and fascism’s racist struggle is only an anti-capitalist struggle led by the new social synthesis, in a theoretically misguided way, but practically just. As always, the blind action of the new ruling class is more effective than the truly conscious action of the social antithesis. Hitler is right and we are
wrong. We must correct our course and become anti-Semitic because we are anti-capitalist. (p. 26, n. 39.)

However, the question is larger and much deeper. It is larger because it was not in a few sentences, but throughout some ten pages, that Rizzi recommended to the working class a whole anti-Semitic programme. It contained, besides the passage already quoted, assertions such as: ‘the struggle against capitalism is necessarily identified, even if only in an incomplete way, with the struggle against the Jewish people.’ Rizzi also wrote:

The Nazi and fascist movements, which, although without being Marxist are nevertheless, since a long time and by their own nature, anti-capitalist, show their anti-capitalism in an unconscious way through their struggle against Israel. We, Marxists, can have a clearer vision, including the anti-Semitism within the anti-capitalism. Once again, this proves that proletarians and dictators are historically placed together in the struggle against capital.

But Orsini overlooks those cogitations. Besides being more extensive, the issue is much deeper, because it concerns what Rizzi called a ‘new social synthesis’. Orsini claims that, for Rizzi, the bureaucracy’s interests ‘are always opposed to those of the workers’ (p. 41), but this is not true. While, in capitalism, the bourgeoisie and the proletariat confronted one the other as thesis and antithesis, in Rizzi’s analysis the bureaucracy was the historical synthesis of that confrontation. ‘[W]hen the new class already emerged from the antithesis proletariat-bourgeoisie, the proletariat must withdraw from the class struggle, because the cycle is accomplished: thesis – antithesis = synthesis; proletariat – bourgeois = bureaucracy.’ The proletariat should not only renounce its claim to lead history, but should also discard its alliance with the capitalist democracies and support the bureaucratic-collectivist dictatorships, especially fascisms. ‘Fascists made the theoretical mistake of aiming at a collaboration with the bourgeoisie, when, on the contrary, they shall annihilate it, and anyway they already left it half dead,’ wrote Rizzi. ‘The collaboration should be with the proletariat, which nowadays is no more the proletariat, but the class of working citizens.’ It was in this context that Rizzi proclaimed: ‘Mussolini and Hitler lend Lenin a helping hand. Proletarians of France, England and America, lend Hitler and Mussolini a hand.’ Orsini claims that ‘on the basis of his studies Rizzi managed to foresee the Ribbentrop-Molotov pact’ (p. 18). In fact, he should have written that Rizzi called for the accomplishment

27. Rizzi 1939, p. 299, emphasis in the original.
31. Rizzi 1939, p. 278.
of that pact. The anti-Semitism expressed by Rizzi in his 1939 book, which says a great deal by itself, originates in the plea for the historical abdication of the proletariat before the bureaucracy. But Orsini does not quote any of those passages and he does not even allude to them.

Orsini could not examine that question without explaining why he qualifies Rizzi's attitude from 1939 until the end of the War as anti-fascist (pp. 26–8). Italian political police uneasiness about Rizzi is not enough to define him ideologically. I wonder why Orsini relegates to a footnote the information that, during the Social Republic, Rizzi sent Mussolini a letter asking for his authorisation to 'start an anti-communist and anti-monarchical newspaper', and comments only that the Reich's police seized the letter (p. 28, n. 45). However, bearing in mind the passages from La Bureaucratisation du Monde referred to above, we see that Rizzi was himself doing what he advised to the 'proletarians of France, England and America': lending 'Hitler and Mussolini a hand'.

Knowing what we know today, it is easy to criticise the practical consequences of the strategy expounded by Rizzi in La Bureaucratisation du Monde, although Orsini’s book is silent about this matter. But, even as a theoretical work, La Bureaucratisation du Monde is inadequate and ought not to be considered an explanatory model. On the one hand Rizzi conceived the bureaucracy as 'a new class, that in USSR was a social fact already concluded, in spite of being still in development in the totalitarian States'.

In the last chapter of his criticism of the Soviet régime Rizzi wrote:

... this is a general, not only Russian, phenomenon. In USSR this phenomenon is mainly bureaucratic, because it originated in the bureaucracy, but in the totalitarian countries it evolves naturally among the technicians, the experts, the trade-union and political officers.... Its raw material comes from the copious State and para-State bureaucracy, from the companies administrators, from the army, from the professions and even from the workers aristocracy.

Rizzi mentioned the existence in the fascist régimes of 'a new ruling class in development', and even in North-American democracy 'the prestige and the volume of the government's bureaucracy increases'. State intervention in the economy, engendered by the New Deal, had a double social consequence. 'The bureaucratic class is in a process of development, whereas the bourgeois class is disintegrating.' On the other hand, however, it was only in the Soviet case that Rizzi analysed the historical process of development of the postcapitalist bureaucracy, and he ascribed to this social class a particular origin, ensuing exclusively from the path taken by the Bolshevik revolution. Orsini extols Rizzi because in 1939 he considered that, in the USSR, the revolutionary vanguard first seized power and only afterwards established new relations of production. According to Orsini, in this way, Rizzi inverted the traditional

34. Rizzi 1976, p. 60.
35. Rizzi 1939, p. 122.
36. Rizzi 1939, p. 139.
relation between superstructure and base (pp. 29–30; see also pp. 110–13). But this does not prevent Orsini from writing in another chapter that only ‘in the last years of his life’ Rizzi ‘admitted that in its action the political élites could obtain an absolute pre-eminence above the economy’ and ‘could invert the base-superstructure relation’ (p. 124). Orsini’s book is no less inconsistent than Rizzi’s work. And, as he does not emphasise that, in Rizzi’s opinion, the bureaucracy was achieving hegemony all over the world, in countries where the revolutionary vanguard had not seized power, Orsini praises as a great discovery what was, in fact, the most flagrant weakness of Rizzi’s reasoning.

We ought to say the same thing about the parallel drawn by Rizzi between the Stalinist régime and the feudal system, which Orsini considers a strong point in his work (pp. 34–6; see also pp. 160–1). This analogy, between a régime distinguished by the weakness of the central state and the proliferation of secondary power centres, and another distinguished by the strength of the central state, is truly astonishing. But Rizzi fancied that in both feudalism and the Soviet régime there did not exist a market for goods and labour-power, and this was enough for him to proceed with a historical comparison, displaying once again the superficiality of his views. On the other hand, if the Soviet Union had really acquired feudal features, than its convergence with fascism and with the New Deal would suggest that we look for evidence of feudalism in Roosevelt administration.

Rizzi did not succeed in giving a general explanation for a general phenomenon, and we must remember this very serious limitation when we ponder this bid to present him as the first author of a theory of the managerial class. Orsini claims this title for Rizzi, arguing that ‘he was the originator of the “new class” concept’ (p. 109). In particular, Orsini opposes him to James Burnham, against whom Rizzi debated and whom he charged with plagiarism. In the chapters pertaining to this (pp. 36–43) Orsini raises the opinions of several authors, some of them inclined to believe that Burnham copied Rizzi’s main ideas, others backing up Burnham’s originality. However, Orsini writes that ‘indeed the question remains controversial’ (p. 37) and he concludes that, despite the lack of any evidence of plagiarism, the suspicion is reasonable (p. 43). But the main point is that Burnham was only one of the last of a lengthy progeny of left-wing critics who, from 1918, considered the Soviet Union a régime of exploitation.

In the theories of the managerial class, the real significance lies with those authors who propose a process of development for this social class with a broad global scope. Primacy should be given here to Jan Waclaw Machajski, one of the many authors overlooked by Orsini, and who published his first consequential work in 1898–9, in Siberian internal exile.\textsuperscript{37} Machajski argued that the intelligentsia, among whom he included administrators and technocrats, though not owning means of production, was capitalist and exploited manual workers’ surplus-value through the monopolisation of learning.\textsuperscript{38} Thence he deduced a dialectics essential to understanding twentieth-century social struggles: the intelligentsia was antagonistic to the proletariat, but, at the same time, took full advantage of the proletarian struggles to attack the bourgeoisie for the purpose of changing the profit allocation.\textsuperscript{39} Socialist propaganda, wrote Machajski, was used to ‘conceal from the proletariat the specific interests

\textsuperscript{37} A good anthology of Machajski’s works in Tragtenberg (ed.) 1981.
of the intellectual workers…,”40 and the ideal society proclaimed by the Second International benefited the intelligentsia exclusively.41 Machajski predicted that the aim of this kind of socialism was to put the struggle of the proletariat at the intelligentsia’s service and to help the intelligentsia seize state power.42 After defining political-life democratisation as the ‘penetration [of the intelligentsia] into every pore of the bourgeois state’, Machajski concluded that, in democracy, ‘the conveyance of all means of production to the intelligentsia, who already control the social government, would be for them a true paradise. In democracy, the socialisation of the means of production will be for the workers nothing else than the strengthening of the power organisation that dominates them and the reinforcement of the State.’43 In a text published in Russia in mid-1918, Machajski was thus in a position to expose as a myth the thesis that the seizure of power by the Bolshevik Party would involve the seizing of power by the working class.44 Machajski was the first to think through in a coherent and systematic way the distinction between juridical property relationships and social relations of production and to consider the consequences of this distinction from an anticapitalist angle. But as it leaves aside the history of the theory of the managerial class, Orsini’s book gives an overstated importance to Rizzi, a late and inconsistent theorist.

Orsini stresses the importance of the market as a topic in Rizzi’s works after 1939 (pp. 45f.), but to understand this ideological evolution we need to remember that the juridical concept of property relationships was already in the foreground in *La Bureaucratisation du Monde*. In Rizzi’s view, the historical drama alternated state property with private property, each accompanied by its corollary, central planning or market competition, and Rizzi did not care very much about the management of production and the social relationships established in the labour process. It is really surprising that Rizzi assigned to the market the role of an universal panacea, without being aware of the very deep changes undergone by the capitalist market over two centuries and without taking into account the effect of oligopolies and financial institutions on market competition. What Orsini strangely calls ‘Rizzi’s theorem’, the opinion that the extinction of the market would lead to the collapse of civilisation and culture (p. 46), is a trivial freedom eulogy of a strictly moral content, although employing words with economic connotation. The essentially selfish character that Rizzi imputed to the human beings grounds his notions of the market and of freedom (pp. 65–6). This moralistic approach caused Rizzi to draw near to the anarchists, even if other traits kept him inevitably apart from that political faction (pp. 58–62).

As far as it is possible to disentangle Rizzi’s ideas, which are at the same time naïve and indistinct, the means to market socialism ought to be introduced into the sphere of buying and selling and of competition (pp. 70–2). This kind of theory necessarily confers on the market a neutral character, surmising that the rules of competition do not benefit only one of the sides. This is not the place to criticise those notions, but, in Rizzi’s case, the contradiction

is too glaring. When he stated in *Il Socialismo dalla religione alla scienza*, a book written in 1939–43, that ‘the market is the foundation and the regulator of every social activity’ (quoted at p. 51, emphasis in original), Rizzi bestowed upon the market the function of determining social relationships. And, at the same time, he admitted that a new kind of social relationship could develop on the basis of that very same market. Rizzi’s contradictions do not stop here. In a 1949 text, he maintained that ‘Socialism will still be a Society grounded on the market (except the labour commodity)’ (quoted at p. 59) and also in *Socialismo infantile*, published in 1969–70, he asserted that, in his market socialism, labour would no longer be a commodity (p. 71). However, in *La Bureaucratisation du Monde*, it had been enough to assume that labour-power had lost its commodity character for Rizzi to declare the existence of a state collectivism, founded on collective slavery. Ten years later, he forgot to explain how it would be possible to maintain free competition in the market if the main factor of production was excluded from the market. This kind of contradiction, to which Orsini pays no attention, deprives Rizzi’s works of any theoretical seriousness. And it is difficult to keep one’s countenance and to admit that his meditations are not a joke when we see Rizzi, in a long letter from 1970, striving to accomplish the first practical experiment of a market-socialist firm with a body of municipal police (pp. 99–101).

Even without taking these short-comings into account, it is peculiar that Orsini gives such pre-eminence to what he calls ‘Rizzi’s theorem’. In *La Rovina antica e l’età feudale*, a work written in 1939–43, Rizzi affirmed that ancient Rome experienced an underconsumption crisis, brought about by the expansion of slavery, leading to the decline of the market, the proliferation of a state bureaucracy, and the collapse of civilisation (pp. 48–9). In the same way, through its offensive against the market, modern totalitarianism would lead to a civilisational crisis (pp. 49–50). Orsini thinks that Rizzi ‘established a true sociological law, according to which, in a given social formation, the level of oppression and of men by men’s exploitation is in an inversely proportional relationship to the development of trade transactions’ (p. 50) and he adds that, in Rizzi’s opinion, ‘the market is the prerequisite for democracy and freedom, a true independent variable of human progress’ (p. 56). However, bourgeois thought has continuously reiterated this thesis, which was already banal long before Rizzi’s *La Rovina antica e l’età feudale*. And, even in spite pointing out that, with this book, ‘Rizzi recaptured a central feature of the liberal tradition’ (p. 52), Orsini insists in awarding him a pioneer role. But, if we must ascribe this ‘theorem’ to somebody, the preference should undoubtedly be for the old physiocrats. They explained that, as God established harmony among the elements of nature, he established it also among the elements of society, provided that society conformed to natural order. Therefore, as market competition manifested God’s purpose, every contradiction between human beings and society would vanish and freedom would be inaugurated. But we do not need to go back to the eighteenth century to trace Rizzi’s descent.

The notion of market competition broadened its reach when Darwin used it as an inspiration, or a model, or an analogy, for biological selection in the demarcation of species. ‘The survival of the fittest’ was a commonplace in eugenics, as it was in economics, and it exculpated the massacres accompanying capitalist imperialism. This notion was also often identified with the Marxist notion of class struggle. Georges Sorel and his revolutionary-syndicalist

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45. Rizzi 1939, p. 103.
followers, for instance, viewed market competition from the Darwinian standpoint of the selection of the fittest, and therefore they objected to any kind of state intervention that would suppress or even mitigate competition. Free competition was, in their opinion, an indispensable condition of social struggle and opened the way to socialism. Anything hindering that struggle would devitalise the social classes, and consequently would endanger civilisation. Before the First World War, this thesis obtained a favourable reception in the Italian extreme Left, chiefly in the milieus where Marxist influence consorted with interest in anarchism. And, as revolutionary syndicalists were, together with the arditi46 and the futurists, one of the three original components of the fascist movement, notions about a relation between market, social virility and culture permeated the whole political spectrum. Moreover, they had a notorious influence upon Mussolini. The theme of a degeneration of civilisation, or even a racial degeneration, so important in conservative thought, was thus intertwined with the panegyric to the market.

What Orsini calls ‘Rizzi’s theorem’ ought to be examined in that context, and a passage from Il Socialismo dalle religione alla scienza where Rizzi states that human beings are differentiated from animals because they need faith and beliefs (pp. 57–8) seems directly inspired by the Sorelian theory of myths. Moreover, Rizzi, as Orsini states, ‘had a true admiration’ for Robert Michels (p. 114), and Orsini considers that Michels had a very deep influence upon Rizzi (pp. 114–15). Now, Michels, who had been very close to the revolutionary syndicalists and who accompanied them when they converged with Enrico Corradini’s radical nationalists, was pleased with Mussolini’s rise to power. In 1928, Michels joined the National Fascist Party and, the next year, he was a professor with the Political Science Fascist Faculty founded at Perugia. But Orsini remembers neither Robert Michels’s connection with revolutionary syndicalism nor his connection with fascism, and thus he misses the opportunity to show that the development of Rizzi’s thought extended the intersection of a certain extreme Left and the radical and nationalist Right.

Rizzi’s endeavour from 1939 onwards to join socialism to the market was in no way original. When the French fascist Pierre Drieu la Rochelle wrote in February 1945, a short while before his suicide, that ‘liberal socialism’ ‘is the original meaning of every fascist statism’,47 he was articulating the market socialism which had been the farthest horizon reached by right-wing populists. Twenty-five years later, in Socialismo infantile, Rizzi deemed necessary ‘the alliance between Liberalism and Socialism to save the Market and Civilisation as a whole’ (quoted at p. 52), and Orsini comments that Rizzi’s thesis ‘resumed a crucial theme permeating the whole liberal thought: the citizen’s guarantees against the abuse of power’ (p. 52). But the short quotation from Drieu la Rochelle, for those who have no time to read some exhaustive books about this subject, points out that ‘the alliance between Liberalism and Socialism’ had also been a theme permeating all of fascist thought. Economic statism in the fascist régimes was more-or-less prominent from country to country, and even within each régime it changed according to the occasion. But never has fascism discarded the market and never did it give up the project of joining statism to liberalism.

46. The arditi were a kind of voluntary commandos during the First World War.
47. Quoted in Sérant 1959, p. 238.
The silence that surrounded Rizzi’s work, the ‘conspiracy of silence’ for Orsini (pp. 19, 55, 73–4, 89, 90, 93, 94), was not due to hard luck or to ill will. In 1939, Rizzi considered bureaucratic collectivism a beneficial stage in the liberation of humanity and he did his best to bring together communists and fascists, even accepting anti-Semitism as a modality of anticapitalism, and in 1943 he tried to participate in the double campaign of Mussolini’s Social Republic against communism and against the monarchy. After the War, he was obviously a nuisance for one side and for what remained of the other. And, if possible, he was still more troublesome for the democrats, to whom Rizzi’s work recalled that the close connection between fascism and liberalism had never been discontinued. Oversimplifying the criticism of planning and the eulogy of free market (p. 54), Rizzi was indistinguishable from any banal liberal or neoliberal postwar publicist, chiefly because he systematically confused all kinds of planning with one single type, Soviet planning (pp. 141–9). Rizzi’s uniqueness in Italian politics after the Second World War consisted in calling socialism what really was an extreme liberalism, as he identified the public sector with the Soviet state economy (pp. 76f.). He went so far as to write to the Industrial Confederation chairman proposing common action against state economic intervention measures announced by the centre-left government (pp. 89–91). But not even here Rizzi was original, because, already before the First World War, the revolutionary syndicalists praised the employers’ entrepreneurial spirit, reckoning it as the best stimulus to the class struggle. Rizzi merely removed from this attitude its connotation of violence and enunciated it in terms of social peace (pp. 67–8, 101). Orsini can state that ‘Rizzi’s theses were an absolute exception’ (p. 78) in postwar social democracy only because he re-enacts the trick he also used to display La Bureaucratisation du Monde as a work without predecessors and to extol ‘Rizzi’s theorem’ – not to mention all the other authors that, in several countries, earlier, sometimes much earlier, had been saying the same thing, and saying it better. Here, Rizzi was less pretentious and, in the 1963 letter to the Industrial Confederation chairman, he commented on his own opinions, saying that ‘it is not… a solitary instance’ and adding that ‘in France, in England, in America etc., and in embryo also in Italy a socialist movement is forming, which is even more opposed than liberalism to the economic intervention of the state’ (quoted at p. 90).

This book by Alessandro Orsini endeavours to show us a Bruno Rizzi palatable to contemporary taste, expurgating everything of which neoliberals are not fond. Not only does Orsini fail to demonstrate that Rizzi was a great political thinker, still less an original thinker. He also misrepresents the ideas stated by Rizzi in his most expressive work, La Bureaucratisation du Monde, and he does not help to elucidate the historical environment in which these ideas emerged nor the path they took.

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'Symposium on Marxism and International Law'. *Leiden Journal of International Law*, 17, 1–2, 2004

During the spring and summer of 2004, at a time when the US occupation of Iraq was going sufficiently poorly it seemed that US President George Bush might be denied a second term in the White House, the *Leiden Journal of International Law* published a two-issue symposium on Marxism and international law. Was international law implicated in the renewed extension of American imperial power in the world? Did Marxists have anything of special import to contribute to a discussion of law and world affairs? This review briefly considers the field, then turns to a concrete analysis of the *LJIL* essays.

**Gustave Flaubert**

*Sentimental Education*, published by Flaubert in 1869, described by Pierre Bourdieu as ‘a true masterpiece’, unexpectedly sheds light on French lawyers and the French legal system in the middle of the nineteenth century. Frederic Moreau, an undistinguished law student, after a night cramming for exams, starts off on the wrong foot and never recovers: ‘In answer to the first question, on the difference between a covenant and a contract, he defined the one for the other…’ More suited to the law than Frederic, his roommate and old school chum, Deslauriers, aimed for ‘a chair at the law school; and he sustained his doctorate thesis with such remarkable skill that he earned the compliments of the professors.’ Entering the state examination for teaching posts, Deslauriers ‘had drawn by lot, as the subject for his lecture, the Statute of Limitations…. Every sort of injustice was consecrated by an extension of this right, which was nothing less than tyranny and the abuse of power.’ While Flaubert paints Deslauriers as obsessed with a legal footnote and mixing law with politics, the ambitious clerk had a point. Debates over compensation for past historical wrongs are legitimately part of the modern legal landscape – particularly, in the case of Japanese-Americans interned during the Second World War and, even more controversially, African-Americans enslaved in the new world. His temperament becoming more agitated, Deslauriers calls for the end of such statutory limitations: ‘Let us abolish it, and the Franks will cease to oppress the Gauls, the English the Irish, the Yankees the Red Indians, the Turks the Arabs, the white men the Negroes, Poland…’ The chairman of the examiners had interrupted him: ‘That’s enough Monsieur. We are not interested in your political opinions.’

Not a crucial sequence in the unfolding plot of the novel, this exchange nevertheless contains within it a whole way of looking at the law. Specifically, it sees the law as loaded with ideological content; it imagines, very nearly, a legal key to unlocking the door of an entire system of social justice. Just as a bad law, a single legislative proscription in this case, can perpetuate the domination of some men by others, the abolition of such a law can set men free. Or so Flaubert’s Deslauriers believed, at least for a time: ‘that wretched Article 20 of

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1. Flaubert 1964; see also, Lucien Karpik 1997.
4. Flaubert 1964, p. 117.
the 'Third Book of the Civil Code had become a regular obsession with him.' Later in the novel, Frederic is invited to a dinner party with the upper crust, where most of the guests 'had served at least four governments; and they would have sold France or the whole human race to safeguard their fortune…'. Flaubert gets down to brass tacks, saying that they 'all declared that political crimes were unpardonable' and offers up one high official who admits that 'if I found out that my brother was involved in a plot, I should denounce him!' Pushed beyond endurance by these comments, the usually indifferent man about town, Frederic Moreau, lets loose. Invoking 'the right of resistance; and, remembering a few phrases Deslauriers had used in conversation with him, he cited Desolmes, Blackstone, the Bill of Rights in England, and Article 2 of the Constitution of 1791… "Besides, when the sovereign fails to fulfill his part of the social contract, justice demands that he be overthrown". A prefect's wife exclaims 'But that's dreadful!' and a conservative gentleman of affairs warns Frederic: 'If you only knew how much harm all these Opposition complaints do to business!'

Selectively quoted in this way, Flaubert sounds almost like a didactic social realist, writing sixty years later – which, of course, he was not. 'The point is that, with a few bare strokes, in this exchange, Flaubert has again placed his finger directly on the style and angle of vision of a distinctive legal perspective. In contrast to Deslauriers, the key for Frederic is a vague notion of what justice demands and he manages to recruit a succession of legal citations or arguments in behalf of this position. If only he could extract them from the back of his mind, from his days as a law student, Frederic – in a different mood or in different company – could cite legal rules or precedent for quite different political policies. For better or worse, for Deslauriers, the law had stable meanings and was central to social circumstances, including his own. For Frederic Moreau, however, the law was like the pallet of his painter friends, or the clay in Arnoux's ceramics factory – something from which the various colors or lines and forms of life's drama, the whirl of love and politics, could be drawn and shaped.

G.W.F. Hegel

Setting Deslauriers and Moreau, as well as their contrasting legal theories, briefly to one side, consider Hegel's specific observation on the nature of international law itself: 'International law springs from the relations between autonomous states. It is for this reason that what is absolute in it retains the form of an ought-to-be, since its actuality depends on different wills each of which is sovereign. In his first two sentences on the subject, in the Philosophy of Right, Hegel identifies the essential bugbear which has dogged international law and its practitioners all these years: unlike domestic or national law, there is no cop on the beat, no supervising power, standing above the persons (i.e., states) of international law. While much may depend on the different wills of citizens within the national state, they are bound the laws of the state in which they reside whether they like it or not. Not so within the realm of international law, says Hegel, making an almost obvious point that hardly needs emphasis in today's world of unilateral state action and power politics. National governments are 'in a state of nature

5. Flaubert 1964, p. 117.
7. See, for example, Sartre 1987–94.
in relation to each other’, concludes Hegel, since their ‘rights are actualized only in their particular wills and not in a universal will with constitutional power over them.’

John Austin, Hans Kelsen, and the positivist school of jurisprudential thought can be understood as having either elaborated upon Hegel’s central insight or else modified it by arguing that nations may only be considered to have emerged from a state of nature to the extent that they have tacitly agreed, in their individual sovereign capacities, to be bound by some basic rules – a kind of lowest common denominator theory of international law.

At this rudimentary level of agreement, is one talking about law or merely international cooperation? International law’s status among political scientists and diplomatic historians is, if anything, lower still. Kelsen’s influence upon Hans Morgenthau and his, in turn, upon Henry Kissinger’s generation of professors and statesmen placed political realism, not law, at the centre of international relations theory. To be sure, ‘realism’ is said to be a dirty word in the White House today; democratic – if not messianic – moralism having rudely displaced it as a functioning principle of foreign policy. But no one would suggest that realism has been dethroned in behalf of a new appreciation for the law of nations.

So, first, there is the problem of international law as law. Then, even for those who take international law seriously, there is a problem of perception. International law has had a bad press. The famous epigram that international law is not law at all, Harold Laski wrote more than seventy-five years ago, ‘has had a serious effect historically, both upon its prestige and its range of influence.’ If Laski thought international law was law but had been crippled nonetheless, since most people failed to appreciate that fact, more recent writers have suggested just the opposite: international may not be law but what difference does it make if people believe it to be? ‘[Q]uestions as to whether and why States “obey” international law’, observes one contemporary theorist, ‘are no longer meaningful. It can now be seen that States neither obey nor disobey international law; they simply act so as to demonstrate acceptance of the ideology of international law.’ Or, more often than this observer acknowledges, states act so as to demonstrate they do not accept the ideology of international law, at least not the interpretation of international law their adversaries cite.

Beyond the question of whether international law qualifies as real law and, further, the separate problem of perception – the widely held view that it does not match up – one might pose the broader question: does any law qualify as real law, at least so long as law is regarded as a set of tools or system of social ordering superior to and relatively independent from politics. Observing that the common law of England (and, eventually, the United States as well) was a form of ‘unwritten law’, Hegel nevertheless points out that such law ‘is as good as written and knowledge of it may, and indeed must, be acquired simply by reading the numerous quartos which it fills’. Hegel complains that, because this common law is ‘contained in court verdicts and judgments, the judges are continually legislators’ and they are thus exempt from authority ‘because they are themselves repositories of the unwritten law.’ Far from constituting a brooding omnipresence, common law was man-made and as political as any other.

Was Hegel an early critic of ‘government by judiciary’, a precursor to George W. Bush, who, upon accepting the presidential nomination of his party in 2004, told an appreciative audience that he would ‘continue to appoint federal judges who know the difference between personal opinion and the strict interpretation of the law’. Bush’s promise was coupled with another regarding the importance of ending abortion, a procedure protected by laws which somehow did not seem to within his category of laws deserving strict interpretation. It is more likely that Hegel, a great advocate of European-style legal codification, was simply focusing upon the common law a common historical criticism of all law: ‘That a concrete passing of judgment in a legal question is no theoretical statement but an instance of “doing things with words”’, claimed Hans-Georg Gadamer, ‘is almost too obvious to bear mentioning’.

In other words, the problem might be less the way judges make the law mean whatever they wish than that all law, inescapably made up of words, is inherently indeterminate. ‘Every natural language is to some extent ambiguous’ observed Yale Law Professor Arthur Leff and, unlike ‘languages of mathematical Logic, which are designed for almost no purpose but to avoid ambiguity, ordinary languages have other jobs to do’.

Karl Marx

So what might those ‘other jobs’ include? Marx thought he knew. As Gary Teeple argues in Marx’s Critique of Politics, 1842–1847,

From the viewpoint of realism, the basis of existing right is might or power. As Marx continues, ‘If power [die Macht: better translated as might] is taken as the basis of right [des Rechts] as Hobbes, etc., do, then right, law, etc. [Recht, Gesetz] are merely the symptom, the expression of other relations upon which state power rests [die Staatsmacht beruht]. If general will were the basis of right, then right and will would be synonymous.…. If power is taken as the basis, the view of realism, then by implication there is no general will and indeed right and law must be the expression of other relations…. 

Here, Teeple is parsing The German Ideology but adds that this ‘same point is made by Marx in several subsequent works’, including The Poverty of Philosophy and The Communist Manifesto.

Or, as Marx put it in his Critique of Hegel’s ‘Philosophy of Right’, ‘according to the law (illusion), the constitution is, but according to reality (truth) it becomes. According to its determinate character, the constitution is unalterable; but it really is changed, only this change is unconscious and lacks the form of alteration. The appearance contradicts the essence’. Later, Marx refers to ‘the imagined nation’ in his discussion of Hegel’s theory of the state and uses words like ‘image, phantasy, illusion, representation’ to describe the appearance of the state, just as he uses similar adjectives to describe law and the artificial appearance given by law.

to politics and the political process. In short, Marx saw the illusion of political neutrality and indifference given to the decisions of judges by legal ideology in Hegel’s critique as the essence of law itself – whether law applied by legislatures or derived from constitutions or cited by those common law judges Hegel regarded as perpetrators of a ‘monstrous confusion’.

Ernest Mandel, in his book on the formation of Marx’s economic thinking, suggests that it was in his early journalism that Marx first expressed a realisation that the abstract and universal language of law actually veiled or masked the concrete economic and political interests of particular social classes. It was the location of law within the superstructure of society which necessitated its ultimate subordination to the most basic relations and forces of production. It was the indeterminacy of legal language which, in fact, permitted the law to be employed by contending factions or groups along the way – as well as adjusted to inevitable changes or modifications of relations within the infrastructure of society, even when (or, especially, when) the process ‘lacks the form of alteration’.

Directly applying Marx’s categories to contemporary legal relations, American theorist Mitchell Franklin, having spent his life teaching law at Tulane and Buffalo, concluded that as the old legal order, consecrating the old property relations, is threatened it becomes arbitrary and equivocal. What had seemed to be an established legal order, based on the rule of law, is threatened by the new, but real, possibilities, which require new social relations or new property relations.  

In retrospect, we can see that Flaubert’s Deslauriers was right to see law as related to politics but he misunderstood that relationship. He falsely posited law’s centrality, its substantive consistency, its influence over affairs. Law was really only a sideshow. The somewhat cynical Frederic Moreau was much more on track. He saw and appreciated the way law could be manipulated, could be marshalled in behalf of whatever party, position or philosophy, including from time to time emerging social interests as well as those of the men who usually pulled the strings.

In summary, not only must it be kept in mind that (a) international law may not be law in any formal sense; (b) that it might satisfy formal legal requirements without yet being generally perceived as law; and (c) that law itself may not be law as conventionally, and conveniently, understood (it may not have that quality of governance attributed to it in the phrase, ‘a government of laws, not of men’); but also, finally, (d) the language of law is unavoidably ambiguous with the consequence that applying abstract law to concrete cases always involves doing things with words.

B.S. Chimni

Turning, then, to contributors to the Leiden Journal’s symposium on Marxism and international law, we first encounter the ideas of B.S. Chimni, Professor of Diplomacy, International Law and Economics at Jawaharlal Nehru University in New Delhi. Chimni’s primary purpose in his essay, ‘An Outline of a Marxist Course on Public International Law’,

is, not surprisingly, to set out the need for and contours of an alternative approach to the
teaching of international law. The approach he has in mind is different to conventional ways
of teaching this material currently in use in developed Western countries. Chimni deploys
an ambitious range of original acronyms: MILS (mainstream international-law scholarship),
CIL (contemporary international law), CMILS (critical Marxist international-law
scholarship), TWAIL (Third-World approaches to international law), TCC (transnational
capitalist class), NAIL (new approaches to international law), and FTAIL (feminist approaches
to international law). Whether or not he has come up with an alternative to conventional
international-law thinking, he certainly has come up with some alternative labels for a rainbow
of new approaches.

The essence of Chimni’s alternative is his assertion that it is essential to link rules of
international law to ‘extra-textual realities’. An older reference would be to ‘context’ – and
Chimni is on solid ground in proposing that international law be studied in context. ‘MILS
works with the empty concept of “national interest” whereas CMILS tries to link international
law to ‘different historical phases’ and also ‘identifies the groups/classes/states that are the
principle movers and beneficiaries’ of the international legal process. Much of Chimni’s
account of the latter reflects contemporary international political economy and will be
familiar to anyone aware of dependency theory, concepts of unequal exchange, and their
development. But it is his interest in ‘different historical phases’ of international legal
development which attracts immediate attention. Very few scholars, regardless of political
perspective, have ventured forth in an effort to map or provide a systematic periodisation
of international law’s history.

Without providing much detail, at least here, Chimni argues that ‘the origin of CIL…
is inextricably bound up with colonialism.’ The doctrines and rules of CIL were ‘shaped as a
way of responding to and justifying colonialism’. In a postcolonial world, where there was a
formal equality of states, the continuing reality of dependence and domination was masked
by the language of (international) law. ‘As Marx pithily observed’, says Chimni, ‘“between
equal rights force decides”’. That law translates force or power into right is certainly, as noted
earlier, something Marx believed. Chimni characterises the period after the general end of
colonialism, ‘what emerged by the 1970s’, as ‘bourgeois democratic international law’ because
postcolonial states were ‘permitted… considerable autonomy in the formulation and
implementation of internal social and economic policies’. More explanation would be
especially useful here, since this period, just in the case of American application of international
law, presumably included the Bay of Pigs invasion of Cuba, the US war in Southeast Asia,
the overthrow of the Allende régime in Chile, and so forth. It would be interesting to see
Chimni’s distinctions made between foreign-policy decisions, international legal arguments,
economic strategies, and changes in the world system.

If influence and domination have gone through periods of colonialism, bourgeois-democratic
internationalism, and bourgeois-imperial internationalism, it would be useful
to understand what caused these changes and what the changes themselves meant in terms
of customary international law, treaty law, the law of the United Nations, decisions of
the World Court, and so forth. One wonders, for example, how the ‘emerging transnational
capitalist class (TCC)’ which has come to shape what Chimni describes as the bourgeois-
imperial period of international law’s development differs from his transnational capitalist classes
of the 1930s or 1970s and how those differences managed to restructure international law.
Unfortunately, after laying out his elaborate ensemble of nomenclature and periodisation, Chimni seems to fall back on a fairly conventional view of international law. For example, he states:

During the Cold War, there was a broad consensus over the U.N. Charter obligation not to resort to the threat or use of force against the political independence and territorial integrity of states… the Charter framework has now slowly begun to unravel. The era of accelerated globalization has seen attempts to redefine the norms relating to the use of force in order to realize the current interests of imperialism: the doctrine of pre-emptive attack is one outcome.17

Except for use of the one word, ‘imperialism’, this sounds like something from the briefing book of Senator John Kerry, not a leaf from the pages of Marxist theory. More to the point, it is spectacularly inaccurate. The Cold War was a catastrophe for the political independence and territorial integrity of states around the globe since nations in Asia, Latin America, and Africa became the battleground where nuclear powers were willing to commit troops or, at least, fight proxy wars.

To take one familiar case, when then-US Secretary of State Colin Powell went before the United Nations Security Council in 2003 to provide a powerpoint presentation on Iraq's weapons of mass destruction, newspapers referred to it as his ‘Stevenson moment’. The reference was to US diplomat Adalei Stevenson’s Security Council presentation of photographs of Russian missiles in Cuba at the time of the Cuban Missile Crisis. Perhaps the biggest difference, beyond the fact that there actually were Soviet missiles in Cuba, is that the Bush administration went to the Security Council looking for votes whereas the administration of President John F. Kennedy had no interest in Chimni’s ‘U.N. Charter framework’ or, for that matter, in international law. Powell used the United Nations as a legal forum, seeking unsuccessfully to secure UN support for American military action. Stevenson, on the contrary, used the UN solely as a propaganda forum. The last thing the United States wanted was for the Security Council to vote on any motion regarding Russian missiles in Cuba since it could not possibly produce a result favorable to the US. The United States chose to act through the Organization of American States – that is, in effect, unilaterally – without regard for the UN Charter paradigm which required advance Security-Council approval for the use of force. In actually seeking Security-Council support, prior to invading Iraq, the Bush administration showed relatively greater deference (or at least attention) to international law and UN Charter regulation of the use of force than did the Kennedy administration in its dangerous provocation of the Soviet naval forces off the Cuban coast.

Finally, with respect to legal language, Chimni says that ‘CMILS aspires to occupy the middle ground between complete objectivity and radical indeterminacy to create a space for interpretive rules and strategies that contribute to the welfare of the subaltern classes’. The problem with this view is that is implies the character of legal language (and the illusion of autonomy standing behind it) is not so much a fact of life as a style or choice and that one’s perspective on legal language is something that can be freely selected from a range of options. Either the language of law is indeterminate or it is not; if it is indeterminate, then there is no

middle ground. This does not mean, of course, that practical political activity may not sometimes assume a legal form. To take a single illustration, D.N. Pritt records in his memoirs that a client of his was arrested in Hong Kong, in 1930, and expressly ordered to be placed on a named French ship sailing for a port in Indo-China. Pritt argued that, while the authorities could expel his client from Hong Kong, he should be allowed to leave ‘under his own steam, going wherever he wished.’ This compromise was accepted and Pritt’s client, later known as Ho Chi Minh, managed to avoid falling into the hands of the French. The point is not that law could never be made useful, as it was in this case, but simply that one could not rely upon law as constituting an alternative to politics, a kind of independent system or moral and political values which could secure the main aims of those men and women who had read Marx and taken his theory to heart. Ho Chi Minh understood this. And he was quite pleased to employ the indeterminate language of the law, in 1930, to the benefit of his long-range political goals.

‘Legal reasoning is not distinct’, says Duncan Kennedy, ‘as a method for reaching correct results, from ethical and political discourse in general (i.e., from policy analysis)’. Kennedy, one of the founders of the critical legal studies movement, acknowledges that ‘there is a distinctive lawyers’ body of knowledge of the rules in force. It is true that there are distinctive lawyers’ argumentative techniques for spotting gaps, conflicts and ambiguities in the rules, for arguing broad and narrow holdings of cases, and for generating pro and con policy arguments’. This is what law professors teach and frequently refer to as thinking like a lawyer. ‘But these are only argumentative techniques,’ concludes Kennedy, adding that there is ‘never a correct legal solution’ that is other than the correct ethical and political solution to that legal problem.’ In other words, you cannot ‘get there from here’, you cannot use legal language to somehow generate a system of moral and political authority. There is no middle ground.

Brad R. Roth

A professor of political science and law at Wayne State University in Detroit, Brad R. Roth intends in his contribution, ‘Retrieving Marx for the Human Rights Project’, to find some way of advancing the humanitarian goals of liberal society by excavating the otherwise discredited work of Karl Marx. Roth argues that Marxism’s failures – from inaccurate predictions about the historical trajectory of capitalism to the massive commission of ignominious crimes in the name of Marxism – have resulted in the fact that ‘Marxism’s hold on the activist imagination may now be at an end’. It certainly appears to be at an end for Roth. His primary reason for rejecting Marx’s predictions about the historical trajectory of capitalism is that Marx’s analysis founders on the impossibility of substantiating the claim of a long-term relationship between the prices of goods and the labour-time embodied in their production, the so-called “transformation problem”. At this point in his argument, Roth refers to Ian Steedman’s Marx After Sraffa, published by New Left Books in 1977, a commentary on the main points in Piero Sraffa’s 1960 volume, Production of Commodities by Means of Commodities.

Sraffa, as Steedman clearly demonstrates, disputed certain Marxian theories about the 'long-run movement of the rate of profit' in capitalist societies. But it is important to add, as Steedman does, that, while the issues in question 'are not insignificant ones', it is equally true that they are 'far from exhausting the entire content of Marx's political economy'. Steedman further acknowledges that Sraffa's book (1) 'presents no criticisms of Marx,' (2) 'is in no way destructive of the project of providing a materialist account of the capitalist mode of production,' (3) and does not implicate such key elements of Marxian economics as labour, labour-power, surplus value, coercion, workplace conflict, accumulation, fetishism, reification, money, effective demand, crises, oligopoly and monopoly, and so forth. Finally, it might be worth adding that Sraffa was a close personal friend of the founder of the Italian Communist Party, Antonio Gramsci, and Sraffa was himself a Marxist.

Without pretending to retrieve Marxism from its detractors, Columbia University economist Jeffrey Sachs, architect of 'shock therapy' for the post-Stalinist economies of Eastern Europe, asks not why did Marx's predictions fail but, rather, what took so long for them to prove accurate? In other words, Sachs describes the contemporary globalisation of free-market capitalism as the transparent realisation of the economic scenario penned by Marx and Engels, initially in *The Communist Manifesto*, a hundred and fifty years ago. A Marxist teaching at the London School of Economics, Meghnad Desai, argues in *Marx's Revenge* that, compared with classical and neoclassical economists, only 'Marx discusses capitalism as a system that survives, but through cycles and crises, through wealth creation and destruction, through the dialectic of poverty and riches, through human actions of workers and capitalists and rentiers and landlords.' Desai even makes fun of those who treat Marx as 'an astrologer of capitalism, casting its horoscope' and, like Steedman and Sachs, Desai shows that there is enough in Marx's political economy to make him one of the premier economists of this, as well as of the nineteenth, century.

Roth's rejection of Marxism on the ground that its astrological charts did not produce what he feels is an adequate picture of the heavens – or political universe – permits him to avoid Marxism's central critique of liberalism and, especially, the argument that human rights discourse in the contemporary world is simply the latest ploy adopted by core states in their contravention of the sovereignty of peripheral nations whose governments stand in the way of imperial economic power. Instead, he manages to rehash Marxism, or what he sees as still of value in it, serving up a fairly recognisable dish pitting Luxemburg and Trotsky against Lenin, ladles out warnings against Marxism's 'inattention to the danger of vanguardist usurpation', and then fills in the menu with conventional subjects (such as legality, rights, democracy) drawn from the liberal political-science curriculum. A large helping of the mundane finishes off the meal:

The theme of the Marxian critique is that, in a class-divided society, liberal institutions not only systematically fail to realize for all sectors the values on which they trade, but also tend, by virtue of their formal neutrality, to reaffirm and reinforce the structural dynamics of the economy and society that maintain the disempowerment, of subordinated sectors.

After almost forty pages, his conclusion seems a lot more like the theme of a liberal critique of liberal institutions – to be sure, the reformist rather than celebratory version.

Martti Koskenniemi

Professor of International Law at the University Helsinki, Martti Koskenniemi styles his essay, 'What Should International Lawyers Learn from Karl Marx?' He begins by observing, in the same way B.S. Chimni had earlier, that many now believe 'informal globalization and the war in Iraq have demonstrated international law's increasing marginality in international life, the growing pattern of violation of its key provisions interpreted as proof of its irrelevancy'. In a footnote, Koskenniemi adds: 'Whether these facts are celebrated or regretted depends today, of course, on one's standpoint in regards to the merits of American unilateralism.' On the contrary, political developments (including the war in Iraq), do not produce international law's marginality in international life. That marginality, to deploy Koskenneimi's spatial metaphor, is a consequence of law's location in the superstructure of society. In other words, the distance separating law, including international law, from the base or primary locus of social determination is a structural rather than historical phenomenon. It is demonstrated by the theoretical model of social causation advanced by Marxism, a model that explains historical events as well as is explained by them.

Another way of making this point is simply to observe the fact that, in spite of his observations about the rise of American unilateralism and the growing pattern of violations of international law, Koskenneimi provides no historical theory of more and less – when did international law count more than it does now? When was the United States less unilateral in its deployment of military force than it is now? If international law played a central role in the Vietnam War, what was it? How did international law affect the outbreak of the Second World War? Were the endless irregular military conflicts and appalling violence which characterised the entire Cold-War period not a form of pre-emptive or 'anticipatory self-defense'? Again, why did Attorney General Robert Kennedy state that international law played no role in the resolution of the Cuban Missile Crisis if it used to be that international law really mattered? When was the golden age of international law? Koskenneimi discusses, step by step, the bourgeois state, liberal humanism, dialectical thinking, indeterminacy of law, deconstruction of law, international relations, the play of legal dichotomies, civil society and universalism, and so forth; yet he does not mention a single historical event where international law either did or did not play a role. How can you possibly learn from Marx if his ideas are not directly used in an effort to decipher the social world?

'I am writing this,' acknowledges Koskenneimi, 'as an international lawyer to other international lawyers who are, I assume, as concerned as I am about the state of their craft.' This kind of writing stands in relation to a Marxist theory of international law the same way a handbook or instruction sheet on how to assemble your computer stands in relation to a Marxist theory of the digital revolution. International lawyers from any political party or perspective whatsoever can and do write essays about trade craft, about professional discourse, about issues internal to their schools, their careers, their scholarship, their specialised realm of legal practice and the way they think about their work. How much more valuable it would be for social theorists with knowledge of the law to say something to the general reader about how Marx and Marxists might analyse
the rules and institutions routinely referred to even in daily newspapers as the substance of international law. After giving examples of popular opposition to the 2003 US war in Iraq, Koskenniemi concludes that ‘there is something more in this scandal. The fact is that the war is so patently and arrogantly ‘illegal’ that even its protagonists never really cared to make a serious defense of it in terms of its lawfulness…’.

This is almost hallucinatory. The British government produced a legal White Paper on the war, arguing in essence that Saddam Hussein had violated the peace treaty he had signed at the end of the 1990–1 Gulf War and, thus, the earlier war, which had only been suspended in 1991 when Iraq’s forces pulled out of Kuwait, was now being resumed. Against the advice of Secretary of Defense, Donald Rumsfeld, the Bush administration vigorously sought UN Security-Council support for its war plan in a way that the United States had almost never done before. On the cover of the 22 September 2004 New York Times, the lead article was titled, ‘Bush, at the U.N., Calls for Action to Widen Liberty’, and the subtitle ran: ‘Rebuts Annan’s Assertion That Conflict Violates International Law’. When was the last time an American president faced the General Assembly of the United Nations in order to defend (his reading of) international law? That same month, UN Secretary General Kofi Annan and US Secretary of State Colin Powell were still arguing publicly about the legality of the US invasion and occupation of Iraq. ‘What we did was totally consistent with international law’, asserted Powell. What one fears is that, when Koskenniemi argues contemporary American militarism and international adventurism are ‘patently and arrogantly’ illegal, and are indefensible in legal terms, he is simply losing himself in the mists of ideology, trapped by the kind of liberal thinking that Marxism ought to be able to help one see through. Koskenniemi, like the defeated US Democratic Party campaign strategists, shakes his head in disbelief, puzzled by the social reality which he and his fellow craftsmen of international law now confront.

Two caveats must be added here, however, before leaving Koskenniemi’s contribution to the symposium. Although it is difficult to come by today, fifteen years ago Koskenniemi published a book titled, From Apology to Utopia, in which he claimed that ‘my argument is that international law is singularly useless as a means for justifying or criticizing international behaviour… as it can be ultimately invoked to justify any behavior [while it is] incapable of providing a convincing argument on the legitimacy of any practices…’. It is not at all clear how we might reconcile this critique with Koskenniemi’s current assertion that a particular practice, in this case that of the US in Iraq, is patently and arrogantly – and presumably, convincingly – illegal.

Second, Koskenniemi’s unraveling argument is not that different from the argument advanced by Perry Anderson in New Left Review. Anderson describes what is different about the contemporary thrust of American imperial might this way: it was the battle-cry of human rights ‘that was the principle innovation of the period, and did most to alter the strategic landscape. For this was the jemmy in the door of national sovereignty’. Anderson explains that it was the jurisprudence of human rights, a universal system of rules and values, that now provided a cover for particular US violations of national self-determination. ‘Juridically,’

says Anderson, ‘the doctrine of national sovereignty presupposed notions of equality between peoples that afforded some protection against the bullying of the two superpowers...’. Before he finishes this sentence, however, Anderson continues: ‘whose competition ensured that neither could seek openly to set it aside’. Now, Anderson had better decide whether it was the doctrine of national sovereignty (and international law) that ‘afforded some protection’ to Third-World states or else the political and ideological competition between capitalism and Communism. They are not the same thing. The former is a classic international-law argument and the latter is an equally traditional political-realist argument. They lead directly to two very different views of recent legal and political history. According to the one theory, at times seemingly shared by Koskenniemi and Anderson, at some point between the 1960s and the 1990s, an inadequate but still functioning system of international legal constraints declined or unravelled or was replaced by something more arrogant and more dangerous. Now there is no longer any effective obstacle to American empire and it is shredding of the doctrine of national self-determination. The other view, whatever you wish to call it, is that international law (as Koskenniemi argued in 1989) is singularly useless as a means for justifying or criticising the behaviour of states. In other words, Anderson’s doctrine of national sovereignty was just as easily manipulated during the Cold War as is his doctrine of human rights today. Just as old-school international law (*pace* Anderson) did not protect Guatemala, Iran, Vietnam or the Dominican Republic, to name only a few, from American political subversion or military invasion, new-school international law, like human-rights theory and war-crimes trials, is not that different from anti-communism, freedom of worship, and the unwavering loyalty of Cold-War liberals to the imperial project. It was John F. Kennedy who described the United Nations as mankind’s last best hope. Which American President did not beat the drum of human rights? Mr. Gorbachev, tear down that wall!

There is a compelling legal argument in behalf of every action the US government has undertaken in the past century. There is a pretty good legal argument against almost everything the US ever does. Some arguments are better than others but international conflicts are never resolved by legal reasoning. This does not mean that international law has become marginalised or is irrelevant. It just means that law is law and it is never more nor less than it is. ‘I am not writing this as a Marxist’, says Koskenniemi. That is clear. How interesting it might have been for the *Leiden Journal* to actually have asked Marxists, rather than non-Marxists, to talk a little about what a Marxist critique of international law might look like.

**Anthony Carty**

A professor at the University of Westminster School of Law, Anthony Carty begins his essay with the observation that ‘the violence of the United States increases by the year’. What can this mean? The 1860s were probably the most violent period in American history, due to the Civil War, in which ferocious battles were fought, taking thousands of lives in the space of twenty-four hours. Perhaps Carty means that the violence which the United States *causes* around the world increases each year. But would that be violence caused by the United States *government* or by *Americans*, or perhaps by US-based *private corporations*?

In terms of people killed daily by American soldiers, both WWII and the Vietnam War would seem to represent periods in history during which life for citizens of terra firma was made more deadly by the United States than it is today. But maybe we should wait to see what Carty is getting at.

He continues: ‘It is quite possible that international lawyers should simply absorb what I have already called the atmosphere of post-structuralist gloom’. Okay… although it is not yet clear what this has to do with Marxism. Carty mentions also the ‘widespread numbing of moral sense’ and one, at least, assumes he means by this something different from the ‘general coarsening of American life’, a reaction to which pollsters attribute, in part, the re-election in 2004 of US President George Bush. The widespread numbing of moral sense leads, according to Carty, to a ‘Dionysian immersion in sensation, leading to ever increasing levels of schizophrenia and anomic’. Now it is possible to study the rate at which different mental diseases are diagnosed each year in the US, although a lot depends on who is doing the diagnosing, who is counting, and the definitions of the disorders themselves. There seems to be an epidemic of teen depression at present but perhaps it is simply that society is taking the mental wellbeing of its adolescents more seriously – or is more comfortable than in the past with categorising youth using a medical model of explanation. But still the nagging question: what has this to do with international law?

Soon, however, Carty begins to deliver what he promises: a review of Hardt & Negri’s Empire. In his contribution to the LJIL symposium, Carty says he will ‘highlight the flourishes with which [Hardt & Negri] dispose of the nation-state as a possible form of political defence of social democracy…’. And that does have something to do with international law, not least since Carty’s emphasis upon the enduring importance of the nation-state can help stem the tide of a virulent human-rights movement, a movement that seems only too willing to scrap the right of national self-determination – with inevitable consequences for national resistance to American economic and military power. If one has any doubt on this score, just ask Venezuela’s President Hugo Chavez, whose Bolivarian régime has become a main target of American human-rights activists as well as of their government and its Central Intelligence Agency. Carty adds a commentary on Arrighi & Silver’s Chaos and Governance in the Modern World System, before concluding that Marxist analyses of the impact of the international political economy on the general structure of international law remain the most convincing, even though it is not altogether clear what Carty has in mind by such analysis.

Even Carty has his liberal (or ‘John Kerry’) moment, however. ‘The main preoccupation of the international law agenda of the United States’, he says, ‘has been to develop doctrines of preemptive attack, armed intervention, and the spreading of military bases, through agreement with host states and the global strengthening of military policing against terrorism. This agenda now dominates the international scene’. The only problem with this critique of today’s US’s international-law agenda is that this has always been the US’s international-law agenda. If one merely substitutes the word ‘communism’ for ‘terrorism’, then Carty’s description would fit the United States at the time of the Korean War every bit as effectively as the time of the Iraq War – except that during the later period, the US no longer treated the Kuomintang as the legitimate international legal representative of the Chinese people. Curiously, Carty sees no contradiction between his description, quoted above, of the main preoccupation of

US foreign policy and his warning, appearing on the same page, that it would be a ‘mistake to claim that it is now, for instance, that the UN Charter is being ignored or the equality of states is being denied. There is not a present and unprecedented US overthrow of international norms’.

If only Carty had taken his second position as a starting point for the exploration of inevitable pitfalls awaiting those who make international law a centrepiece of progressive international political strategy.

China Miéville

A member of the Editorial Board of Historical Materialism and author of Between Equal Rights: A Marxist Theory of International Law, China Miéville’s essay is certainly different from the others collected in this symposium. First, he has that lively appreciation for ambiguity in legal language that is the hallmark of critical legal studies; Miéville makes very good use of Koskenneimi’s early writing on forms of legal argument, ironically employing it in a way seemingly forgotten, as explained above, by Koskenneimi himself in his LJIL symposium essay. Agreeing with Purvis, Miéville concludes that ‘international legal doctrines are “entirely reversible”’. Second, Miéville makes the kind of use of Marx, right from the start, that one would expect from writers with a primary commitment to the construction of Marxist legal theory. Thus it is not to Kolakowski or Habermas, or even Gramsci and Luxemburg, to whom Miéville turns but, rather to Marx and to Capital. He takes from Marx, initially, the economic base/ideological superstructure conception of social context, ‘the innermost secret, the hidden basis of the entire social edifice…”.

But the specific insight upon which Miéville fruitfully draws for the remainder of his commentary is Marx’s notion of the commodity-form. Examining the pioneering work on this theme by Soviet legal theorist, Evgeny B. Pashukanis, Miéville quotes the Russian: ‘The exchange of commodities assumes an atomized form… The legal relationship between subjects is only the other side of the relation between the products of labour which have become commodities’. Bridging the Marxist legal theory of Pashukanis and the modern world system of international law, Miéville says that the legal categories of Pashukanis ‘become germane to international law with the early rise of capitalism, at a time when states, categorized as the owners of their own territories, consolidated their power in a context of increasing international interaction and conflict’.

After a brief consideration of the enduring role of law, including international law as ideology, Mieville plunges ahead with his critique of the analogy between Marx’s commodity-form within capitalist society and the specificity of the legal form within international law. On the one hand, Miéville acknowledges, in the words of Pashukanis:

No matter how eloquently the existence of international law is proved, the fact of an absence of organizational force, which could coerce a state with the same ease as the state coerces an individual person, remains a fact. The only real guarantee that the relationships between bourgeois states… will remain on the basis of equivalent

exchange, i.e., on a legal basis (on the basis of mutual recognition of subjects), is the real balance of forces.28

This much has Pashukanis in common with the realist tradition of international political theory, the sociology of law, and American legal realism. But the key, what Miéville calls Pashukanis’s ‘theoretical illumination’, is that ‘law is thrown up by and necessary to a systematic commodity exchange relationship, and it was between organized but disparate groups without such overarching authorities rather than between individuals that such relationships sprang’. Once the fact that ‘violence and coercion are indeed immanent in the commodity relationship itself’ is recalled, it becomes possible to understand not only the legitimate analogy between domestic and international law but also the significance of the specificity of the legal form for coming to grips with how law functions in international society. Neither as pure ideology, then, nor simply a mask for the use of force, the lawness of international law becomes visible. It only remains, finally, to identify competition between capitalist states in a particular period, which makes up the content of international law, to understand ‘the real historical content hidden behind the legal form’.

This short summary barely does justice to Miéville’s essay here; his book, Between Equal Rights, represents yet another order of magnitude.29 In spite of Miéville’s briefly defended pessimism regarding the emancipatory potential of international law, the point which needs to be stressed is that a full appreciation of the very nature of international law, with whatever consequences for theories of social change, must begin where Miéville begins, with an embrace of Frederic Moreau’s somewhat nimble deployment of the language of law.

Almost as interesting as Miéville’s point of view is the fact that it should be as different as it is from the other contributors to the LJIL symposium. A brief survey of the collected biographical sketches indicates that one striking difference between Miéville and the others is that he is not, or at least not yet, a lawyer or law professor. In an interdisciplinary age, after theory (in Terry Eagleton’s usage) that might not seem to amount to much; but it is my suspicion that it does – more than enough to explain the cutting edge of Miéville’s critique. John Rees, describing the way that professorial specialisation and careerism, what Anthony Wilden once called ‘the academic rackets’, confounds theory, suggests that ‘[o]ften but not always, such an approach is accompanied by a drastic narrowing of focus’ and, he adds, that such elitism and specialization are not, however, accidental. Ultimately they have their root in the class divisions of capitalist society which necessarily engender divisions between intellectual life and the rest of society, just as surely as the monks who illuminated manuscripts in a medieval monastery were separated from the lives of the peasants around them.30

‘The power, position and prestige of the United States’, announced Secretary of State Dean Acheson at the time of the Cuban Missile Crisis, ‘had been challenged by another state;

and law simply does not deal with such questions of ultimate power …’. Had Wall-Street attorney Acheson read his legal realists at Harvard more closely, he would have realised that you did not have to go as far as he did – any practice could be justified by some legal argument; and the US legal position on the Cuban naval blockade – that the UN Security Council implicitly approved the US action because it did not adopt a resolution against it – surely proves the point. Hans Kelsen, in his international-law textbook, described the US legal argument as laughable. But who was there to get the joke? Nicos Poulantzas, no mean Marxist theorist himself, claims that

the popular masses, whose ignorance of the law’s secrets is built into this law and juridical language itself, remain dependent upon, and subordinated to, state functionaries as the makers, protectors and appliers of the law. Modern law is a state secret which grounds a form of knowledge monopolized for reasons of state.

And a state secret is not much to pin a war on.

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References


Glorious Summer, written by Ralph Darlington and Dave Lyddon, is a valuable contribution to the written history of the workers’ movement in Britain in the 1970s and deserves to be widely read. The book contains detailed accounts of industrial struggles in the single year of 1972, which was indeed a remarkable year with 26 million days of strike action. It was the high-point of trade-union struggle in the 1969–74 period – the most militant period in postwar Britain up to that time – which clocked up an average of 12.5 million strike days per year.

The book is structured around five case studies of trade-union action during 1972 with background information on the industries involved. It presents an overview of the politics of the 1969–74 period, has an introduction on the politics of 1972 itself, and a conclusion in similar vein. It reflects the politics of the Socialist Workers’ Party (SWP) and the writings of its central leader at that time, Tony Cliff.

The book highlights the three defining strikes of 1972: the national miners’ pay strike which started in January; the dock strike leading to the historic jailing and dramatic release of the Pentonville Five in June and July; and the thirteen-week building workers’ strike which spanned July, August, and September – hence the title Glorious Summer. Indeed it was.

The book also examines the work-to-rule on the railways in April 1972 when the right-wing leadership of the rail workers’ union was pushed by its membership into a pay claim and had a ‘cooling-off order’ imposed on it under the Tory Industrial Relations Act. And it provides a valuable account of important, politically advanced, actions by engineering workers during their national pay claim for improved basic rates and other benefits which was fought out in the first half of 1972 and escalated to multiple sit-ins and factory occupations, mostly in the Greater Manchester area.

The 1972 miners’ strike

The miners’ national pay strike started on 9 January. It was the first national coal strike since 1926 and closed all of the National Coal Board’s 289 pits. The book recounts the restructuring of the coal industry and the reorganisation of the Left in National Union of Miners during the 1960s, including the formation of the miners’ forum which gave Scargill his base and which laid the basis for the strike. This newly reorganised Left was able to mount heavy pressure on Joe Gormley, the right-wing president of the NUM, pressure which created the strike.

Darlington and Lyddon give a graphic account of the legendary battle of Saltley Gate, and the tremendous solidarity Midlands engineering workers gave the miners, which was to be the turning point of the strike. They look at the processes within the West Midlands trade-union movement, which resulted in thousands of car and engineering workers walking out of their factories and marching to the Saltley coking depot and closing it down. They claim a pivotal role was played by Arthur Harper, the militant if eccentric convenor of the British Leyland Tractors and Transmissions plant and chair of the engineers’ AUEW District Committee.

After six weeks, the miners won their full claim in a stunning victory. It brought them back into the centre of working-class struggle after years of decline and retreat in the industry. It
was, arguably, the most important battle of 1972. It certainly was, as far as the effect it had on the general level of confidence and militancy of the working class, and it set the benchmark for wage demands for the rest of the 1970s.

The Pentonville Five

The dockers' battle started as a struggle against containerisation which was threatening to destroy thousands of jobs in the industry. *Glorious Summer* chronicles the bitter struggle of the unofficial port shop stewards' committee against their own union, the TGWU, which, via the Jones/Aldington Report, had accepted containerisation and the employer's reorganisation proposals. The book details the use of the Industrial Relations Act against the dockers, followed by the jailing and release of the Pentonville Five. Their release came after the TUC called a one-day general strike in support of them – the first and last general strike since 1926. Darlington and Lyddon claim, however, that, by the time the TUC called the strike, the latter already knew that their release was imminent. The dockers' victory seriously damaged the Industrial Relations Act before it fully got off the ground. To claim that this was the decisive factor which led to its eventual demise, as the book does, is more problematic since this underestimates the role played by the strikes organised against the Act in 1973 and 1974. But the dockers certainly played an important role.

The building workers' strike

The building workers' strike started as a series of selective stoppages, demanding improved basic rates and the renegotiation of the national agreement for the industry. It was driven by rank-and-file pressure into an all-out strike by 270,000 workers which closed 900 building sites and saw mass picketing of cement works and other building suppliers. The strike is rightly described by Darlington and Lyddon as more of a popular revolt than a strike and it led to the jailing of militant building workers Ricky Tomlinson and Des Warren. The strike turned increasingly into a struggle against lump labour (self-employed contractors working for a lump sum) which was seriously threatening trade-union organisation in the industry. When the official leadership sought a compromise, tens of thousands of angry building workers mounted demonstrations, rallies, and protests across the country in opposition.

The book contains an interesting account of the unofficial shop stewards' structure on the building sites, as exemplified by the London Joint Sites Committee and similar organisations in Manchester, Liverpool and elsewhere. It looks at the development of the *Building Workers' Charter* magazine edited by Lou Lewis, a leading member of the Communist Party, which was by far the strongest political force in the strike. It argues that the CP was compromised by the official positions it held, and wary of the rise of the unofficial power of the shop stewards. This would certainly fit with the role the CP played in other sectors of industry but all of this is contrary to the overall view the book takes about the development and relevance of the shop stewards' movement, as I argue below.

The building workers won substantial increases on their basic rates, though short of the full claim. The skilled grades got 30 per cent – which was the full demand. Most militants were convinced that the full demands could have been won for all grades had the strike continued.
for a few more weeks. On the matter of the lump, however, nothing was resolved and it continues to undermine trade unionism in the industry to this day.

The politics of the 1968–74 period

Focusing on the single year of 1972 tends to distort the overall analysis the book offers for the 1969–74 period as a whole. Many factors produced this period, which is more accurately described as the 1968–74 period since 1968 was also an important year. It was still the tail end of the postwar economic boom and employment levels were still relatively favourable. There had been a rise in both trade-union membership and shop-steward organisation during the latter part of the 1950s and the 1960s, with the most rapid development coming at the end of the 1960s and into the early 1970s. However, I would argue that the rise of the shop stewards’ movement in this period is misunderstood in Glorious Summer.

Darlington and Lyddon draw on Tony Cliff and Colin Barker’s analysis that there was virtually no shop stewards’ movement, as such, in the 1960s and 1970s, and, to the extent there was, it was politically apathetic. This reflects Cliff’s ‘rank-and-fileist’ conception of trade unionism, which tended to counterpose the shop stewards’ movement negatively to ‘(real’) rank-and-file workers. True, the historical weakness of the British trade-union movement has been strong on organisation but weak on politics, but it was precisely the shop stewards’ movement in the 1970s which began to challenge this and which is crucial to an understanding of the period.

The development of combine-wide shop stewards’ organisation was part of this. It began in the late 1950s in the car industry and continued through the 1960s into other sectors. There was an extension of trade-union organisation into previously unorganised or poorly organised sectors, particularly the service sector, and a growing confidence that trade-union organisation paid dividends and that victories could be won. At the same time, the employers were beginning to reorganise to take advantage of new technology. All the ingredients were in place for industrial confrontation by the late 1960s and early 1970s.

Political strikes against the government

There was a remarkable series of political strikes which took place in this period against Barbara Castle’s ‘In Place of Strife’ anti-union legislation and Edward Heath’s Industrial Relations Act. Glorious Summer has a short section on these strikes but, in my view, underestimates their significance. There were six such strikes prior to the summer of 1972. There were two in 1969 against ‘In Place of Strife’, on 27 February and 1 May, when 200,000 came out. There were four against Edward Heath’s Industrial Relations Act. The first was on 8 December 1970 (when over half a million walked out). The second was on 12 January 1971 (when several hundred thousand came out). The third was on 1 March 1971 when two million came out and the fourth was on 18 March when a massive three million workers were on strike.

I was personally involved in almost all of these strikes as chair of the Joint Shop Stewards’ Committee at British Leyland’s assembly plant at Cowley, Oxford. Most of the Cowley car plants were out on strike for all of these except the first in February 1969. The Assembly Plant was out for all but the first and we were very proud of this as a shop stewards’ organisation
in the plant. It was a big step forward in trade-union organisation and working-class consciousness. The 1 May 1969 strike saw 20,000 on strike in the Oxford area – the vast majority car workers.

These strikes involved official and unofficial action, but it was mostly unofficial. The driving force came from the shop stewards’ movement and the most politicised shop stewards. The strikes would not have happened without them. The Communist Party initially played an important role through their industrial organisation, the Liaison Committee for the Defence of Trade Unions, but it hesitated at challenging the TUC. This failure was challenged from the left by Trotskyists, in particular the Socialist Labour League (SLL) which had enough industrial strength at that time to be a material factor. These strikes put political strike action on the agenda and helped prepare the ground for the dockers to defy the Industrial Relations Act in the summer of 1972. The strikes were undoubtedly a factor in rising militancy more generally, including the miners and the building workers, although neither of these latter groups of workers were prominent in the strikes themselves.

The confidence of workers in Britain was also bolstered by the mass strikes in France in May/June 1968. It created a general atmosphere of militancy and helped to politicise a growing layer of shop stewards who were increasingly challenging both the employers and the union establishment. There was also the Vietnam War and the mass movement against it and the Portuguese Revolution in 1974. By focusing so heavily on 1972, the authors miss out the role these events played in rising industrial militancy in 1970s Britain.

The ‘downturn’

The most problematic part of *Glorious Summer* is its overall political analysis of the 1970s and its support for the view that there was a downturn in working-class militancy in the second half of the 1970s. In my view, this leads the authors to falsely counterpose the 1969–1972 period to the equally militant period at the end of the 1970s. The Winter of Discontent of 1978–9 is, to my mind, the Glorious Winter. The first paragraph of the introduction to *Glorious Summer* puts it the other way round and refers to this as the ‘so-called’ winter of discontent:

> The enduring political and industrial struggle of the 1970s is the so called ‘winter of discontent’ of 1978–79, popularly identified with the Labour Party losing the 1979 general election, and ushering in 18 years of reactionary and often vicious Conservative government. But to quote another phrase from the opening speech of William Shakespeare’s Richard III, there was also a ‘glorious summer’ – lasting most of 1972. It was the high point of the strike wave in Britain during the years 1969–74. (p. 1)

Cliff defended the theory of a downturn in his autobiography *A World to Win*.¹ The chapter defending it is titled, ‘From Beautiful Spring to Freezing Winter’. At the time of the Winter of Discontent he wrote:

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It would be a grave mistake to put the success of the workers of Ford, BOC, and lorry drivers in the same league as the victory of the miners in 1972 or 1974. The victory of the miners changed the balance of class forces in the country as a whole radically in favour of the working class. The victories of Ford, BOC and the lorry drivers did not... [they] did not overcome the generally great lack of workers' confidence about their ability to take on the employers and the government.2

Certainly, important changes, particularly economic, had taken place in the mid-1970s which altered the terrain of trade-union struggle. Crucially, there was the end of the postwar boom and the onset of a long unstable recessionary period. Unemployment rose rapidly. As a result of this, the employers intensified their fightback against the gains which had been made by the trade-union movement earlier and this forced unions into increasingly defensive struggles. But this is very different to saying that there was a crisis in the confidence of the working class to fight in the second part of the 1970s. This was simply not the case. I led many strikes in that period and the continued rising militancy and confidence of the workers was unmistakable. In fact, the willingness of the working class to fight continued unabated throughout the 1970s and into the 1980s, as shown by the strike figures for the early 1970s and the late 1970s, which are basically the same. In the five years from 1970–4, there were 70 million days of strike action and in the five years from 1977–81 there were 65 million days of action. The workers' movement also increased its scope during that time, embracing more sectors of the working class. It was only halted and reversed by the defeat of the miners in 1985.

True, there were fewer strikes in the middle years of the decade. There were 'only' six million days lost in 1975 and 3.2 million in 1976. But this went back up to ten million in 1977 and then to a staggering 29 million in 1979 – the highest since the general strike of 1926 and six million more than in 1972. It is also true that strike figures are not the only measure of working-class militancy (though today's conditions show they are pretty important), but this cannot explain the change from relative acquiescence in 1975 and 1976 to the mass strikes in the rest of the 1970s. In fact, trade-union membership continued to rise in the second half of the 1970s, despite rising unemployment – a remarkable phenomenon.

This is recognised in Glorious Summer but its significance appears lost on the authors. Cliff tried to get round this contradiction in his theory by arguing, bizarrely, that this growth in union membership was not due to trade-union strength at all but to the growth of the closed shop! He put it this way:

On the face of it, if growth in trade union membership by itself showed growth in workers' power vis-à-vis the employer, that power must have grown faster in 1975–77 than in 1971–74. In the years 1975–77 membership grew by 943,000, or by 314,000 a year, while in the years 1971–74 union membership grew by only 577,000 or 144,000 a year. The shallow conclusion should be: the real years of working class advance were 1975–77, while those of 1971–74 were relatively unimpressive. As a matter of fact there is quite often an inverse relationship between

growth of union membership and the strength of shop organisation, as many a management prefers a closed shop as a way of disciplining their workers.3

This does not tally with any closed shop I have been involved with! True, some employers were prepared to do a deal over a closed shop (either a pre-entry closed shop where only union members could be employed or a 100 per cent membership agreement where everyone had to join) with the trade-union bureaucracy, hoping that they would get help in controlling the militancy in return, but it was never more than making the most of a bad job for them. The fact is the closed shop represented the strength of the trade union at shop-floor level and was deeply resented by the employers.

When we eventually established a 100% shop at the Cowley Assembly Plant (Morris Motors Cars Branch in those days) in the mid-1960s, it was as a result of a series of strikes by workers who refusing to work with non-union members and a massive campaign by the shop stewards. The resulting agreement was between the stewards and the management. After that, full-time officials were only allowed onto the plant with the agreement of the convenors. To see the closed shop as a factor which falsely inflated trade-union membership figures was to completely misunderstand it.

Trade-union organisation grew faster in the late 1970s than the early part of the decade and there is no mystery about it. The militant early period triggered a growth in trade-union activity which came to fruition in membership and organisation at a later date. It took time for new union organisation to mature. Much of this growth was in the white-collar sector as it followed the blue-collar example.

Defending his theory of the downturn, Cliff claims that there was a massive collapse of militancy throughout the mining industry, as can be seen from the following figures: the number of days lost – over 10 million in 1972 and over 5 million in 1974 – collapsed to 52,000 in 1975, increasing to 70,000 in 1976, 88,000 in 1977 and 176,000 in 1978.4

But he was comparing two years when there were national strikes in the industry – 1972 and 1974 – with four years when there were not. No wonder there was a difference in strike levels. The miners had transformed their situation in 1972 and 1974 and it is not surprising there were fewer strikes in the four years which followed. Seven years later, in 1984, these same miners were able to mount what was arguably the greatest strike in the history of the trade-union movement in Britain. Cliff continues:

The extent of this retreat becomes clear if one follows what happened to wage levels. There were many industrial disputes under the Labour government of 1974–1979. But they were radically different to those of the proceeding period. The disputes were far more bitter and lengthy; the employers were far more aggressive and quite often unready to concede anything except after a long battle; lockouts were back

with a vengeance; and the proportion of disputes ending with worker’s defeats or partial defeats was much greater than in previous years.5

Yes, but Cliff is confusing the hardening attitude of the employers, which certainly was taking place, with a collapse of working-class militancy which was certainly not taking place. This hardening attitude was a result of the change in economic conditions and a more defensive period – as argued above. There was no unbridgeable chasm between these two periods. Strikes were more defensive in the late 1970s, but some were defensive in the 1970–4 period as well. The movement around the Pentonville Five was actually a part of a defensive struggle against a very aggressive reorganisation of the docks. The fight against the Industrial Relations Act was a defensive struggle against anti-union legislation.

Cliff’s mistake was to misread the low-strike years of 1975 and 1976 as a collapse of workers’ militancy and, consequently, as a crucial change in the balance of class forces. This approach ignored the role of the trade-union leaders and the TUC. They reacted to changing economic conditions by support for incomes policy and calls for restraint. The low-strike years of 1975 and 1976 were not the product of a collapse of militancy at all. They were the products of the successful intervention of the trade-union leaders on behalf of the Labour government. This included the two main left-wing union leaders Jack Jones and Hugh Scanlon. The result was trade-union and TUC support for Labour’s various incomes policies. By 1977, we had the 10 per cent phase three policy and its 12-month-rule – which outlawed pay claims within twelve months of the previous one. This reflected the pressure from the base of the unions for increased wages, since so many workers were not prepared to wait until the end of the current deal.

In fact, there were still strikes against incomes policy, including phase three. The most important was the thirteen-week national fire fighters’ strike in 1977, in which the government held the line. It was, however, a strong and militant strike. The fire fighters held a massive lobby outside the TUC when it was voting on a resolution urging them to accept the employers’ offer. There were also major strikes in the car industry including a fifteen-week strike at BL’s Speke plant and a very militant strike of Scottish lorry drivers which broke the code.

Many of these claims had been triggered by the dramatic decision to reject incomes policy at the 1977 Transport and General Workers’ Union conference – against the efforts of Jack Jones. He was retiring after the conference and had battled to retain support for incomes policy in a spectacular swan song. After the conference, Moss Evans, the newly elected General Secretary, pledged that he would carry out the decision of the conference and would support T&G members striking against the next stage of incomes policy ‘in the profitable sectors’ – which left BL out. It was a crucial change, despite the qualification. Claims were put in way beyond the pay code and a confrontation built up. At that stage, leaders of a million local authority workers and leaders of another million workers in the NHS were abiding by the 12-month-rule against pressure from their members to break it. Tanker drivers, power workers and others were held back for the same reason. All this was delaying a looming confrontation over wages.

**Glorious winter**

The logjam broke in the latter part of 1978 and we had the 'Winter of Discontent' – triggered by Callaghan's phase four 5 per cent policy. In September 1978, 57,000 Ford workers walked out spontaneously when management rejected their 25 per cent claim and made an offer within phase four. Solidarity action by dockers and seafarers brought most of Ford's European operations to a halt. The first to break phase four were BOC workers who settled for 8 per cent after a strike which threatened to close down most of manufacturing industry. In November, after nine weeks out, Ford workers smashed through phase four with a spectacular 17 per cent settlement. At the same time 26,000 bakery workers went on all-out strike for a 25 per cent increase and, after six weeks out, they won a 14 per cent settlement. Before the end of the year, ESSO tanker drivers took action and the NUJ called out its provincial journalists demanding a 32 per cent increase. Then Texaco tanker drivers took action and petrol started to run out.

In January, 75,000 road haulage drivers struck indefinitely for shorter hours and a 22 per cent increase. The remarkable solidarity and effectiveness of the strike shocked the government to its roots. It paralysed large sections of industry with the strike committees issuing chits for the movement of essential supplies through the ports. Callaghan collapsed and intervened to say that haulage employers would not be penalised by the government if they settled above 5 per cent. After that, haulage employers began to collapse in droves and settled for increases in line with the claim and four or five times the pay code. At the end of January 1979, there was a one-day strike by a million public sector workers and a march of 60,000 workers through London launching a public-sector claim. This was followed by selective action, and picket lines were thrown up outside hospitals, ambulance stations, refuse depots, schools, colleges and other work places. In some areas, coal miners came out in solidarity action with nurses. The water workers were the first to break through, with most sectors settling for about 10 per cent.

To present this remarkable period of struggle as a downturn in the willingness of the working class to struggle was to deny reality. And major strikes went on after the 'Winter of Discontent'. There was a fifteen-week steel strike in 1980; strikes in engineering and the car industry in 1981 and 1982; the printers' strike in 1983 and then the miners' strike in 1984.

This debate about the downturn, of course, does not invalidate what *Glorious Summer* has to say about the individual struggles of 1972. *Glorious Summer* certainly deserves to be read widely today in the workers' movement for the contribution it can make when a higher level of industrial struggle is back on the agenda.

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**References**

Historicism, absolute

The expression 'absolute historicism' appears only three times in the Prison Notebooks of Antonio Gramsci. It appears for the first time, as a subject for further investigation, in the first note that Gramsci writes with the title 'An Introduction to the Study of Philosophy' (Q 8, §204). Its second appearance (perhaps the most well known quotation) is in 'Concept of "Orthodoxy"); as a concluding formulation to the important additional passage (note 1) which argues that 'it has been forgotten that in the case of a very common expression one should put the accent on the first term – "historical" – and not on the second, which is of metaphysical origin. The philosophy of praxis is the absolute "historicism", the absolute secularisation and earthliness of thought, an absolute humanism of history. It is along this line that one must trace the thread of the new conception of the world' (Q 11, §27; SPN 465). Its third and final appearance is in 'Introduction to the Study of Philosophy' (Q 15, §61; SPN 417), in the middle of series of notes dedicated to considering the nature of the Italian Risorgimento and its relationship to the French Revolution. As in Q 11, §27, the expression 'absolute historicism' is used as a description of one of the elements of the philosophy of praxis. Although its importance is emphasised, the expression itself is not subject to further explicit analysis or development. It appears like the tip of an iceberg, beneath which lies a conceptual structure and series of analyses and researches that remain largely implicit.

1. 'Theory of History and of Historiography' constitutes the first subject of the proposed study plan that Gramsci writes on the first page of his first notebook on 8 February 1929. In the first notebook with a section dedicated to philosophical questions, entitled 'Notes on Philosophy, Materialism and Idealism' (Notebook 4), he begins to consider Marxism's relation to historicism, considered as both a political-ideological formation and philosophical doctrine – a dual sided exploration that Gramsci relates to Hegel's and Marx's comments on the relations of translation which obtained between the political practice of the French Revolution and the theoretical developments of German idealism (cf. Q 8, §208). In 'Two Aspects of Marxism', he argues that historical materialism can be considered, insofar as it is still undergoing a period of popularisation in the form of a materialism closely connected to the traditional world-views of the subaltern classes, as 'the popular side of modern historicism' (Q 4, §3; SPN 396). In 'The Restoration and Historicism', he specifies this formulation, arguing that the confrontation of the different 'historicism's' that emerged from the experience of the French Revolution and the period of the Restoration produced their Aufhebung in the form of a "popular" historicism which criticised the petty bourgeois ideology and the "aristocratic" ideology, explaining both and explaining "itself", which represented the greatest form of "historicism", the total liberation from any form of abstract "ideologism", the real conquest of the historical world, the beginnings of a new, original civilisation. It is necessary', Gramsci declares, 'to study all of these current of thought in their concrete manifestations: 1) as a philosophical current; 2) as a historiographical current; 3) as a political current' (Q 4, §24; cf. Q 16, §9; SPN 399).

The systematic pursuit of this study plan occurs immediately, particularly in the two great philosophical (and at the same time, directly political) confrontations which will occupy Gramsci throughout his incarceration: the critiques of the attempted "liquidation" of Marxism by Benedetto Croce and the
'dilution' of Marxism which Gramsci argues is represented in the (emerging diamat orthodoxy) of the Theory of Historical Materialism: A Popular Manual of Marxist Sociology of Bukharin. Absolute historicism functions as a 'critical concept' in both directions (Roth 1972, 66). These two distinct critiques are unified not only by their common motivation to defend and develop Labriola's 'thesis that Marxism is an independent and original philosophy', against the 'double revision' to which Marxism had been subjected (Q 4, §3; SPN 390). They are also unified by the dialectical rhythm with which Gramsci develops themes in his engagement with one thinker which are then transferred, or 'translated', into the terms of his critique of the other, and vice versa. Thus, although these critiques are developed in tandem, it is nevertheless still possible to detect distinct moments of critical attention in relation to each thinker. Thus, in Notebook 4, Gramsci's comments on the theme of historicism are particularly directed against Bukharin. In his reduction of the philosophy of Marxism to a version of traditional, eighteenth-century vulgar materialism (which 'can be nothing other than eternal and absolute' (Q 4, §40; SPN 407; cf. Q 4, §25; Q 7, §47)), Bukharin does not comprehend, Gramsci argues, that 'the essential part of Marxism consists in its sublation [superamento] of the old philosophies and also in the way of conceiving philosophy; it is this which must be demonstrated and systematically developed...in the expression “historical materialism” the accent has been placed on the second member, whereas it should be given to the first: Marx is essentially an “historicism”’ (Q 4, §11; cf. Q 11, §27; SPN 465). The new way of practising philosophy consists not only in the historicist critique of the metaphysical tradition and the ‘theoretical’ explanation ‘that every “truth” believed to be eternal and absolute has practical origins and has represented or represents a provisional value’. It also consists, equally if not more importantly, in the much more difficult task of making this interpretation ‘practically comprehensible in relation to historical materialism itself’ (Q 4, §40; SPN 406). The critique of Croce’s relation to historicism, on the other hand, intensifies in Notebook 8, both in the notes written before the third series of ‘Notes on Philosophy’, in this section itself, and above all, in the ‘special’ Notebook 10, which constitutes, in part, the ‘Anti-Croce’ — which Gramsci intended to write following the example of Engels’s Anti-Dühring (Q 8, §235; SPN 371). Gramsci criticises Croce’s claims of ‘a disinterested contemplation of the eternal becoming of human history’ (Q 8, §39) and highlights the similarity between the nature of his (historiographical) historicism and those of the traditions of (political-ideological) historicism which emerged during the experience of the Italian Risorgimento, which Gramsci suggests can be understood with the concept of ‘passive revolution’ (Q 8, §39; cf. Q 10.I, §6). Both were committed to an abstract and symmetrical view in which history progresses according to a ‘dialectic of preservation and innovation’ (Q 8, §27). Doctrines, such as those of the Jacobin moment of modern culture, which proposed not the preservation of elements of the past according to a progressively unfolding preordained plan, but the introduction of new elements and the dislocation of certainties under the pressure of actual historical practice, were declared to be ‘irrational’. Croce’s historicism is argued to be, in a repetition of the historicisms of the Italian Risorgimento, ‘not so much scientific theory as practical-political tendency or ideology’ (Q 8, §27): a ‘speculative, “liberal” Utopia whose fear of mass movements (Q 10.I, §6) banishes revolutionary politics to the irrational and anti-historical, and makes fascist reaction incomprehensible as anything but a temporary aberration in an otherwise pacific evolutionary development. Rather than ‘an ethical-political history’, Gramsci claims that Croce has produced ‘a speculative history’ (Q 8, §240). At the same time, Gramsci pursues his critique of Croce on the specifically philosophical terrain, discovering the same contradictions at work in Croce’s speculative historicism as those that dominated his historiography. Significantly, this engagement occurs after Gramsci
has translated the ‘Theses on Feuerbach’ in the pages reserved for translations at the beginning of Notebook 7 (according to Francioni (38) most probably undertaken at the same time as Gramsci writes the first ‘Notes on Philosophy’ in Notebook 4, between May and November 1930) and has begun to develop the notion of the distinctive features of a philosophy of praxis (the term itself appears for the first time in relation to historical materialism and, in particular, the theory and practice of hegemony, in ‘Materialism and Historical Materialism’ (Q 7, §35; cf. Haug 1994, 1195 et sqq.)). Against Croce’s claim to have attempted ‘to expel’ from the field of philosophy every residue of theology and metaphysics to the point of negating any philosophical ‘system’, Gramsci argues that his thought remains essentially speculative and within the problematic of theology and metaphysics: ‘every claim of “historicism” is empty, because it is a case of speculative “historicism”; of the “concept” of history and not of history’ (Q 8, §221; cf. Q 10.I, §8). Although Croce had indeed argued that philosophy progresses by solving problems presented to it by historical development, and not in terms of a closed sphere of thought (Q 10.I, §4), he still wished to maintain a qualitative distinction between philosophy, understood as a disinterested search for truth, and ideologies, which he reduced to mere instruments of political action (Q 10.II, §2). Certainly, for Croce also, historical thought is the ‘only and integral form of knowledge’ (1938, 56), which constitutes an absolute historicism in the sense of a unity of philosophy and history. However, he only went ‘half way’, because he ‘takes the categories of Spirit out of this historicity’ (Roth 1972, 68).

Gramsci, on the other hand, in one of the richest passages of the Prison Notebooks, describes the distinction between philosophy and ideology as a quantitative one, related to the level of social, political and historical coherence (in the specific sense this word has for Gramsci; cf. Haug 1996, 21 et sqq., 61) of conceptions of the world. ‘Ideology is any particular conception of groups internal to the class’ which are directed to the resolution of immediate problems. Philosophy, on the other hand, in the positive sense with which Gramsci uses it in this passage, is a conception of the world which tends to raise the level of awareness of historical determination and increase the capacity to act of an entire social class, ‘not only in its current and immediate interests . . . but also in its future and mediated [interests]’ (Q 10.I, §10; Q 10.II, §31). The introduction of the third term of ‘politics’ to the equation ‘history = philosophy’ thus allows Gramsci to think both the extent to which the present is not identical with itself, but rather, is fractured by residual formations of the past and emergent formations directed towards new social practices, and also the means by which the philosophy of praxis’ acknowledgement of its own determination increases its ability to contribute to social transformation.

It is in the context of these developing critiques that the expression ‘absolute historicism’ appears for the first time in the first note entitled ‘An Introduction to the Study of Philosophy’: ‘Transcendence, immanence, absolute historicism. Meaning and importance of the history of philosophy’ (Q 8, §204). It emerges as a ‘sublation [superamento] of a prior mode of thinking’ (Q 8, §220), produced by appropriating a expression used by Croce and, in an act of immanent critique, attempting to give it a level of conceptual consistency which Croce had failed to achieve. The essentially critical nature of the term, and critical value of the adjective ‘absolute’ in particular, is underlined by the two alternative lines of affiliation sketched out in ‘Introduction to the Study of Philosophy’ (Q 8, §235) (‘Beyond the series “transcendence, theology, speculation – speculative philosophy”, the other series “transcendence, immanence, speculative historicism – philosophy of praxis”’ and the reformulation of absolute historicism as ‘realistic historicism’, in opposition to ‘speculative historicism’ (Q 10.I, ‘Introduction’; cf. Q 10.I, §11; Q 10.II, §61i) and to ‘abstract or speculative “absolute philosophy”’ (Q 10.II, §31). The critique of the failings and contradictions of Croce’s version of absolute historicism continues throughout Notebooks 8 and 10, particularly in terms of the critique of speculation, and the suggestion that the philosophy of
praxis contains a new notion of immanence – touchstones to which Gramsci constantly returns, and which are central to the development of the status of ‘theory’ within the philosophy of praxis (Q 4, §17; Q 8, §238; Q 11, §65), in which the critique of speculation is linked to the question of hegemony (Q 10.I, §8; Q 10.II, §9; Q 11, §24; Q 11, §28; cf. Boothman 1991, 62–4; Frosini 2003, 143–9).

The most significant conceptual development, however, consists in Gramsci’s synthesis of the terms of his critique of Croce with his renewed attempt to refute the tradition of metaphysical materialism within Marxism. The expression ‘absolute historicism’, one of the spoils of victory of Gramsci’s clash with Croce, is now reforged into a genuinely new concept in Gramsci’s dialectical workshop, coordinating and summarising his many sided attack upon Bukharin’s ‘upside-down idealism’ (Q 11, §14; SPN 437). Although Bukharin’s seems to be a perspective diametrically opposed to Croce’s, Gramsci discovers the same lack of a critique of metaphysics and speculative philosophy at work in Bukharin’s search for a first philosophy to underwrite an historical-materialist sociology (Q 11, §14) as he did in Croce’s ‘capably disguised form of history according to a plan’ (Q 10.II, §41.xvi): ‘speculative categories are replaced by empirical concepts and classifications which are not less abstract and anti-historical’ (Q 11, §14; SPN 437). Lacking a critique (and in particular, a political critique) of the failings of the speculative mode of practising philosophy (Q 11, §14), an understanding of the new dialectic (Q 11, §22) or the new meaning of immanence introduced by Marx (Q 11, §24; Q 11, §27), Bukharin had attempted to posit the speculative concept of matter of metaphysical materialism as a guarantee for Marxism’s (transhistorical) validity (intimately related to his dismissal of all previous philosophies as mere ‘delirium and folly’ (Q 11, §18; SPN 449)). For Gramsci, it is essential to comprehend the concept of matter in a realistic and historical sense – that is, not as an a-historical metaphysical category, but as ‘socially and historically organised for production; consequently, natural science should be seen as essentially an historical category, a human relation’ (Q 11, §30; SPN 465–6). Gramsci’s declaration that ‘it has been forgotten that in the case of a very common expression one should put the accent on the first term – “historical” – and not on the second, which is of metaphysical origin’ should thus be understood strictly and literally: as an ‘absolute “historicism”, an “absolute secularisation and earthliness of thought, an absolute humanism of history’ (Q 11, §27; SPN 465), the philosophy of praxis can explain, overcome and incorporate, rather than merely dismiss, the contradictions of metaphysical materialism, just as it resolves the aporiai of speculative, idealist forms of historicism. It is able to ‘translate’ them into a realistic and historical register – and this ‘translation’ between ‘different philosophical and scientific languages and “different phases of civilisation” is “organic and profound” only in the philosophy of praxis’ (Q 11, §47). As the philosophy of praxis possesses a concept of theory (Q 11, §45) which acknowledges that thought, and the systems of thought known as philosophy, are practices directed to the resolution of determinant problems in determinant historical conjunctures or ‘historical blocs’, it is able to provide an account of the emergence, consolidation, political efficacy and decomposition of these doctrines.

Gramsci acknowledges that the alternative to the metaphysical guarantee offered by Bukharin, namely, ‘to think of a philosophical affirmation as true in a particular historical period (that is, as the necessary and inseparable expression of a particular historical action, of a particular praxis) but as superseded and rendered “vain” in a succeeding period, without however falling into scepticism and moral and ideological relativism, in other words to see philosophy as historicity, is quite an arduous and difficult mental operation’ (Q 11, §14; SPN 436). He nevertheless insists that such an understanding is implicit in the philosophy of praxis, and, crucially, politically enabling. In distinction to all previous historicisms, the philosophy of praxis’ equation of history, philosophy and politics enables it to comprehend not only the historicity of other thought forms, but also, ‘to explain and justify historically itself as well’ (Q 16, §9; SPN 399) ‘as the
result and crowning point’ (Q 15, §61; SPN 417), or ‘the maximum historicism’ (Q 16, §9), of the entire historical-philosophical-political sequence which descends from the nexus of the French Revolution and German idealism. Thus, although the philosophy of praxis, like all thought forms, must ‘hold itself to be “exact” and “true” and struggle against other forms of thought’, it alone is able to do this ‘critically’ (Q 11, §45). It does this by acknowledging itself as an historical product of the dynamic element of class society which, as an integral element of these contradictions, seeks to resolve them immanently, positing itself ‘as an element of the contradiction’ and elevating ‘this element to a principle of knowledge and therefore of action’ (Q 11, §62; SPN 405). The fully developed concept of absolute historicism thus enacted both a definitive refutation of Bukharin’s ‘return to metaphysics’ and provides the philosophy of praxis with a positive programme with which to comprehend and to elaborate philosophy as a practice within history.

2. The concept of absolute historicism did not play a prominent role in the initial reception of the Prison Notebooks following WWII. Gramsci’s historicism, his relations to Croce and to the tradition of Italian historicism were acknowledged. The thematic organisation of the first edition of the Prison Notebooks, however, did not allow an analysis of the critical development and specificity of the concept of absolute historicism, resulting in a perception that the adjective played a merely emphatic role (‘very, very historicist’) in Gramsci’s argument against Bukharin, and was not also, at the same time, an act of immanent critique and transformation of Croce’s position (a position which continues in post-critical edition Gramscian scholarship cf. Morera 1990). Further, the allegorical reading of the Prison Notebooks promoted by Togliatti, legitimatingly fearing censorship by the diamat orthodoxy which then reigned in the Soviet Union and international communist movement, tended to obscure the full dimensions of Gramsci’s critique of Bukharin’s position which had become, precisely, one of the central professions of faith of this new orthodoxy. A combination of national and international conjunctures – a widespread questioning of Crocean historicism in the context of post-Fascist reconstruction of the Italian state and a partial opening of the space available for theoretical debate in the international Communist movement following the events of 1956 – led to a discussion of the validity of Gramsci’s historicism in comparison with new theoretical initiatives, above all, in Italy, the Della Volpe school’s emphasis upon Marxism as a science (particularly during the debate of 1962 following the publication of Nicola Badaloni’s Marxismo come storicismo; cf. Ligouri 1996, 132–52).

The most significant and influential interpretation of Gramsci’s notion of absolute historicism, however, was that proposed by Louis Althusser in 1965 in one of the central chapters of Reading ‘Capital’, ‘Marxism is not an historicism’ (RC 119). This critique, produced in a complex theoretical and political conjuncture (an attempted critique from the Left of the failings of the ‘official’ critique of Stalinism), was one of the central moments in which many of the features which later came to be known as ‘Althusserianism’ (anti-historicism, anti-humanism, the critique of an expressivist notion of the social totality) were first fully elaborated. Althusser credited Gramsci with providing one of the most coherent formulations of a tradition of ‘revolutionary humanism and historicism’ (RC 120) which emerged from the experience of WWI and the Russian revolution, and which included Luxemburg, Mehring, Korsch and Lukács (and whose problematic Althusser also detected in Sartre, Della Volpe, and Colletti, among others); he acknowledged that this tradition ‘was born out of a vital reaction against the mechanism and economism of the Second International’ (RC 119); he praised the ‘enormously delicate and subtle work of genius’ of Gramsci, and in particular, his ‘fruitful discoveries in the field of historical materialism’ (as opposed to what Althusser described as Gramsci’s “interpretation of dialectical materialism” (RC 126)). Nevertheless, he argued that a close analysis of not merely Gramsci’s ‘words’ but his “organic concepts”’ (RC 126) revealed the ‘latent logic’ (RC 131) of a problematic which threatened
Marxism’s theoretical and political coherence. Arguing that Gramsci had remained ‘constantly haunted by Croce’s theory of religion’, Althusser accused him of flattening out the distinction between Marxism, and Marxist philosophy in particular, and other ‘conceptions of the world’ (RC 130). For the Althusser of Reading ‘Capital’, on the other hand, Marxist philosophy is not merely one ‘conception of the world’ ranged alongside others: ‘what distinguishes Marxism from these ideological “conceptions of the world” is less the (important) formal difference that Marxism puts an end to any supraterrrestrial “beyond”, than the distinctive form of this absolute immanence (“earthliness”): the form of scientificity’ (RC 131), a form of scientificity constituted by an epistemological rupture with a previous ideological problematic. As such, ‘philosophy… remains a systematically ahistorical discipline insofar as it eternally retracts the frontier of the “ideological” and the “scientific”’ (Tosel 1995, 10–11). Gramsci, having failed to acknowledge this distinction, thought the ‘relationship between Marxist scientific theory and real history according to the model of a relationship of direct expression’ (RC 131) of a fundamentally Hegelian pedigree, in which Marxist philosophy was unable to be distinguished from the history from which it organically emerged (RC 132). Indeed, this was the central contention of Althusser’s critique: that which made Gramsci’s historicism absolute, according to Althusser, was the fact that the Absolute Knowledge of the Hegelian system was ‘itself historicised’, and that the privileged moment of transparency reserved by Hegel for an indeterminate future moment of Absolute Knowledge was thus surreptitiously transferred to all possible presents, each of which possessed the “essential section” of contemporaneity” (RC 132). In Althusser’s view, absolute historicisation swallows knowledge, as it were, just as historical materialism swallows dialectical materialism’ (Haug 1996, 58). Much more dangerously, ‘the project of thinking Marxism as an (absolute) historicism automatically unleashes a logically necessary chain reaction which tends to reduce and flatten out the Marxist totality into a variation of the Hegelian totality’ (RC 132) – as if Gramsci’s rejection of Bukharin’s metaphysical materialism unintentionally itself resulted in a ‘return to metaphysics’.

Despite his numerous preatory precautions and commendations, Althusser’s critique was not without serious limitations and misunderstandings of Gramsci’s concept of absolute historicism. Some of these limitations were unavoidable, given the lack of a critical edition of the Prison Notebooks that allows an analysis of the dialectical emergence and specificity of the concept. Thus Althusser regarded the arguments developed in the Prison Notebooks as a continuation of the positions which Gramsci had adopted as a political organiser and agitator, rather than a searching critique and reconsideration of their pedigrees in the light of the defeat of the workers’ movement in the West and the victory of the passive revolution of fascism; he was unable to note the extent of Gramsci’s critique of Croce, and asserted a fundamental continuity between the two thinkers; he could not note the specificity of the adjective ‘absolute’, as it was appropriated by Gramsci from Croce and deployed in the senses of ‘realistic’ and ‘maximum’, and thus ascribed to it an Hegelian – and metaphysical – meaning fundamentally foreign to the problematic of the Prison Notebooks. Other misunderstandings, however, were consequences of Althusser’s attempted strategy of immanent critique of Stalinist orthodoxy. The early Althusser attempted to preserve the formal structure of Marxism-Leninism’ (Tosel 1995, 9), particularly the division of Marxism into an historical materialism and a dialectical materialism. Althusser aimed to develop a theoretical reformation of Marxism, which, he hoped, would act as an implicit critique of the political degeneration of Marxism into Stalinist domination. He did not note that one of the consequences of this strategy, in relation to his critique of Gramsci, was that it led him to assert a variant of precisely that philosophical position (a speculative notion of science as an a-historical guarantee for Marxism’s validity) which Gramsci had already refuted in his engagement with Bukharin. Thus Althusser regarded Gramsci’s notion of the philosophy of praxis as an ‘interpretation of dialectical materialism’ (126),
rather than a refutation and historical explanation of it; he sophisticatedly asserted that Gramsci’s emphasis upon ‘the “historicism” of Marxism … is in reality an allusion to the resolutely materialist character of Marx’s conception (both in historical and dialectical materialism)’ (RC 129; cf. Haug 1996, §8). More seriously, and as a consequence of both the lack of a critical edition and Althusser’s philosophical presuppositions, was Althusser’s assertion that Gramsci thought the philosophy of praxis’ relation to the history in which it emerged as a direct and organic expression of an ‘essence’ (RC 122) of the present. Althusser could not see that Gramsci’s notion of the status of ‘theory’ within the philosophy of praxis (existing in deterministic historical conjunctures) provided an historicist and realistic translation of his own notion of ‘Science’, and that Gramsci had explicitly rejected an ‘organicism’, ‘emanationist’ relation between history and the philosophy of praxis in his critique of nominalism (Q 11, §24; Q 11, §25). Further, Althusser failed to note the extent to which Gramsci had already thought the present’s non-identity with itself – i.e. its penetration by residual and emergent social formations – and thus its lack of any unifying essence, as precisely the contradictory terrain on which the philosophy of praxis strives to contribute to the coherency of the working-class movement and its attempt to build social and political hegemony.

Althusser’s critique nevertheless exerted, and continues to exert, a large influence on the general Marxist intellectual culture. The appearance of Geratana’s critical edition of the Prison Notebooks in 1975 contributed to the process of the reassessment of the presuppositions of this critique and the development of more nuanced interpretations. Nicola Badaloni emphasised the importance of the moment of politics and Gramsci’s theory of the relation between structures and superstructures in an historical bloc, arguing that ‘the absolute historicism for Gramsci is the theory that carries to its most extreme consequences the politiscisation of class division, solidifying the aggregations of new social forces around the divided class, and at the same time providing it with the intellectual instruments for expanding its own division into a hegemonic condition’ (Badaloni 1975, 140). In a similar vein, Hermes Spiegel stressed that Gramsci’s absolute historicism is ‘not an historic relativism’: ‘By emphasising the historical limits of Marxism, Gramsci at the same time acknowledges the legitimacy of Marxist science within these limits’ (Spiegel 1983, 85; cf. Q 10.1, §8; Sablowski 1994, 148). – While Wolfgang Fritz Haug rejected the ‘logical [logistisch]’ presuppositions of Althusser’s critique (1996, 40), André Tosel argued that Althusser’s critique was more appropriately applied to ‘soft forms of historicism’ such as that of Sartre, whereas Gramsci aimed ‘to change the very terrain of the question, beyond the distinction science-ideology’ in order to determine every thought by means of the immanent recognition of its historical conditions of realisation, of its political constitution; in this, he follows Marx, who had thought in this way the relationship between political economy and its critique (1995, 11). – The exploration of the full potentials of an absolutely historicist philosophical and political practice is one of the most pressing challenges, and one of the most fruitful opportunities, for the development and revitalisation of contemporary Marxism.

Bibliography: L. Althusser and E. Balibar

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Althusserianism, coherence, conjuncture, dialectics, de-Stalinisation, dialectical materialism, economism, French Revolution, Gramscianism, history, historical bloc, hegemony, historiography, historical materialism, historicism, humanism, humanism controversy, idealism/materialism, ideology theory, immanent critique, immanence/ transcendence, Jacobinism, Marxism-Leninism, matter, metaphysical materialism, metaphysics, philosophy of praxis, popularisation, Prison Notebooks, relativism, Risorgimento, speculation, totality, truth, vulgar materialism.

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