US Financial Power in Crisis

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Abstract
This essay examines the questions raised by the present financial crisis through an enquiry into the institutional foundations of American finance. We view with some scepticism strong claims concerning the disastrous outcome for the structural dynamism of the global financial system and America’s position in it. Many critical political economists tend to take the system of global financial markets as their point of departure and then locate the US in this system. Such approaches, however, generally fail to do justice to the decades-long build up of US financial power and do not capture many of the organic institutional linkages through which the American state is connected to the world of global finance and which are responsible for its imperial sprawl. In many ways, financial globalisation is not best understood as the re-emergence of international finance but, rather, as a process through which the expansionary dynamics of American finance took on global dimensions. Because the present system of global finance has been shaped so profoundly by specifically American institutions and practices, it will not do to evaluate the changes and transformations of this system on the basis of either an abstract, generic model of capitalism or mere extrapolations from conjunctural crises. Crisis and instability are part and parcel of the dynamics of imperial finance and so are the managerial capacities developed by the US state. The most important questions that should occupy critical political economists therefore have to do not with what appear to be external challenges to US financial power (or the putative opportunities for progressive change opened up by them), but, rather, relate to the ways in which the imperial network of intricate, complex and often opaque institutional linkages between the US state and global finance is managed and reproduced.

Keywords
United States, imperialism, finance, globalisation, subprime crisis

The exact scale and significance of the liquidity crunch brought on by the crisis in the ‘subprime’ sector of the US mortgage market will only be

1. This article draws on the preface, introduction and conclusion to American Empire and the Political Economy of Global Finance, Panitch and Konings (eds.) 2008.
determined with the benefit of hindsight. Yet it is clear that this is more than a minor upheaval. Comparisons have already been made with the 1987 stock market crash, the bursting of the dot.com bubble at the turn of the century, and, most recently, even the Great Depression. Lending by commercial banks and mortgage providers has taken a serious hit, money market interest rates have jumped, and even the operations of hedge funds and private equity funds – until recently seen to be functioning in a rarefied world of high finance largely unaffected by events in the real world – have been brought up short. Moreover, while the US and European monetary authorities have been prepared to pump liquidity into the markets, this has had less immediate effect than they hoped.

Almost as soon as the US subprime crisis struck in the summer of 2007, the crisis of the British mortgage bank Northern Rock made clear how quickly and effectively the tensions in a relatively small corner of the US financial markets were transmitted across the world. While very much a product of integrated global financial markets, the Northern Rock crisis produced images (replicated a year later with the failure of the IndyMac bank in Southern California) that negated pretty much everything that modern people have come to believe about the credibility of money and the seemingly autonomous operations of the financial system. The pictures of long lines of people waiting to empty their bank accounts seemed reminiscent of the bank failures of the Great Depression and peculiarly disconnected from the modern twenty-first-century financial system with its highly sophisticated techniques for risk and liquidity management.

In other words, the current crisis is a serious one that has laid bare some key networks of the central nervous system of global finance. Moreover, it is one that emanated from the heart of empire – unlike the crises during the previous decade (such as the Mexican, Asian, Russian and Argentinean ones), which seemed bound up primarily with the inability of developing countries or emerging markets to shoulder the discipline needed to participate in a fully liberalised world order. Other crises – such as the Long Term Capital Management (LTCM) crisis – played themselves out entirely at the level of high finance. The end of the dot.com boom and the stock-market run-up it sustained already had inflicted a serious impact on the value of Americans’ investment portfolios. But it is the subprime crisis that has really exposed the connections between such a key component of the American dream as home ownership and the mechanisms of financial expansion and innovation. To many, the situation is yet another illustration of the fundamentally unsustainable nature of the neoliberal system of Americanised global finance, reliant as it is on massive mountains of virtual money and paper-debt created through financial engineering and speculative practices that appear so disproportionate
in relation to the wealth-generating capacity and manufacturing competitiveness of the US economy.²

We view with some scepticism strong claims concerning the disastrous outcome of the current liquidity crunch for the structural dynamism of the global system of finance and America’s position in it. The present system of global finance has been shaped so profoundly by specifically American institutions and practices that it will not do to evaluate the changes and transformations of this system on the basis of either an abstract, generic model of capitalism or mere extrapolations from conjunctural crises. American financial power did not latch onto an existing system of international finance but shaped this system to its core through a long history of imperial expansion. The decades-long build up of American power has been punctuated by multiple crises and instabilities, but this has primarily been a reflection of the depth of the transformation effected and the dynamism generated by American-style financial globalisation. Crisis and instability are part and parcel of the dynamics of imperial finance and so are the difficulties experienced by the US state in managing them.³ Neither the crisis nor the managerial difficulties are likely to prove fatal unless they generate the kinds of social and political conflicts that shake the system at its core.

All too often, and with especially good reason at the beginning of the twenty-first century, it is US military interventions that draw attention to the imperial nature of the American state. Yet the proper measure of American empire today needs to include the quotidian ways in which US power is embedded in and operates through the structures of global finance, and the central role it has played in the expansion of international financial markets and in managing the economic crises that emanate from them. While the US position in the international financial system has become a key pillar of modern-day American empire, the institutional connections between the American state and finance have not received as much as attention as they deserve, and as a result the concrete mechanisms through which US power operates in this arena still stand in need of considerable clarification.

Chief of the fire department

Just as George W. Bush had criticised the Clinton administration during the 2000 election campaign for its proclivity for military interventions in far-flung parts of the world, in places of which he had never heard, so did the new

². See for instance Blackburn 2008.
Treasury Secretary appointed after the election, Paul O’Neill, openly criticised his predecessor’s interventions during the 1997–98 Asian financial crisis. ‘He called me “chief of the fire department”’, Robert Rubin recounted in his memoir, In an Uncertain World: Tough Choices from Washington to Wall Street. ‘I liked Paul. I didn’t even mind him calling me chief of the fire department. But as I read the story, I said to myself: They say they won’t intervene. But they will.’4 As Rubin was only too happy to point out, once ‘facing the messy reality of global financial crises’ starting in 2001 with Turkey and Argentina, the Bush administration did intervene – although, with tensions within the IMF rather less difficult to manage than tensions in the UN, they were not as inclined to be unilateralist in this facet of the exercise of American imperial power.

As the turmoil in international financial markets began in the summer of 2007, every movement in a vast array of financial markets was closely scrutinised by US Treasury staff massed in front of their flat-screen monitors in the ‘markets room’. On 10 August, The New York Times reported, Secretary Henry M. Paulson Jr., having ‘spent the day in hourly contact with the Fed, other officials in the administration, finance ministries and regulators overseas and people on Wall Street – where until last year he had worked as an executive at Goldman Sachs’, orchestrated a co-ordinated international infusion of liquidity to the tune of hundreds of billions of dollars. Meanwhile, the staff at the Federal Reserve – where the newly appointed Chairman Ben S. Bernanke could draw on his academic work as an economist at Princeton University in the 1980s on how the 1929 crash could have been prevented5 – were in contact with the European Central Bank, the Bank of England and the Bank of Japan as to the role they would play as ‘lenders of last resort’.

Over the ensuing months, the US Treasury would organise, first, a consortium of international banks and investment funds, and then an overlapping consortium of mortgage companies, financial securitisers and investment funds, to try to get them to take concrete measures to calm the markets; and officials in the Federal Reserve would stay in close touch with their counterparts in the other central banks in deciding what they would each do about interest rates in the face of the ongoing credit crisis. Both the Treasury and Federal Reserve staff also worked closely with the Securities Exchange Commission and Commodity Futures Trading Commission under the rubric of the President’s Working Group on Financial Markets, which since 1988 had overseen such crisis interventions inside the American state. At the same

time, they burnished their close contacts, developed over some three decades of coordinated promotion of both financial globalisation and crisis management, with the finance ministries and central bankers of the G7, and with those of the twenty-six states organised under the Financial Stability Forum since 1999, in order (as the latter put it in October 2007) ‘to enhance market discipline and institutional resilience’.

As the crisis wore on to the end of the year, the central banks of the advanced capitalist states undertook a further highly co-ordinated provision of liquidity to sustain the inter-bank market, while the sovereign wealth funds of other states were encouraged to invest directly in Wall Street banks to beef up their capital. And, as 2008 began with stock markets in Asia and Europe shaken at the prospect of an American recession, the US Federal Reserve undertook a large emergency cut in interest rates before the New York stock exchange could follow suit. To the extent that this might have caused a vicious downward spiral in world stock markets, the Fed was acting not just as the American central bank but as what The Economist three years before had called ‘the world’s central bank’.

By March, the Fed had undertaken another co-ordinated move with the other central banks, supplying them with dollars to provide liquidity to their banks, while simultaneously making hundreds of billion dollars more available to Wall Street’s investment banks.

Yet even this could not save one of these – Bear Stearns, ironically the lone major investment bank which had refused to co-operate with the Fed-engineered bailout of LTCM a decade before. When Wall Street woke up on St. Patrick’s Day, greeted by headlines like ‘Wall Street Quakes as the Parade Passes By’, it was revealed that, after all-day and all-night weekend sessions – not dissimilar to 1998, when the Fed had locked the principals of New York investment houses in a hotel room until they jointly agreed to bail out LTCM – the Fed had directed, overseen and guaranteed, to the tune of $30 billion, J.P Morgan Chase’s takeover of Bear Stearns.

It was thus hardly surprising that, by the end of the month, when the Treasury issued its long-awaited ‘Blueprint for a Modernized Financial Regulatory Structure’ (in preparation since March 2007, before the onset of the crisis), it was primarily designed to ‘enhance’ the Fed’s regulatory authority over the whole financial system, not least over the investment banks for whom it now was so openly the lender of last resort. Nor was it surprising that the US and British Treasuries announced at the same time that plans were afoot to form a working group of their respective officials to regularise the co-ordination of interventions to stabilise London and New York’s intertwined financial

6. 3 February 2005.
markets, in which they had informally been engaged for decades. It might be said that the President’s Working Group on Financial Markets, for some twenty years euphemistically dubbed the ‘Plunge Protection Team’ by market insiders, was spreading its remit in the face of the crisis of 2007–8, both domestically and internationally.

**Lineages of US financial power**

Many accounts of US financial power take the world of global finance and its dramatic expansion since the 1970s as their point of departure and then try to locate the US state within this system. But such an approach fails to do justice to the gradual, decades-long build-up of America’s financial power. The roots of the highly distinctive institutions and forms of US finance stem in large part from the fact that America’s financial engagement with the world was preceded by a long period of domestic, inward development. This point should not be overstated of course, in light of the international dimensions of American development, all the way from the connections between British and American merchants based on transatlantic trade, to the use of dollar diplomacy in Latin America to open up new economies for American exports and investment in the early twentieth century, to the involvement of American bankers in the financing of Germany’s post-First-World-War reparation payments as well as the American foreign direct investment that flowed into Europe by the 1920s. But it is important to recognise how even these externalisations of US finance were accompanied by a series of internalisations whereby foreign systems and credit relations were sucked into the American financial system. This included the way in which the inflows of financial capital that helped to finance industrialisation and railroad construction during the nineteenth century were both employed and transformed by the distinctive domestic dynamics of class and state formation in the US. This determined that, at the same time that Britain was at the high-point of its international power during the late nineteenth and early twentieth centuries, the United States was able to engage in a process of relatively autonomous and unprecedented continental expansion.

One key factor in this process of internal development was the role of farmers: unlike premodern European farmers, American yeoman farmers were closely connected to market relations and as a result financial relations and institutions proliferated rapidly. But farmers’ financial demands were specific

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to their socio-economic position: their need for mortgage credit and populist fears of financial concentration clashed with attempts by mercantile and financial élites to model America’s financial system on the British system (based on short-term, trade-related credit and supported by a central bank functioning as lender of last resort), and, as a result, the antebellum US financial system often failed to generate sufficient liquidity for banks to be able to function properly. Thus, whereas in Europe the development of finance was seen as removed from daily life and divorced from social struggles (haute finance), in the US, political contestations articulated class and finance from the very beginning, and this has had a lasting impact on the nature of America’s financial institutions. Precisely because American financial institutions were so hotly contested, they ended up incorporating a much wider variety of interests.

The state’s role in constituting financial markets, especially from the time of the Civil War onwards, was crucial in turning this into a strength rather than a weakness of US finance. In order to help fund war debts, the Northern government created a national banking system that served to centralise funds from all over the country in New York banks, which were faced with a scarcity of liquid assets and had great difficulty investing their funds. This set in motion a veritable transformation of the mechanisms of financial intermediation that had emerged with the growth of commerce in sixteenth-century Europe and then developed with the industrialisation and commercialisation of England. The defeat of a stagnating system of hyper-exploitation in the American South (which had been highly compatible with the existing system of transatlantic financial linkages under British hegemony) required and promoted the development of a more coherent, centralised system of financial practices and institutions. American banks after the Civil War turned away from classical commercial and mercantile banking and towards what by the turn of the twentieth century was already identified as a distinctive form of ‘financial banking’, based on the investment of funds in the stock market and other speculative markets through which American banks had invented new ways to create and access liquidity.

The direct borrowing and lending through the trading of financial instruments, which remains to this day the hallmark of the American financial system, can in part also be seen to result more directly from farmers’ continuing engagement with financial institutions in the post-Civil-War era. The institutions created to organise and run agricultural commodities exchanges

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11. Myers 1931.
over time became so sophisticated and diversified that they would eventually give birth to today’s massive financial derivatives markets. The Chicago Mercantile Exchange, the world’s central futures market in livestock long after the slaughterhouses were gone from Chicago, invented the futures market in currencies after the collapse of the Bretton Woods system of fixed exchange-rates; and the Chicago Board of Trade, the world’s centre of futures-trading in wheat, corn and soya long after grain was no longer stored in Chicago, soon followed by launching the futures markets in US Treasury securities. As the head of the CME, Leo Melamed (who initiated the process in 1971 with the help of Milton Friedman) put it: ‘without the cadre of traders who left the known risks of the cattle, hog and pork belly pits for the unknown dangers of foreign exchange… [the financial futures revolution] could not have been implemented’.12

Not ‘finance capital’

The fact that the new system of financial intermediation established in the US in the latter part of the nineteenth century was highly market-based and characterised by a self-reinforcing dynamic of speculative expansion also gave rise to a relationship between finance and industry that was rather different from the one that prevailed in Europe. The extraordinary growth of the American domestic market propelled a wave of mergers that was responsible for a tremendous and lasting concentration and centralisation of capital.13 Yet the result was not a system of uncompetitive ‘monopoly capitalism’:14 the increasingly large firms remained intensely competitive with one another within the giant domestic market. Key here was the fact that the mergers were financed and organised through the institutions that had been built around the stock market, which exploded during the years around the turn of the century. To be sure, American investment bankers were a key driving force behind these developments and the process was accompanied by the growth of interlocking directorships across finance and industry. But these bankers were nonetheless very different creatures from the German Grossbanken, which were much better positioned to take controlling interests in a number of firms, and to function as the glue among them.

Hilferding’s theory of ‘finance capital’ 15 – the institutional combination of industry and banking under the dominance of the latter to limit competition – was premised on the same developments occurring in the US as in Germany. Yet, in the US, such a structural restriction of financial competition never solidified. To a large extent, this was due to the intense populist hatred of corporate collusion and the political clout of the antitrust movement. But, by the early twentieth century, it was backed up by the institutional fact that the relations between industry and finance were based on what was, in principle, a publicly accessible open market. While more direct ways of exercising influence were available, the principal relations between finance and industry were mediated by the stock market. The role of bankers was first and foremost in handling corporations’ sale of their own stocks and bonds to raise capital or take over other firms. The concentration of capital thus went hand-in-hand with intense financial competition. In early twentieth-century America, capital accumulation was not dependent on the restriction of competition in the financial sector; nor was it still primarily dependent on the geographical extension of the domestic market. Rather, what became a key source of growth was the deepening of the market – a process facilitated and sustained by the very same market-based financial institutions and practices that prevented a German-style organised capitalism.

With the defeat of the late-nineteenth-century challenges that had emerged from what was then the most industrially militant working class in the capitalist world as well as from the radicalised farmers’ populist movement, US capitalism entered the twentieth century demonstrating a remarkable capacity to integrate and subsume small business, professionals, middle-class strata and working-class consumers. 16 On this basis, the US developed the industrial innovations that became identified by the first decade of the twentieth century with Taylorism and Fordism – both of which reorganised mass production so as to make a high-wage proletariat functional to industrial capitalism. These organisational changes were not confined to the corporation and the workplace but penetrated the household and personal lifestyle. By the late 1920s, one in five Americans owned a car, and 60 per cent of these cars were bought on instalment credit. Edwin Seligman’s *The Economics of Installment Selling* in 1927 captured the ethos of Fordism in the new mass consumer age. He extolled credit-based marketing for increasing ‘not only consumers’ capacity to save but also the desire to save’; indeed, ‘[t]he family with car payments to make would be forced to work hard to make the

payments'. Th is was crucial in the overall explosion in demand for consumer durables which transformed the retail sector with the aid of a massive advertising industry, whose expenditures at the end of the 1920s were five times what they had been prior to World War One.

The specificities of American finance's engagement with labour, capital and the state were such as to give rise to an unprecedented expansion of the financial system. The rise of consumerism, the corporate revolution in American industry and the exponential increase in government expenditure (induced both by war and by the regulatory imperatives created by an industrialising society) fuelled a demand for credit and financial services that banks and other intermediaries were in an excellent position to meet. The federal government was both market participant and regulator in this process. The constitutive relation between state and financial markets was especially seen in the creation of the Federal Reserve as an attempt to manage the expansionary but volatile dynamics of the financial system. While it would take the better part of the century for the Federal Reserve to become the uniquely powerful actor that it is today, from the beginning it changed the institutional configuration of American finance – not least by amplifying the power of the Treasury far beyond the role of the government's bookkeeper and fundraiser. With the Federal Reserve's policy instruments enlisted in the service of the Treasury's funding operations, the dramatic growth of government debt over the course of the twentieth century gave domestic US financial markets a huge boost. While economists tend to think of government borrowing in terms of its tendency to 'crowd out' private financial activity and lending, in the US the financial operations of the government have always been a key element in the expansion of financial markets at large.

This meant that, as the twentieth century progressed, it saw the construction of an ever-denser network of organic – even if also contradictory and conflictual – institutional linkages between the American state and financial markets. The institutional configuration of the Federal Reserve and the Treasury with private financial intermediaries was crucial in this regard. This is not say that this relationship was a stabilising one for the economy – as was abundantly proved with the 1929 crash. The Federal Reserve and Treasury's aggravation of its consequences significantly contributed to the Great Depression both in the US and internationally.

The New-Deal era

The New Deal’s stabilising financial reforms, even while emerging out of the class conflict that resulted from working-class mobilisation in the wake of the disappointment of their expectations fostered by ‘the American dream’, once again showed the intricate interplay between class and finance in the US. The New Deal was marked by the idea that the expansionary dynamics of American finance needed to be actively managed, rather than suppressed. It put limits on competition and speculation, but the objective and effects of this were not the general suppression of finance but precisely the fortification of key financial institutions and so an enhanced capacity to regulate the dynamics of expansion.

American finance in the early twentieth century was characterised by highly expansionary and poorly regulated dynamics: instability and the concentration of financial power were widely seen as a consequence of financiers’ ability to gamble recklessly with massive amounts of ‘other people’s money’ (in the phrase used by progressive lawyer Louis Brandeis).19 The Pujo Congressional Committee was charged with investigating the practices of what had become known as the ‘New York Money Trust’. Generating great public interest, it uncovered monopolistic practices, a high degree of concentration, a web of interlocking directorates and outright corruption. A couple of decades later, after the Federal Reserve had proved itself incapable of balancing the dynamics of American finance and curbing its excesses, the Pecora Congressional Committee uncovered a range of shady financial practices and connections. Indeed, Wall Street bankers’ intimate relations with the New York branch of the Federal Reserve System seemed to work primarily to further their own interests. Nor did the revelation that J.P. Morgan’s son Jack had not paid any income tax during the two preceding years do much to improve the public’s opinion of New York financiers’ moral character.

But the New-Deal reforms did as much to protect the financial services sector from these popular sentiments as they responded to democratic pressures for reform. The regulatory system that was imposed after the New Deal made the financial services sector much more transparent and accountable, but this increased accountability was organised through bodies representing financial capital’s various sectional interests. The New Deal restrained competition and the excesses of speculation not so much by curbing the power commanded by finance but, rather, by promoting professional self-regulation and vesting private actors with quasi-public authority. In this way, self-regulation became a means to not merely shield financial markets from democracy but to make

it positively serviceable to them. That is, the New-Deal legislation and regulations reassured the American public that technical matters were now in safe, professional hands, and this faith was an important factor driving the growth in public participation in financial markets.

Thus, while the New Deal was certainly a progressive response to social instability and discontent, it should not be conceptualised primarily in terms of the Polanyian re-embedding or social-democratisation of American capitalism. Indeed, the New-Deal reforms were oriented towards promoting (rather than reducing) the working classes’ integration into and dependence on the financial system. This was most conspicuous in – but by no means limited to – the creation of the Federal National Mortgage Association (Fannie Mae), charged with securing the availability of cheap mortgage credit through the securitisation of mortgage loans. Together with the expansion of government debt and corporate debt during the 1930s, this meant that American finance was in full motion by the time World War Two started. Moreover, the War itself gave a huge further boost to these dynamics.

The New Deal was, in turn, crucial to the nature of the imperial project embodied in the post-World-War-Two US state. We can only fully understand the dynamics of postwar international finance – including the nature of the neoliberal era – if we have a proper understanding of the transformation of the American state during the New Deal and the War – which was far more complex than can be captured in conceptualisations of states and markets as external to one another, requiring instead an understanding of some of the basic historical features and dynamics of the American financial system. The wartime American state, strengthened by the capacities it had developed through the New Deal, effectively rewrote the rules of global finance as part of its planning for the postwar world. Insofar as the Treasury’s Keynesian economists took the lead here, this involved no little tension with Wall Street. But the compromises that emerged, even in the Bretton Woods agreement itself, let alone its subsequent application, need to be understood in the context of what the New Dealers themselves called the overall ‘grand truce’ with business. A resilient US financial capital was not external to the constitution of the postwar Bretton Woods order: it was embedded within it and determined its particular character.

This crucial dimension of the reconstruction of the international financial order after the Second World War has received too little attention. The notion

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of ‘embedded liberalism’ in particular fails to capture what made these market structures and institutions qualitatively different from those that had prevailed during the previous wave of globalisation under British hegemony. Moreover, embedded liberalism has served as the foundation of an overly-stylised periodisation of the half century after World War Two into two highly distinct orders, as if the Bretton Woods era and the era of neoliberal globalisation had nothing in common. Linking the two eras was the evolution of the American informal empire and the development of financial capital under its aegis. With the system of private international payments largely defunct, the US used governmental capital flows outside the Bretton Woods system as a lever to influence the European pattern of post-war reconstruction. Thus, during the first years after the Second World War, the penetration of European economies by US capital worked primarily through the institutions of the nation-state: the diffusion of American imperial power occurred through the internationalisation of national states.

The political-economy literature has always taken the prominent role of the national state in the immediate post-World-War-Two period as evidence of the limits to economic and financial globalisation. But it is much more accurately viewed as indicating a particular form of imperial globalisation. National economies and capitalist elites depended to an ever-greater degree on states whose key institutions and capabilities had already been internationalised and whose functions were profoundly imbricated with the reproduction of the American empire. In other words, internationalisation should not be opposed to the Fordist model of nationally-oriented development; instead, it occurred to a significant degree through that model.

If the ‘liberal’ aspect of the concept of ‘embedded liberalism’ leads to a failure to capture important aspects of the internationalisation and Americanisation of European economies, so does the notion of ‘embeddedness’ fail to capture important dimensions and sources of American financial power. For one thing, the dollar was the only convertible currency and New York was the only open financial centre, so foreigners wishing to float bonds had little choice but to turn to the US. More to the point, however, by the time European countries had recovered sufficiently to restore convertibility, the American financial system had already gone through almost two decades of domestic financial growth – propelled by industrial recovery, heavy

government lending and the progressive integration of ever more layers of the American population into the financial system. The role of the Federal Reserve was crucial in facilitating the expansion of credit to keep up with the demand generated by Fordist patterns of consumption, production and government spending, further making ordinary people not less but more dependent on the capitalist system.

The dramatic postwar expansion of American financial markets effected a degree of continental integration hitherto unseen, and this contrasted starkly with the situation in Europe until the late 1950s. The origins of the changes that took place in Europe from that time on are best understood not so much in terms of the sudden re-emergence of ‘global finance’, but, rather, as part of a process through which the dramatic expansion of American finance began to assume international dimensions. It was the externalisation of American practices and institutions that, during the 1960s, began to transform a conservative system of international payments into an integrated system of expansionary financial markets. To be sure, the enormous growth and export capacity of the European and Japanese economies which the US had sponsored, coincident with military expenditures, foreign aid and the outflow of foreign direct investment from American MNCs to the European market, began to have contradictory effects on the US itself, as a deteriorating US balance of payments produced pressures on the dollar.

This became the central issue of international finance during the 1960s, and it was notable that even when the Bretton Woods system was finally made operative with the return to currency convertibility at the end the 1950s, the IMF and World Bank, which had not been able to play much of a role in addressing the dollar shortage of the previous period, now found that the new problems entirely overwhelmed their capacities. It was the Treasury, the agency principally responsible for the external position of the US and for the status of the dollar, which now emerged as a central player in international finance.28 This became especially significant towards the end of the 1960s, as the Treasury became increasingly aware that the imbalances created by the deteriorating balance of payments and the growing Eurodollar market were not primarily America’s own problems, and that the options available to the Europeans and Japanese were very limited. It was in this context that the US broke the dollar’s link with gold, and came to recognise that its real challenge was not to fight off imperial contenders but precisely to manage the gyrations of an ever more dynamic and encompassing financial system with New York as its pivot.29

Many saw the end of the Bretton Woods system of fixed exchange rates and dollar-gold convertibility as the beginning of a new era of American policy irresponsibility and hegemonic decline that could, in the worst-case scenario, lead to unbridled economic rivalry and a breakdown of the world economy just as it had in the interwar period.\textsuperscript{30} Such perceptions were reinforced by the fact that the American state was indeed increasingly preoccupied in the 1970s with questions of domestic economic and financial management.\textsuperscript{31} It was, once again, the distinctive class relations within the American state that proved especially salient in this. The inflationary pressures to which all the capitalist states were subject at the time had little prospect of being stifled in the US via the types of incomes policies secured through trade-union co-operation with social-democratic parties in Europe. This left the militancy of a new generation of workers in the US relatively unbridled and enabled them to cash in on productivity increases and drive up wages in line with rising prices.

This contradiction was aggravated, moreover, by the volatile mixture of financial innovation and securitisation, as the growth of private pension funds combined with the liberalisation of financial services, rising interest rates and the speculative opportunities offered by floating exchange rates. The savings of ordinary people were increasingly invested in mutual funds, and the US government used securitisation techniques to promote the extension of mortgage credit. As the tension between inflation and financial expansion played itself out over the course of the 1970s, jeopardising economic growth and producing pressure on the dollar, both industrial- and financial-capitalist forces within the US were increasingly drawn towards policies that entailed a drastic restructuring of the American economy of a kind that might bring about a fundamental shift in the balance of class forces in their favour.

It was not that they had done badly under the New-Deal régime, only that they had outgrown it. The fragmentation of the regulatory landscape in the New-Deal régime had meant that regulatory competition became a crucial promoter of financial expansion and the sheer density of semi-public regulatory authority meant that institutional reform became a key dimension in strategies of financial innovation and the construction of competitive advantage. The postwar recuperation and expansion of the American financial system was best viewed not as a resurgence of the ‘high finance’ that governed financial globalisation under British hegemony, but, rather, as a process of finance coming down to earth, marked by the ever-deeper penetration of financial relations into new layers of society. These characteristics of the

\textsuperscript{30} See, for instance, Block 1977.
\textsuperscript{31} Degen 1987.
American financial system had driven its steady growth from the 1930s to the 1960s. But, as the dynamics of financial growth began to strain against the New-Deal framework by the 1960s, this meant that the patterns of hegemonic socialisation and integration and the ideological mystifications used to justify self-regulation devised with the New-Deal state came under pressure. The opening-up of the financial system also meant that, in certain respects, it – and the many problems generated by self-regulation – became more transparent. New and often powerful financial actors raised questions about the functioning of self-regulatory institutions which served the interests of older, more established actors, and these new actors began publicising the woes plaguing their competitors and playing up the ‘scandals’ that beset the New-Deal system as financial activity outside the self-regulatory structures continued to grow, and as the institutions of New-Deal regulation experienced growing difficulty both in performing their technical tasks and their ability to keep outsiders out.

This had already come to a head by the late 1960s as the growth of trading volume on the New York Stock Exchange (NYSE) gave rise to the ‘back office crisis’: the NYSE members’ offices handling the paperwork were collapsing under their growing workload, resulting in the failure of several houses and large financial losses for investors. This made it clear that the Glass-Steagall Act did not provide sufficient protection and sparked a Congressional investigation that attracted considerable media attention and provided the liberalisation lobby – spearheaded by pension and mutual funds and insurance companies and supported by retail-oriented investment firms such as Merrill Lynch – with a forum to make its case. Under pressure, the Securities and Exchange Commission (SEC) responded with a shift away from its support for the cartel-like structures of brokers, investment banks and corporate managers that had dominated capital markets for several decades.32 In 1975, the SEC abolished the system of fixed-rate brokerage commissions (which had worked to the disadvantage of institutional investors).33 In the same year, Congress passed Amendments to the Securities Acts which strengthened the SEC’s regulatory authority by giving it more instruments to intervene in the structures of self-regulation and to enforce competitive market structures, promote market transparency and target insider practices.

The opening-up of the securities sector intensified the imperatives of financial competition to such an extent that the banks also embarked on a campaign for deregulation. They too could link up with the American ideology...

of the small saver and thus count on considerable popular support to push the programme of neoliberal deregulation further than the administrations of the 1970s had wanted to go. Reagan’s neoliberal revolution was a prime example of how financial élites can channel social discontent into their drive for regulatory change. During the 1970s, these business interests funded conservative lobby groups and think-tanks, thus fomenting and capitalising on a popular backlash amongst the white suburban middle and working classes. The Right’s particular strength was to portray economic problems (such as unemployment, high levels of inflation, the predicament of the savings and loan sectors and the dangers it posed to the home building industry, financial volatility and the declining dollar) as the inevitable result of the excessive regulation of the New-Deal framework. But deregulation was, in fact, re-regulation. Indeed, the neoliberal programme was accompanied by a dramatic enhancement of the US state’s control over financial markets. The main piece of legislation was the 1980 Depository Institutions Deregulation and Monetary Control Act: it aimed not only to lighten the burden of regulation, but also to re-regulate the system and so to improve the mechanisms of monetary control.

The neoliberal turn

While the coalition of forces that came to sustain a protracted period of Republican rule in the US was motivated by a broad variety of concerns and prejudices, the changes they effected were spearheaded by a dramatic move at the seemingly technical level of monetary policy-making. Monetarism as a theory had existed for some time, but, until the late 1970s, it had not been taken very seriously by academics and policy-makers. Paul Volcker, appointed by Carter as Federal Reserve Chairman to shore up his anti-inflation credibility, saw monetarism as offering a useful ideological cover for raising interest rates to a level that would break the back of inflationary pressures by changing the balance of class forces. This was highly effective in bringing inflation down, but it did not happen in classical textbook fashion. The innovation strategies of American financial intermediaries trumped attempts to restrict the creation of money and credit. Rather, the high interest rates – in combination with the opportunities opened up by neoliberal deregulation and trade-union concessions and repression – meant that financial markets began sucking in economic activity. American finance exploded as growing government,

34. Lyons 1998.
corporate and household debt were financed by the inflows of massive amounts of funds, most of which came from abroad.  

To many political economists, prone as they are to relying on an external understanding of the US state vis-à-vis global financial markets, neoliberalism and monetarism can only appear as the American state’s admission of weakness or, at best, as an acceptance of external discipline with regard to international financial markets. The understanding of neoliberalism and monetarism advanced here, by contrast, emphasises the fact that it reconfigured the institutional parameters of American finance in a way that allowed the American state to retain a considerable degree of control over financial markets. Over the course of the post-World-War-Two period, the externalisation of American financial practices and institutions had created such a dense network of linkages between global financial markets and the American state that the latter possessed an extraordinary degree of pulling power – and this remained operative in the course of the transition from the Bretton Woods era to the neoliberal era that succeeded it. The turn to neoliberalism and monetarism was thus a key moment in the constitution of American imperialism.

The dynamics of the neoliberal era tend to confuse most of the spatial metaphors that political economists use to describe processes of imperial integration. Even the idea of externalisation, which usefully serves to draw our attention to the process of Americanisation, fails to capture some of the dynamics that emerged following the monetarist shock and neoliberal deregulation – which, in a sense, represented the obverse side of such externalisation. The post-Volcker shock pattern of financial globalisation also needs to be understood in terms of a renewed and much-advanced instance of the process of internalisation, as a vortex-like process whereby foreign systems and credit relations are pulled into the American financial system. Externalisation, in other words, can create conditions that allow for internalisation: globalisation operates as the extension of the constitutive forms of one state and their penetration into other polities and economies and so creates a dense network of linkages between global processes of socio-economic expansion and the imperial state, and these linkages have the effect of heightening the policy leverage enjoyed by the imperial state, of increasing its ‘pull’. Moreover, the vortex metaphor suggested by the notion of

Internalisation can be used to highlight yet another aspect of the specific nature of American empire: the global expansion of American finance has not only been shaped by the nature of its domestic institutions, but it also exists in a perennial relationship of functional interdependence with its domestic dynamism. In stark contrast with the case of British hegemony, the international expansion of American finance always has been and continues to be inextricably connected with its domestic expansion.

Especially in the neoliberal era, American financial imperialism functions by drawing in a variety of heterogeneous and geographically dispersed practices and relations and concentrating them into a space structured by American rules and institutions. This vortex-like quality is what underlies the non-territorial, network-like power of American financial imperialism. Of course, ultimately, all metaphors have limits as guides to understanding and it is important not to stretch them beyond what they can accommodate. In particular, none of the above is meant to suggest that the turn to neoliberalism did not involve an imposition of financial discipline. But this was not a discipline imposed by depoliticised international financial markets on the US state, but, rather, by the US state and its ruling coalitions on the American subordinate classes. This was a crucial condition for the generalisation of such discipline internationally by other states and ruling classes in the neoliberal era.

The fact that American finance had attained a new degree of hegemony did not mean that it had become immune to instability, nor did it mean that the financial volatility that came with neoliberalism did not matter to the American state. Even if it had solved the problems of inflation and insufficient capital inflows, it was still experiencing considerable difficulty in managing the dynamics it had unleashed. The debt crisis, the savings-and-loans crisis and, ultimately, the 1987 stock-market crash raised the question of how destabilising the consequences of accelerating financial expansion would be and threw into doubt the ability of the American state to regulate this instability. Moreover, as more and more states inserted their economies into the dynamics of financial globalisation and opened their socio-economic spaces to be structured by American rules and practices, this created new sources of instability. For a time, it seemed that the US had bought some short-term relief from the pressure of global financial markets at the expense of its own and the world’s economic health. This was the heyday of predictions of imperial decline and many felt that the passing of America’s international power to Japan was just a matter of time.40

40. For example, Kennedy 1987.
But such perspectives were rather oblivious to the flexibility that the US state displayed in addressing these problems and laying the basis for a regulatory régime more appropriate to the new financial dynamics. The Treasury became more active not only in opening up but also in regulating financial markets, and it did so in close consultation and co-operation with the IMF and the World Bank. Since the demise of Bretton Woods, the international financial institutions (IFIs) had been redefining their roles and by the 1980s were acting as more or less responsible agents of the neoliberal project as well as of American imperial power. At home, repeated US government interventions and bail-outs amounted to an acknowledgement of the US state’s responsibility for the soundness of the financial system and created a pattern of stabilising expectations for the future. It also introduced a major element of moral hazard into the system, which promoted more financial innovation and risk. The Basel Accord responded to this by creating regulatory standards for the banks’ risk and liquidity-management strategies, seeking to stabilise global financial markets while reinforcing the structural pro-American bias embedded in their legal framework.

By the early 1990s, the expansionary dynamics of American and global finance had been consolidated into a régime that possessed more coherence than most commentators had imagined possible during the previous decade. Domestically, the regulatory fragmentation of the New-Deal framework was not so much replaced as reproduced with a broad neoliberal remit, overseen by the Federal Reserve and the Treasury. Internationally, this régime became known as the Washington Consensus, indicating the degree to which the strategies of the IFIs were informed by US interests. In most of the major international crises of the 1990s the US played a key role, partly in bringing on the crisis in the first place, partly in organising and financing the rescue operations that contained the damage, and above all in writing the rules for the restructuring of states and economies that followed. All this pointed to the financial management capacities that the American state had been able to develop.

Throughout the 1990s, the most serious threats to financial stability under the imprint of the Washington Consensus seemed to be external. But, by the turn of the century, the tendencies to instability were increasingly visible at home as well. The stock market had ridden on the internet boom, and the effects of the dot.com meltdown ramified through American and international financial markets. Critics now charged that the growth of the stock market

42. Rude 2008.
and the record profits of investment banks had been a result of the artificial inflation of asset prices and that the growth of consumer debt, typically justified in terms of the wealth-effect of rising stock market and real-estate prices, was also built on quicksand.44 However, to insist that the dot.com boom amounted to nothing but a massive build-up of fictitious capital is to ignore the extent to which financial expansion was itself structurally and materially grounded as a key part of the economic system. In fact, the speculative functions of American finance increasingly became imbricated, not least through the venture capital component of the dot.com boom, with its more productive roles. Thus, while the bursting of the bubble itself represented a major problem, this did not negate the tremendous profits that had been made and the opportunities opened up by it, many of which continued to play themselves out in other parts of the economic system – not least in the housing and mortgage markets. Meanwhile, in the continued growth of consumer debt that had as its very real material basis the dramatic increase in levels of inequality over the previous two decades.

**The present crisis**

But a new crisis struck in the summer of 2007: the credit crunch that beset global financial markets occurred in the wake of a party of speculation, easy consumer credit and takeover activity that was spawned by the liquidity that the Federal Reserve, in conjunction with other central banks (especially the Japanese), had pumped into the system to prevent a recession after the dot.com bubble burst and through the post-9/11 political conjuncture. It originated in the subprime sector of the American mortgage market and therefore struck at the heart of the imperial financial system: the possibility of converting illiquid mortgage loans into standardised, easily tradable financial assets has always been crucial in improving the ability of American intermediaries to extend mortgage credit. As such, it has been a key driving force behind the growth of American finance in this decade as well as the ever-deeper penetration of financial relations into American society – especially as many subprime mortgage lenders found their way into poor, largely African-American neighbourhoods that traditionally had been of little interest to more established full-service commercial banks.45 Not surprisingly – and reflecting the continuing racial inequalities so endemic to American society and working-class formation – many of these underlying assets turned out to be much less

secure than even the rating agencies thought. Given how centrally involved American banks had been in the packaging and sale of these mortgage securities, and how eager many foreign (especially European) banks had been to purchase them, the effects of uncertainty were rapidly transmitted through the inter-bank market and the crisis spread rapidly to other parts of the global financial system.

This has led many to conclude, once again, that the current situation has exposed the shaky foundations of the American financial system, reliant as it is on a mountain of virtual money and paper-debt without the real income streams and wealth-generating capacity to back it up.\footnote{Blackburn 2008.} But such apocalyptic assessments of the consequences of the current liquidity crunch for the state of imperial finance should be viewed with considerable scepticism. For one thing, investors’ response to the liquidity crunch has been a classic ‘flight to quality’: investors’ aversion to risk has meant a huge flow of funds to Treasury securities, a virtually risk-less financial asset that nonetheless yields an income stream. Moreover, the effects of the crunch were immediately seen to be quite severe outside the US. While several US banks have had to write off significant losses, it was the British bank Northern Rock which first had to deal with long lines of people seeking to withdraw their savings funds in scenes reminiscent of the Depression era. When this scene was repeated almost a year later in California with the IndyMac bank, the latter was taken into public hands with rather less hand-wringing than had occurred in the UK. IndyMac was the fifth US depository institution (out of a total of 8,494 in operation) to fail since the subprime mortgage crisis began, but this was a remarkably small number in comparison with the thousands of banks that closed their doors in the early 1980s or during the savings-and-loans crisis later that decade. Indeed, the impact of the crisis on the German Landesbanken (regional banks charged with overseeing the German system of local savings banks and operating with effective public guarantees), which had considerable amounts of funds tied up in subprime debt, immediately appeared more serious in 2007 than it did on US regional banks. And this meant that not only the American state but also the German state had to foot part of the subprime bill, while the British state found the only way to save Northern Rock was to nationalise it.

In a number of important ways, the present crisis affirms the argument made here. Most fundamentally, the current situation represents at least a conjunctural interruption of American capitalism’s ability to functionally integrate ordinary people’s activities and aspirations into the financial system, and this has had global as well as domestic consequences. Within the US, the
effects of the crisis have been contained through the extension of a range of implicit government guarantees to American financial intermediaries. The public discussion following the onset of the crisis has been largely technical and instrumental, focused on what can be done to contain the fallout of the crisis and to prevent similar events in the future. The notion that the crisis is bound up with the failure of financial institutions to address and integrate the concerns and ambitions of poor people has found its way into the public debate mainly insofar as it also is a source of worry for investment banks and hedge funds.

Notably, when a run on the shares of Fannie Mae and Freddie Mac took place in the summer of 2008, they had no difficulty with a three-billion-dollar bond issue being snapped, as investors drew ‘a sharp distinction between the equity and the debt on the assumption the debt is implicitly guaranteed by the US government’.47 This was not only reinforced by Paulson’s announcement that the ‘liquidity backstops would be there in the shape of a flexible government credit line and access to emergency funds from the Federal Reserve’, but also by the ‘instant impact’ the SEC had as it set out new rules that restricted securities firms short-selling the shares of nineteen financial firms. The fact that these included, in addition to Fannie Mae and Freddie Mac, such major foreign banks as Barclays, Credit Suisse, BNP Paribas and HSBC as well as American ones such as Citicorp, Bank of America, Goldman Sachs and Lehman Brothers was indicative of the blurring of public and private and domestic and international lines when it comes to the American state’s role in financial regulation.48

In terms of its international effects, while there is nothing automatic about imperial reproduction, the way this crisis is playing out suggests that it will be contained within the mechanisms through which American financial hegemony is constructed rather than result in challenges from imperial contenders. The hegemonic integration of most layers of the American population into the financial system has been a major source of strength for the various institutions of the American empire. As long as this pillar, fuelling the mutually reinforcing expansion of American finance at home and abroad, remains intact, instability will be treated as a technical problem rather than as a deep social crisis. It will spark reforms and adjustments, but of a kind that are not likely to lead to any fundamental realignment of financial power in the capitalist world order. Thus, the main upshot of the current situation is that the American state finds itself with a peculiar and unanticipated new problem.

47. Guha 2008.
of imperial management: a fairly small amount of bad debt has managed to produce considerable turmoil in the global financial system, just because no one seems to know who is holding it. Risk, in other words, has been converted into genuine uncertainty. But it is not unlikely that this could once again turn out to be a major opportunity for financial innovation. This would work to the advantage of those firms that are capable of upgrading their risk management techniques within a reasonable amount of time, as well as spur the growth of largely privatised (and almost exclusively American) mechanisms of credit-rating and market governance. Notably, European states have called for a further refinement of the Basel II measures, and this would provide the US with an outstanding opportunity to reinforce the asymmetrical dynamics of the financial system.

It is important to emphasise here that capital inflows into the US are very much motivated by the self-interest of foreign investors. It is less useful to see such inflows in terms of the latter engaging in some sort of sacrifice to come to the aid of a hegemonic power suffering balance-of-payments problems (which assumes an implausible degree of systemic oversight on the part of investors), rather than in terms of the concrete mechanisms and institutional linkages through which US power is organically embedded in the global economy. The trade deficit that caused so many to worry about the sustainability of US power and liberal world order since the 1960s constituted a problem for the US state, but the capital inflows that financed these deficits proved less erratic, ephemeral or fundamentally unsound than many had predicted – precisely because they were attracted by the comparative safety, liquidity and high returns that came with participating in American financial markets. In the current conjuncture, even as the American financial system is rocked by large amounts of bad debt, and despite a decline in the value of the dollar, most key aspects of this framework of institutional linkages between US power and the world of global finance remain intact. Of course, the declining value of the dollar reflects investors’ concerns with regard to the state of American financial markets. But the dollar is still unrivalled as an official reserve currency, as a transactions currency and as the denomination of choice for issues of bonds and stocks. More to the point, however, it is the distinctive characteristic of modern imperialism that America’s financial problems are not just its own problems. That is to say, foreign investors cannot engage in a wholesale dumping of dollars on to the world market without destabilising the system as a whole and doing serious damage to their own interests in the process.

For the foreseeable future, therefore, the question is not so much how the US state will ward off an external threat but, rather, how it will manage and stabilise global financial markets – on behalf of domestic and foreign capital. The
illiquidity that hit the Eurozone bond market in the wake of the US subprime credit crisis stands as a sharp reminder that when the US financial market sneezes, international financial markets still catch a cold. As for the much-inflated talk that the euro is about to replace the dollar as the core international currency, the comment of a Bank of America economist at the height of the credit crisis deserves to be heeded: ‘Regardless of short-term cyclical fluctuations, the long-term demographic and economic prospects for the US economy and currency are better than for the Eurozone. Once the dollar has hit its cyclical bottom, talk of the euro dethroning it will die down’.49

Financial crises and populist legitimacy

Before the onset of the credit crisis, in a speech in China quoted in the Wall Street Journal, Robert Mundell – the Nobel economist laureate for his work on the relationship between capital flows, exchange rates and monetary policy, who is sometimes known as the ‘father of the euro’ for his work on optimal currency zones – went so far as to say: ‘I think the dollar era is going to last a long time . . . perhaps another hundred years.’50 Whether this proves to be so will greatly depend on the capacity of the US state, which significantly hinges on the domestic integrity of the American financial system, and this is closely bound up with the issue of political legitimacy. This always stands in need of continuous renegotiation in the US, where democratic institutions reflect and mobilise populist sentiments unconstrained by the more relatively autonomous bureaucracies of other capitalist states. This is by no means to suggest that American institutions allow for a greater degree of popular sovereignty than those in other countries. Rather, the relative openness of the American political system to social interests has always implied a strong need for ideological mechanisms of integration – and these have, in turn, provided a very sturdy foundation for the capacities of the American state. As such, legitimacy does not result in the restoration of a self-regulating market at the expense of state power, but, rather, enhances the capacity of the government institutions that sit at the pinnacle of the institutional linkages between state and society.

This is quite the opposite of common notions in the political-economy literature that the American state lacks political capacity – that it is a ‘weak state’. On the contrary, the American state has developed an extraordinary ability to refract popular discontent and misgivings and redirect them in such

a way as to promote hegemonic integration and legitimacy. And nowhere has this been clearer than in the history of American finance, where a tradition of widespread suspicion vis-à-vis the world of high finance coexists with a network of ever denser linkages between Main Street and Wall Street. Indeed, as Moran has argued, ‘scandal and crisis’ have been a crucial driving force behind regulatory change in the US. Far from buckling under the pressure of popular disapproval, financial elites have proved very adept at not only responding to these pressures but using them in such a way as to create new regulatory frameworks that have laid the foundations for the further growth of business.

In other words, far from undermining the institutional and regulatory basis of financial expansion, the popular protest and discontent triggered by financial scandals and crises have repeatedly been pacified through the processes of further ‘codification, institutionalization and juridification’. Such scandals and crises have often been the object of Congressional investigations, and Congress is a crucial mediator in the relation between popular opinion and the regulation of the financial system. ‘[T]he potential capacity to legislate, coupled with Congressional oversight of the executive agencies, makes the legislature a key place of struggle between the competing interests in the financial services industry’. This was as much the case with the establishment of the New-Deal regulatory framework which governed the expansion of American finance from the 1930s to the 1970s as it was in the transition to the neoliberal regulatory framework of our own time. The New Deal imposed a massive set of rules on American financial actors, but served to promote financial expansion and the ever deeper extension of financial relations into American life. The neoliberal era has seen an increase in the sheer number of rules as well as the authority of some key regulators, and the American state has, right up to the present day, proven capable of re-regulating financial dynamics when the need arose.

Crisis, scandal and re-regulation are more pronounced at certain times than others, but they are, nonetheless, more-or-less permanent, recurring features of American capitalism: the dynamics of financial expansion destabilise existing norms and practices when they penetrate into new areas of social life, and the resulting popular consternation becomes the occasion for re-regulation. Indeed, it is no exaggeration to say that this dynamic became the organising principle of a neoliberal regulatory régime that was increasingly pre-emptive in nature, not in the sense that this régime is premised on the illusion that

financial crises can be entirely prevented, but, rather, in the sense that measures can be taken that may limit their intensity and their spread. Few crises involved such a wide swathe of US society as the savings-and-loans crisis, but a whole range of crises – such as the debt crisis, the 1987 stock-market crash, the LTCM crisis and the bursting of the dot.com bubble – contained a clear potential for widespread instability, unrest and scandal.

The role of Congress remained crucial in all this, especially in such major scandals as were revealed in the savings-and-loans crisis. But the difference between the political conjuncture of 1960s and 1970s and that of the 1980s and 1990s was evident from the enhanced autonomy that government bodies other than Congress had acquired in addressing the problem of financial instability. Whereas, before, these actors were hamstrung by a web of New-Deal regulations that they could do little to revise or overturn, after the neoliberal turn, and especially by the 1990s, they wielded their enhanced institutional capacities to great effect. Indeed, in cases where Congress was deemed to be unhelpful – such as the 1994 Mexican peso crisis, when the Treasury perceived a clear threat to the stability of global and American financial markets – they would even boldly bypass Congress without running into much trouble for doing so.

To say that the neoliberal regulatory régime was increasingly pre-emptive in nature means that the US state had come to recognise the potentially dramatic consequences of a major crisis for the legitimacy of the system at large, so that its actions were no longer primarily determined by the anxieties that financial crises induced in Members of Congress seeking re-election. But, far from trying to contain financial expansion within specific parameters, it dedicated itself to constructing a régime that would exercise stabilising effects on such accelerating expansion, or at least guarantee rapid government intervention as soon as financial crises erupted. The Basel agreement on capital requirements was important here: as financial innovations had made a mockery of traditional ways of controlling the creation and extension of credit – notably the manipulation of reserve requirements by central banks – the US (in co-operation with the UK) promoted the attempt to create new international capital standards that would serve to formalise and codify risk. In addition to benefiting the US in a quite direct way (US Treasury bills were classified as the most liquid assets), this régime had the simultaneous effect of promoting financial expansion by appearing to put it on a more secure footing. Uncertainty was operationalised as risk and, while this was now justified in prudential terms, it also opened up a wealth of opportunities for well-positioned American intermediaries.54

The construction of a new international régime of capital standards was accompanied by the creation of a set of more flexible institutional capacities. Key here was the ability to marshal massive amounts of stand-by funds in a short period of time to reassure the market. The Treasury and Federal Reserve repeatedly acted to bail out financial intermediaries in trouble and this created expectations for the way in which monetary authorities would deal with the imminent failure of such intermediaries in the future. Thus, what was at least as important as the build-up of a set of material capacities was the institutionalisation of a pattern of expectations that the US state would take responsibility for the difficulties of private financial actors. As we have said, it also did much to exacerbate the problem of moral hazard, which, in turn, reinforced the pursuit of financial innovation and risk and kept re-regulation on the political agenda.

The bursting of the dot.com bubble in 2001 brought an end to a decade or more of relatively smooth domestic financial expansion in the US. It meant a return to full-blown financial scandals. During the late 1990s, the upper echelons of companies like Enron had become engaged in highly creative accounting practices to sustain the upward trajectory of their stock prices. With the bursting of the bubble, it took little time for this to be exposed: a relatively small group of upper-level executives had collaborated with supposedly independent auditor firms and analysts to engage in fraudulent bookkeeping and sustain deceptive stock prices of which they themselves were the prime beneficiaries. The public outcry was enormous and in the best tradition of American populism: the collusive practices of a tight-knit circle of financial élites were widely seen not as an outcome inherent in the logic of an empire built on capital but precisely as negating and undermining the virtues of hard work and free enterprise. The executives involved received treatments that probably had never featured in J.P. Morgan's worst nightmares. Publicly named and shamed by powerful erstwhile friends, they were unceremoniously prosecuted as criminals and some received lengthy prison sentences.

In July 2002, Congress adopted the Sarbanes-Oxley bill. Its central objective was to make corporate governance practices more accountable and transparent to investors and so to secure the American public's faith in financial markets. It established a Public Company Accounting Oversight Board and put serious penalties on corporate fraud and conflicts of interest. White-collar crime was no longer considered an innocent, victimless crime – so was the central message. These measures seem to have been fairly effective, at least in the sense that, after the fallout of the dot.com crash had worked its way through, the American financial system has not been rocked by scandals on the scale of Enron or WorldCom. It improved the quality of corporate reporting to
investors, while only scratching the surface of the bountiful benefits that American financial élites can reap from their connections and privileged access to information. To be sure, American corporate and financial élites have frequently complained that Sarbanes-Oxley imposes unreasonable costs and restrictions and greatly hampers the dynamism and competitiveness of American business. While it is always advisable to understand the statements of the business community in terms of their political efficacy rather than their truth-content, such sentiments reflected real concerns that Sarbanes-Oxley might have stifled some of American finance’s traditional strengths, not least by somewhat impeding Wall Street’s business relative to other financial centres. But despite its drawbacks, Sarbanes-Oxley did what it was supposed to do. By addressing a concrete problem, it created legitimacy for the economic and financial practices that had given rise to those problems in the first place.

The restoration of legitimacy in this classically American way – involving small popular gains produced through an elaborate public spectacle – reinvigorated the capacity of America’s key financial state institutions, allowing them to continue deepening and extending the reach of US financial markets. Inevitably, such developments will give rise to new bouts of instability and crisis. Whether the US state will continue to develop the institutional capacities needed to deal with these situations will depend on the degree of legitimacy American finance still enjoys and on whether further rounds of re-regulation can retain the character of a technical, neutral ‘learning’ process. And this is probably one of the most noteworthy features of the current crisis: even though the crisis is intimately bound up with the financial plight of America’s subordinate classes, the threat of mass foreclosures on mortgages is dealt with as a technical problem of financial management; its purely financial implications have been much more prominent than its social aspects. In other words, legitimacy has translated into the considerable autonomy enjoyed by American financial authorities as they engaged in one intervention after another to try bring the financial crisis to an end through the autumn and winter of 2007–8.

It is worth emphasising here that the processes traced in this essay involve neither the purposeful construction of hegemonic narratives nor their

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55. This was noticeable especially in the decline of the number of Initial Public Offerings at the NYSE and a slowdown in the mergers and acquisitions business. London, in particular, was well positioned to profit from the slowdown of business in New York, and recent years have seen several campaigns to adopt some of the City of London’s ‘principle-based’ regulatory practices which involve less intrusion by public regulators. In earlier years, with the birth and expansion of the Eurodollar market, London’s lenient regulatory climate had been a crucial factor in the externalisation of American finance; recent years have seen attempts to selectively appropriate and internalise these regulatory principles on Wall Street.
conscious endorsement by the American public: legitimacy is an attribute of mundane, everyday practices and it is constructed through patterns of interaction fraught with unintended consequences and unacknowledged interdependencies. The kinds of capacities displayed by American elites and policymakers, as well as the high degree of responsiveness by the American public to policies designed to improve the operation of existing financial structures, are deeply embedded in intricate networks of historically evolved financial relations that are marked by a great deal of complexity, opacity and ambiguity. Indeed, the ideological strength of American institutions and symbols derives not so much from their ability to make a positive case for the US financial order, but, rather, from their tendency precisely to obscure some of its key systemic properties, and to divert attention from the exploitative qualities of the network of connections between state and finance in both their class and imperial dimensions. It is such institutional misrepresentation that makes available to financial élites the capacities for the pragmatic, event-driven and often contradictory manipulation of the sentiments expressed by ‘public opinion’ both in the US and abroad. To change this would require a far more radical programme, informed by a far more penetrating analysis of imperial finance, than has so far appeared on the political agenda.

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The Capitalist Labour-Process and the Body in Pain: The Corporeal Depths of Marx’s Concept of Immiseration

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Abstract
One of the most common critiques of Marx is that he mistook the birth pangs of capitalism for its death throes, on the basis of which he made the completely erroneous prediction of the increasing immiseration of the working class – a critique that rather superficially reduces immiseration to a simple matter of standard of living. The goal of this essay, however, is to expose the corporeal depths of Marx’s notion of immiseration, and, in so doing, to show that immiseration is by no means a long-since disappeared attribute of early capitalism. To do so, I reread the chapters on surplus-value in Capital by following the corporeal leitmotifs suggested in Franz Kafka’s short story, ‘In the Penal Colony’. Kafka’s narration of the condemned learning the meaning of his fate through the corporeal experience of wounding evokes Marx’s very graphic narration in Capital of workers experiencing exploitation and immiseration on their own bodies. Raising themes found later in Kafka’s narrative, Marx tells of the arranging of the entire workplace ‘under the command of capital’, of the design and employment of technology both to secure that command and to extract surplus-value; and he shows how capital, like Kafka’s torture machine, writes its messages on the body of labour in a script not immediately decipherable by observers. The history that Marx tells in Capital is less graphic in form than Kafka’s, but it is in content at least as fantastic and horrific – perhaps even more so. Their common concern with machines painfully inscribing bodies helps to highlight the corporeal dimension of Marx’s concept of immiseration.

Keywords
body, corporeal organisation, immiseration, Kafka, Marx, technology, torture

This book, being about work, is, by its very nature, about violence – to the spirit as well as to the body. It is about ulcers as well as accidents, about shouting matches as well as fistfights, about nervous breakdowns as well as kicking the dog around. It is, above all (or beneath all), about daily humiliations. To survive the day is triumph enough for the walking wounded among the great many of us.

Studs Terkel, Working

Introduction

'This apparatus is an invention of our former commander... It isn’t too much to say that the building of the entire penal colony was his work alone.' Thus explains the officer in Kafka’s story, ‘In the Penal Colony’, referring worshipfully to his late superior. As ‘soldier, judge, engineer, chemist, and designer’, the late commander had thoroughly mechanised the execution of justice by designing and building a machine that worked by itself, uninterruptedly for twelve hours, and dispensed with the need for any manual skills. Jealously guarding the former commander’s legacy against the moralistic objections of his successor, and fascinated by the efficiency of the machine, the officer tries to convince the foreign traveller, a famous researcher, of its wonders. Not yet fully aware of the machine’s purpose, the traveller cannot but admire its imposing structure and the precision of its parts. While continuing his preparations for the execution, the officer explains how the machine is virtually self-cleaning (a short needle next to the harrow sprays the wound with water to keep the inscription clear, and blood and water are conducted through runnels into a pit; only the cotton mat on which the prisoner lies needs to be changed – the new commander, in a feeble first step toward halting the process has refused to renew the supply of cotton liners). The officer has analysed the entire process very carefully. He can even explain at what point in the process, after two hours, the condemned invariably loses the strength to scream – then the gag is removed from his mouth and he is even offered something to eat. A bowl of rice gruel, heated by the machine itself, is placed near his head; if he so desires, the prisoner can lap it up with his tongue – his hands having been tied to the bed.

Having begun to admire the mechanism, the traveller is all the more appalled as he slowly learns its purpose. The officer explains that the condemned man is chained, naked, to the bed; and the law that he has broken is, according to a pre-arranged programme, to be written on his body. This is accomplished by the harrow-shaped instrument whose needles, for twelve hours on average, retrace the words ever more deeply into the prisoner’s flesh and embellish the blank spaces surrounding the words with various patterns. Seemingly more alarmed by the lack of due process than the corporeal punishment, the traveller inquires whether the accused knows the charge and whether he has been found guilty. His basic assumption, the officer explains, is that guilt is always beyond doubt, so there is no need for a trial. And it would, in any case, be useless to

2. The inspiration for the title of this article and for the analysis was Elaine Scarry’s brilliant and moving work (Scarry 1985).
explain to the prisoner the charge for ‘he will indeed experience it on his body’. And, though the script is so ‘artistic’ that it is difficult for observers to read with their eyes, the condemned ‘deciphers it through his wounds’.

At least two of his biographers have noted in their discussions of the ‘Penal Colony’ that Kafka’s ability to create such a detailed description of the torture machine must have come from his auditing of engineering courses at the Technical Institute. More important for my purposes is their further agreement that his notion of machines torturously inscribing bodies must have come from his experience while working for the Workers’ Accident-Insurance Institute of the Kingdom of Bohemia. According to Ernst Pawel, the numerous trips he took on behalf of the Institute ‘provided intimate glimpses of life and work in the industrial towns of Bohemia; and these impressions were ‘amplified by his subsequent experience in handling disability and death claims on behalf of workers maimed or killed on the job’. Ronald Hayman agrees, and adds that Kafka’s position as a close and sympathetic observer of these wounds contributed to the ‘detached objectivity of the narrative’.

This is no doubt true. It is true, too, that the detached objectivity of tone creates the aura of horror that envelops the reader. But there is more to this detachment than just a horrific objectivity. By forcing the reader to view the execution through, but not with, the eyes of ‘the researcher’, himself forced to witness the infliction of pain, Kafka makes the reader see, if not the utter helplessness, at least the limitations of the observing intellect and conceptual thought when confronted with the body in pain. Because of the bloody mess of mangled flesh, the observer’s eyes have great difficulty reading the artistic script. Only when he sees the pattern before its insertion into the machine, apart from the body and blood, can he understand its meaning – but only in the conceptual, non-corporeal abstract. It would be useless to explain to the condemned what is being written. The condemned prisoner, however, experiences the writing on the body and painfully deciphers the meaning of the words through his wounds.

Kafka’s narration of the condemned learning the meaning of his fate through the corporeal experience of wounding evokes Marx’s very graphic narration in Capital of workers experiencing exploitation and immiseration on their own bodies. And though Kafka’s machine is constructed purposefully as an instrument of torture, he describes it in terms that recall Marx’s description of

the capitalist application of machinery as an ‘instrument of torture’. In this essay, I shall take my cue from Marx's and Kafka's common interest in wounded bodies and read two key chapters from Capital highlighted by leitmotifs in Kafka's ‘Penal Colony’. Raising themes found later in Kafka's narrative, Marx tells of the arranging of the entire workplace ‘under the command of capital’, of the design and employment of technology both to secure that command and to extract surplus-value; and he shows how capital, like Kafka's torture machine, writes its messages on the body of labour in a script not immediately decipherable by observers. The history that Marx tells in Capital is less graphic in form than Kafka's, but it is in content at least as fantastic and horrific – perhaps even more so. Their common concern with machines painfully inscribing bodies helps to highlight the corporeal dimension of Marx's concept of immiseration.

The manifest purpose of Marx's critical review of the capitalist mode of production, Capital, is to deconstruct the categories of political economy in order to expose capitalism as fundamentally exploitative. But this entire critique of political economy is embedded in, and made possible by, Marx's materialist conception of history, the ‘first fact’ of which is, as he stated in The German Ideology, ‘human corporeal organisation’. The absolutely central role

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8. Marx 1972a, p. 446 (Marx 1976, p. 548). Since I have altered several of the translations, I will first give the page reference to the German edition of Das Kapital, followed by the reference to the translation by Ben Fowkes (Marx 1976).

9. Marx's Kafkaesque exposure of the circumscribing and inscribing bodies, and of the macro- and microphysics of power, has several affinities, though with varying degrees of relation, to aspects of Foucault's work in Discipline and Punish and The History of Sexuality. For a discussion of those affinities, see Fracchia 1998.

10. Marx 1973b, p. 20. Marx's appropriately historical-materialist notion of 'human corporeal organisation' (misleadingly translated as 'physical' organisation by Tucker (in Tucker (ed.) 1972, p. 148)) is to be sharply differentiated from the very common and current designation of human beings as 'embodied minds'. While acknowledging the corporeal locus of thinking, the notion of 'embodied minds' still privileges, as did traditional philosophy, thinking as the appropriately human activity, and accordingly treats the body essentially as a site for thinking. The notion of 'human corporeal organisation', on the contrary, not only recognises the obvious fact that the mind is embodied, but understands Homo sapiens as a thinking body; in so doing, it situates the brain where it belongs: as one of the many indispensable human bodily instruments. All bodily organs (and the brain certainly is a bodily organ) have what Marx refers to as their capacities and dexterities. So too does the brain, which we generally refer to collectively as the mind. Two comments are in order here. First, the notion of 'human corporeal organisation' avoids the problem of mind/body dualism by understanding the mind as the exercise of the capacities and dexterities embedded in that bodily instrument that is the brain. This does not preclude the recognition that the human brain is a unique bodily instrument, and ultimately the most important – though by no means the only – reason that humans have extended their power over the world and its non-human inhabitants. But the obviousness of this argument obscures another fundamentally historical-materialist point, one that should be so obvious as to verge on the
of ‘human corporeal organisation’, or what I shall abbreviate as ‘corporeality’, in Marx’s historical materialism has rarely been recognised and its consequences have never been fully elaborated.

One of the few critics who has appreciated that ‘first fact’ and whose work follows Marx in his ‘corporeal turn’ is Elaine Scarry. In *The Body in Pain*, Scarry notes that the common tendency to see Marx only as a critic of capitalism neglects his broader contribution as ‘our major philosopher on the nature of material objects’.11 Marx’s ‘philosophy of made objects’ is itself grounded in ‘human corporeal organisation’ which, as Scarry puts it, constitutes ‘the interior structure of the artifact’. Scarry’s graphic and moving depiction of Marx’s treatment of artefacts focuses attention on, and makes us see, the corporeal roots of his historical materialism. As she explains, Marx ‘breaks open the sensuous object (now a table, now a wall of bricks, now a bolt of lace) and finds located, in the interior structure of each, our bodies’; he constantly and ‘soberly, often movingly’ points to ‘the body’s presence in the made object’ – whether that made object is an individual object or the system of production in which individual artefacts are made.12

Noting Marx’s constant use of organic and corporeal metaphors and analogies to describe systems of production, Scarry uses this notion of ‘the body as interior structure of the artifact’ to decipher the logic of social forms. She concludes that ‘the economic system of production is for [Marx] a vast body any part of which has its physical equivalent’.13 As a ‘prolongation’ of the body, an extension and enhancement of the body’s capacities to produce material artefacts, the system of production is, for Marx, a ‘materialized metaphor banal, were it not occluded by the analytical focus on the mind, namely; the mind could neither exist nor carry out its projects were it not embedded in a body that is itself endowed with certain instruments, capacities, dexterities, and so on, which enable it to realise its mental projections as objects/artefacts in the world – a corporeal form, most paleoanthropologists would agree, that itself (because of its opposable thumbs for tool-making, its bipedality freeing the mouth from carrying and opened it up to speech, its binocular vision allowing it to see objects in the world with clarity and distinctness) was instrumental in the evolution of the human brain and its mind. Secondly, there is a huge debate in the areas of cognitive psychology and artificial intelligence, among others, about whether the brain and the mind are the same; as well as debates over the nature and definitions of mind, body, selfhood, and so on. But as interesting and important as these debates are, they do not have to be solved in order to substantiate the main point of my argument, namely that the capitalist labour-process systematically deforms the instruments (including the brain) and the capacities and dexterities (also of the mind) that make up ‘human corporeal organisation’. On human corporeal organisation as the first fact of historical materialism, see Fracchia 2005.

of, or substitution for, the body’.14 But it is important to distinguish between this view of society as a ‘materialized metaphor of the body’ and organic, social-Darwinist notions that society is an organism, is a body whose parts, including the system of production, function ‘physiologically’ according to biological laws and patterns.15 For Marx, however, the system of production is a ‘materialized metaphor’ of, ‘substitute’ for, or prolongation of the body, and is therefore not a body. Rather, like literary metaphors, the system of production is a made object which, because of its scale, Scarry refers to as the ‘vast artifact’.16 As in literary cases, the measure of the metaphor is its appropriateness to its referent, the degree to which it not only captures but also enhances or makes visible certain attributes of the referent. In literary studies of verbal metaphors, such enhancement is evaluated aesthetically and/or epistemologically: does the metaphor enhance our sensual apprehension and/or understanding of the referent? For a historical-materialist study of small or vast artefactual metaphors, corporeality, as the interior structure of the artefact, is the measure of the metaphor. And what Marx measures in artefacts is whether they enhance or deform human corporeal organisation.

Thus, though Capital is explicitly a critique of the categories of political economy and of the capitalist mode of production, Marx’s entire analysis of this ‘vast artifact’ is rooted in corporeality as the normative measure of social form and the basis of social critique. As a critic of political economy Marx’s goal is to decipher the ‘social hieroglyphics’17 of the commodity in order to see through the fetishised categories of political economy and expose the capitalist valorisation process as a process of exploitation; and he does so through the deployment, already on the very first page, of corporeally-rooted categories that are essential to his critique of political economy.18 But, in the two lengthy sections on absolute and relative surplus-value, Marx goes beyond a purely theoretical critique of political economy, graphically depicting the corporeal depths of capitalist immiseration. Occupying the middle third of the first volume of Capital, these sections are literally and analytically the centrepoint of Capital. Their disproportionate length results from the wealth of historical detail that they contain, in contrast to the other chapters that are much more theoretically taut. It would, however, be facile to view that historical detail as ‘extraneous’ and serving only ‘unnecessarily’ to elongate the theoretical discussion. For it is precisely the rich historical detail that completes and

complements the theoretical critique, allowing Marx to explain the immediate and inseparable link between exploitation and immiseration. He does this by systematically applying corporeal norms to both the vast social artefact, the capitalist mode of production, and to individual material artefacts, specifically the means of capitalist production.\textsuperscript{19} Here, he explains how the meaning of capitalist relations of production is inscribed on the bodies of those whose labour produces unprecedented social wealth. And he reads this corporeal text in order to decipher another kind of hieroglyphics: the corporeal hieroglyphics, barely visible to the observing intellect, inscribed on the wage-labouring body in pain.

The analysis of the Kafkaesque dimensions of Marx’s notion of capitalist immiseration is the main task of this essay. Reading Marx’s chapters on surplus-value with our mind on the coincidence of his and Kafka’s common concern with machines inscribing bodies illuminates corporeal themes in Capital – themes which are often overlooked by a focus on the theoretical critique of political economy, but which are essential to both the construction and depth of that critique. Reading these chapters against the background of both Scarry’s insistence that bodily pain resists verbal representation\textsuperscript{20} and Kafka’s suggestion that the observing eye of the intellect can only with difficulty decipher the wounds experienced on the body will show how important it is, for reasons of both theory and praxis, that the intellect overcome that difficulty and learn to decipher this encrypted script.

\textsuperscript{19} The neglect of this corporeal dimension of Marx’s notion of immiseration, and the reduction of his multi-dimensional critique to ‘only’ a critique of the extraction of surplus-value, leads to a simple reduction of immiseration to wage impoverishment. In this simplified form immiseration can easily be dismissed as outdated, rendered anachronistic by the rising standard of living and increased worker access to consumer goods. At least three arguments have been advanced by various of Marx’s supporters to bolster his notion of immiseration despite the rising standard of living. One very valid argument is the notion of ‘relative immiseration’ – that, in contrast to the vast increase in social wealth, the lot of the working classes has not improved pace. A stronger, argument emphasises either an absolute or relative decline in the ‘quality’ of life – an important theme in much of the best work of the Frankfurt school. A third and absolutely crucial argument recognises that a focus on what, up to about 1973 in any case, had been the rising standard of Western working-class life myopically neglects the absolute immiseration of workers in what Gayatri Spivak refers to as ‘the dark presence of the third world’ (Spivak 1988, p. 167). A thorough critique of contemporary capitalist immiseration must not only confront, but begin with that presence. All of these arguments are valid and complementary – both with each other and with Marx’s writings on these subjects. But the most essential, though least acknowledged, argument Marx makes for capitalist-produced immiseration is his systematic exposure of the wounds that the capitalist labour-process inflicts, in varying degrees, on the bodies of all wage-labourers, regardless of what world they inhabit and what their standard of living might be.

\textsuperscript{20} See Scarry 1985, Chapter 1.
Before embarking on this Kafkaesque reading of Capital, one final introductory matter needs to be addressed (which will entail forcing the metaphor a bit): that is, the roundup of the inmates in the capitalist work-colony, the crucial prerequisite of capitalist production. While analysing the transformation of money into capital, Marx alludes to an explanation of the historical origin of a wage-labouring class, but postpones it as unnecessary for the categorial presentation. At this analytical juncture, he, like the capitalist, simply presupposes the existence of a mass of potential wage-labourers. ‘One thing, however,’ he emphatically adds, ‘is certain’, namely that ‘nature does not produce’ a mass of individuals stripped of all access to the means of production and reduced to mere ‘worker(s) in all of this nakedness’ – rendering them as vulnerable as Kafka’s prisoners on the bed of the machine. Though workers were not imprisoned like Kafka’s inmates, they did not, by all accounts, enter factories willingly (which is not surprising given wages and working-conditions in early factories). Rather, they became entangled in a situation that forced them to choose between pauperism and the work-colony. The creation of this situation was not without a violent degree of coercion which consisted of a combination of economic necessity, social violence, and legislation, all of which Marx describes in the penultimate chapter of Capital on ‘The So-Called Original Accumulation’. He begins by noting that not even classical liberals and political economists viewed wage-labour as an occupation of choice, and they felt obliged to come up with some kind of explanation and justification for it. After lampooning Locke’s version of workers’ ‘fall from grace’ and into ‘servant’ status (because they were ‘Quarrelsome and Contentious’ rather than ‘Industrious and Rational’), Marx offers his own explanation. Taking England as the ‘classic case’, he argues that the enclosure of the commons and the clearing of estates, beginning in the late fifteenth century, resulted in ‘great masses of men suddenly and forcibly torn from their means of subsistence and hurled as free and “unattached” proletarians on the labour-market’. ‘Freed’ from the means of production, these ‘great masses’ were reduced to naked labour-power. The initial consequence was a huge ‘free-floating’ population of unemployed that caused Elisabeth I to exclaim ‘pauper ubique jacet’. Its later consequences included poor houses in which the ‘good

23. Marx 1974, p. 375; Marx 1993, p. 472. Since I have also altered several of the translations, I will first give the reference to the German edition of the Grundrisse, followed by the reference to the translation by Martin Nicolaus (Marx 1993).
poor’ were incarcerated and made to work so hard and long that any kind of industrial labour would have been preferable to this charitable shelter; laws against vagabondage that criminalised and imprisoned the ‘bad poor’; and ultimately some two hundred crimes, mostly against property, punishable by death. When, finally, the ‘Industrial Revolution’ brought about new factories offering less-than-living wages for an inhumanely-long working day, those of the ‘free-floating’ population who could find jobs ‘voluntarily’ entered the capitalist work-colony. There, the capitalist valorisation process attained its mature form.

The extraction of absolute surplus-value and the reduction of the worker to a ‘beast of burden’

The capitalist valorisation process begins with the mobilisation of this naked labour-power through the conclusion of the wage-labour contract. According to the terms of this contract, the capitalist buys the commodity labour-power from the worker for a given period of time. The worker receives in wages the value of that labour-power which is equal to the value of the material necessities (food, shelter, etc.) required for the worker to reproduce himself as a worker – what Marx calls ‘necessary labour-time’. The period of work-time established by the contract will always be longer than this ‘necessary labour-time’ – otherwise there would be no gain for the capitalist and thus no reason to bother with the whole affair. The period of time contracted will thus consist of both ‘necessary’ and ‘surplus’ labour-time. It is during the surplus-labour-time that the wage-worker produces the surplus-value that makes labour-power a unique commodity, having the capacity of producing more value than it costs. The ‘free’ worker is under no coercion – except by the fact that the only other alternative is unemployment; and in accepting the contract the worker agrees to work surplus hours and to produce surplus-value. This extensive measure which pertains to the length of the working day is what Marx calls ‘absolute surplus-value’. Measured in temporal quantities, it is the amount of time remaining after one subtracts from the total length of the working day the amount of labour-time necessary for the worker to earn enough for the provision of material necessities.

Specifying the source of absolute surplus-value, Marx notes that ‘capital . . . is at first indifferent to the technical character of the labour-process over which it extends its control; at the outset, it takes it as it finds it’.27 Reiterating this thought later, he concludes: “The production of surplus-value . . . through the

simple extension of the working day appeared independently of any change in the mode of production itself’. Crucial here is that the logical and historical starting point, as well as the bottom line, of capitalist valorisation is the social relation of production between capital and wage-labour. No specific technology is required to extract absolute surplus-value (the import of this for a critical theory of technology is addressed below). Rather, the extraction of absolute surplus-value, and therewith the exploitation of wage-labour, is an inherent condition of the wage-labour contract ‘freely’ entered into by legally equal and socio-economically very unequal partners – an exchange in which the capitalist buys a commodity that is under contractual obligation to produce more value than it has cost.

The quantity of absolute surplus-value extracted varies according to the length of the working day; and the degree of exploitation involved in the extraction of absolute surplus-value corresponds directly to the degree to which a human being is reduced to a working body. Though the length of the working day is ‘not a fixed but a fluid quantity’, it does have a ‘maximum limit’, itself conditioned by two factors. One factor is the physical limit, determined by such corporeal needs as food, sleep, and so on. The other is a ‘moral’ factor: ‘The worker needs time to satisfy intellectual and social needs, and the extent and number of these is conditioned by the general cultural values’. Nevertheless, in its drive to maximise absolute surplus-value, capital constantly pushes toward the outer limits of the working day.

In its blind and measureless drive, its insatiable werewolf’s appetite for surplus labour, capital oversteps not only the moral but even the merely physical limits of the working day. It usurps the time for growth, development and healthy maintenance of the body. It steals the time required for the consumption of fresh air and sunlight. It haggles over the meal-times, where possible incorporating them into the production process itself, so that [evoking the condemned’s last supper in Kafka’s story and the unforgettable scene in Charlie Chaplin’s Modern Times: JF] food is added to the worker as to a mere means of production, as coal is supplied to the boiler, and grease and oil to machinery. It reduces the sound sleep needed for the restoration, renewal and refreshment of the vital forces to the exact amount of torpor essential to the revival of an absolutely exhausted organism. It is not the normal maintenance of labour-power which determines the limits of the working day here, but rather the greatest possible daily expenditure of labour-power, no matter how diseased, compulsory and painful it may be, which determines the limits of the workers’ period of rest.

30. Ibid.
By pushing the working day to its physical limits, capital leaves little time available for workers to satisfy their ‘intellectual and social needs’. Satirising capital’s nineteenth-century apologists and the Victorian bourgeoisie – ‘leisured classes [who] began to discover the “problem” of the leisure of the masses’ – Marx writes:

Time for education, for intellectual development, for the fulfilment of social functions, for social intercourse, for the free play of the vital forces of body and mind, even the rest time of Sunday – what foolishness.

For capital, the worker is but an objective factor of production, a source of labour-power; any other human dimensions are irrelevant. The wage-labour contract, compounded by capital’s need to extend the working day as much as is physically possible and socio-culturally acceptable, reduces the human being to ‘merely a physical body’ and effects ‘the metamorphosis of the worker into a “beast of burden” [ein Arbeitsvieh]’.

The reduction of the working day to a ‘normal’ length, which, in turn, has enabled wage-labourers to gain more than the physical minimum of leisure-time and to satisfy at least some of their intellectual and social needs, was, of course, brought about by workers’ political and economic struggles. Yet, even with the reduction of the abnormally and inhumanly long ‘normal’ working day of early industrialism, the ‘normal’ working day of our own time is still determined, not by human needs, but by the conflict between antagonists with equal rights and unequal power. The ‘normal’ wage-labouring day necessarily means that workers’ lives hover around the socially acceptable minimum – which is always substandard in terms of what is socially possible.

By reducing workers to mere ‘physical bodies’ and transforming them into ‘beasts of burden’, capital not only maximises its extraction of absolute surplus-value but also reproduces itself at the cost of the human life of labour. Capital

34. Marx 1972a, p. 596; Marx 1976, p. 716.
36. Though workers’ struggles succeeded in reducing the working day to a ‘normal’ length, that gain is constantly contested by capital. Juliet Schor, who studied the working year of fully-employed persons from 1969 to 1987, found that that period has witnessed ‘The Unexpected Decline of Leisure’. She concludes: ‘According to my estimates, the average employed person is now on the job an additional 163 hours, or the equivalent of an extra month a year’ (Schor 1992, p. 29). Aside from that, even the reduction of the working day to a ‘normal’ level means only a minimum extension of workers’ free time for the fulfilment of social and intellectual needs in contrast to the possibilities inherent in the social wealth created by their labour.
37. See Marx 1972a, p. 249; Marx 1976, p. 344.
itself is accumulated ‘dead labour’ whose bodily need and life-blood is surplus living labour-power and which ‘vampire-like, lives only by sucking up living labour, and lives the more, the more labour it sucks’.38 In this consumption capital literally ‘incorporates [einverleibt]’ into itself, as the means of its own self-preservation, the creative capacities of labour to produce social wealth.39 Because its own self-preservation depends on ‘the maximum of labour-power that can be set in motion in a working day’, capital ‘asks no questions about the lifespan of labour-power’; rather its extension of the working day not only produces a deterioration of human labour-power by robbing it of its normal moral and physical conditions of development and activity, but also produces the premature exhaustion and death of this labour-power itself.40

The one aspect of labourers’ lives outside the work-colony that does concern capital is that of perpetuating the life of the working class, that is, the maintenance of the supply of potential labour-power – both ‘synchronically’ as a ‘reserve army of the unemployed’ and ‘diachronically’ as the production of succeeding generations of wage-labourers. Though Marx’s analysis of absolute surplus-value raises the issue of the reserve army, he does not address the question directly until much later, when summarising the general law of capitalist accumulation. There, he shows how capital’s reproduction of its own relations of production includes a perpetuation of a class of wage-labourers and potential labourers, a reserve army of unemployed. In the 1844 Manuscripts, Marx had already satirised Malthus and followers whose demographics of scarcity explained overpopulation as a consequence of inexorable natural laws that resulted in ‘too many people’ (that is, workers) whose ‘existence . . . is a pure luxury’ and who, if they are ‘to be moral . . . will be frugal in sexual intercourse’.41 In Capital, Marx argues that there is nothing natural about this overpopulation, that it is not overpopulation at all, but underemployment of potential wage-labourers. What bourgeois moralists condemn, bourgeois capitalists applaud: that which from a moralist’s perspective is overpopulation resulting from licentious behaviour is, in economic categories, a ‘reserve army of unemployed’ – a source of potential workers that keeps wages low by serving as a threat to employed workers who can easily be replaced. This reserve army of a general supply of bodies to keep production flowing allows capital to be unconcerned with the lifespan of the individual. But, for Marx, who begins

from the fact that labour-power is not abstract, but concretely rooted in individual bodies, it is ‘the monstrosity of a suffering population of workers held in reserve for the changing exploitative needs of capital’.42

Taken together, employed and unemployed workers make up a class of ‘needy individual[s]’43 inevitably reproduced by capital in order to satisfy its own needs for labour-power. In late-nineteenth-century discourse, these ‘needy individuals’ were occasionally referred to as a ‘race’, as though certain biological differences made workers a breed apart from good Victorian society. The grain of truth in this designation lies in the fact that, just as capitalist production reproduces the worker as a ‘needy individual’, so too are generations of needy individuals reproduced in working-class families.44 In this, vampire-like capital does its mythical counterparts one better: rather than having to hunt for its victims, capital enlists its victims to produce and reproduce the exploitative conditions of their own immiseration. Already, in The German Ideology, Marx spoke of how working-class children are sacrificed to the needs of capital, and in Capital he specifies this sacrifice in several sections on child-labour in the factory. Though individual children are able to rise above their class legacy, this does not alter the fact that capitalism reproduces its own supply of labour-power by perpetuating, over generations, a class of ‘needy individuals’. And life-long neediness is a concerted attack on the body and the bodily capacities of those in need.

The extraction of relative surplus-value and the ‘crippling of body and mind’

If Marx’s analysis of the working day and the extraction of absolute surplus-value shows how capital reduces the individual worker to a mere bodily source of labour-power, his analysis of ‘The Production of Relative Surplus-Value’ shows how capital strips workers of the bodily and mental skills and dexterities, reducing the qualitative capacity to work to little more than the quantitatively-measured expenditure of energy.45 Relative surplus-value is an intensive

42. Marx 1972a, p. 618; Marx 1976, p. 784.
44. See Marx 1972a, p. 597; Marx 1976, pp. 717–18.
45. Anson Rabinbach’s claim notwithstanding (Rabinbach 1992, p. 73), there was no marriage of ‘Marx and Helmholtz’, that is Marx did not wed himself to a Helmholtzian concept of labour-power as expenditure of energy. Rather, the entire movement of Capital aims at showing how the capitalist mode of production wants from workers only their labour-power conceived as energy, and how the systematic deskilling characteristic of capitalist forms of work reduces labour to little more than an expenditure of energy.
measure; it is produced through changes in the labour-process that result in the increased intensity and, therewith, the increased productivity of labour within a given quantity of time. These changes can affect either or both of the components of the forces of production: they are aimed at a more efficient organisation of labour and at the refinement of the means of production – eventually through the application of science and technology. In the extraction of surplus-value, the rate of immiseration is directly proportional to the rate of exploitation and is measured according to the degree to which the organic human body is transformed into a mechanical facsimile of itself.

As he did in introducing absolute surplus-value, Marx prefaces his discussion of relative surplus-value with an emphatic reminder that ‘the historical and conceptual starting-point of capitalist production’ is constituted by ‘a large number of workers working together . . . in order to produce the same sort of commodity under the command of the same capitalist’. Here, the reminder that the valorisation process begins with the conclusion of the wage-labour contract, together with the reiteration of capital’s initial indifference to the form of technology, serves to focus the reader’s attention: by positing the social relations of production as his starting-point, Marx frames the questions of work and technology which he addresses in this section not as neutral, not as the inevitable consequences of ‘modern’, ‘scientific’ technology, but as moments of the particularly capitalist valorisation process; he thereby provides a platform for a critical exposure of the capitalist labour-process as a disciplinary process and of the capitalist development of machinery as ‘instruments of torture’. Throughout three chapters on ‘Cooperation’, ‘Division of Labour and Manufacturing’, and ‘Machinery and Large Industry’, Marx exposes how the capitalist valorisation process culminates in systems of machinery that inscribe the bodies of workers with all the sophistication of Kafka’s torture machine; he exposes, in short, capital’s systematic production of bodies in pain.

Once capital has mobilised labour under its own ‘command’, its next step is to organise individual labourers and coordinate their labour in space and time. This Marx calls capitalist ‘cooperation’. His evaluation begins with an appreciation of how such co-operation creates a ‘new potency’ characterised not just by the increase of the productive capacity of the individual, but by creation of a supra-individual force of production that is ‘mass-power’. This quantitative increase in productive capacity also has a qualitative dimension whose positive side consists of uncovering ‘the productive power of social labour’. Through co-operation, the co-ordination of several individual bodies

47. Marx 1972a, p. 345; Marx 1976, p. 443.
working in a planned way, the system of production is very literally a materialised metaphor of the human body, a social body, a ‘productive collective body’\(^{49}\) that magnifies the corporeal capacities of each individual.

This ‘collective body’ is in need of ‘direction to assure the harmony of the individual activities and to perform the general functions’.\(^{50}\) Capital itself is, of course, the ‘head’ that determines how the individual bodies it has mobilised under its own command shall be harmonised to realise its single-minded goal of maximising surplus-value. Having purchased the labour-power of workers, the capitalist head has the right to organise their co-operation as it sees fit in pursuit of its own interests. It is this combination of the co-operative enhancement of the social productivity of labour, but under the foreign command of capital, that gives to the content of the capitalist development of the labouring forces of production its ambiguous character.\(^{51}\)

If the content of capitalist co-operation is ambiguous, ‘it is, in form, purely despotic’ – a despotism whose strength increases directly as does the scale of cooperation.\(^{52}\) In this despotic co-operation, workers

as independent and individualized persons… enter into a relation with capital, but not with each other. Their cooperation begins only in the labour-process, but in the labour-process they have already ceased belonging to themselves. With their entry into the labour-process they have already been \textit{incorporated} \([\text{einverleibt}]\) into capital…. The cooperation of wage-labourers is effected entirely by the capital that employs them. The context of their functions and their unity as a productive collective body lies outside of them – in the capital that brings and holds them together. The context of their labour, therefore, confronts them in the realm of ideas as a plan drawn up by the capitalist, in practice as his authority, as the power of a foreign will that subjects their activity to his purpose.\(^{53}\)

This depiction of capitalist cooperation resembles a surrealist portrait of a decapitated body having been put back together with an alien head which is determined to discipline the recalcitrant body.

The individual rights guaranteed to all by bourgeois constitutions are valid only up to the factory door, behind which the private-property-owner is king. The ‘freely’ concluded wage-labour contract draws workers into a realm in which their life and liberty are subordinated to the despotic property rights of

\(^{49}\) Marx 1972a, p. 350; Marx 1976, p. 448.

\(^{50}\) Ibid. On the issues of capitalist direction of the labour-process as a means of perpetuating capitalist control and as a determinant of the construction of peculiarly capitalist forms of technology, see Margolin 1976.

\(^{51}\) Marx 1972a, p. 351; Marx 1976, p. 450.

\(^{52}\) Ibid.

the capitalist. This despotic power enables capital to afford its initial indifference to technology: whatever the technology, capital can extract relative surplus-value simply by exercising its own power and forcing workers to ‘co-operate’. Subject, however, to the vicissitudes of the market, capital is forced to take more drastic steps to increase productive capacity and therewith the extraction of relative surplus-value. The next diabolical step in the dialectic of capitalist ‘co-operation’ is the intensification of the division of labour and the fragmentation of work.

In ‘The Division of Labour and Manufacture’, Marx takes up an issue that had long been one of his primary concerns. His most memorable statement on the matter is doubtless the sketch in *The German Ideology* of a communist idyll ‘where nobody has an exclusive sphere of activity, but each can become accomplished in any branch’ and in which it is possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, tend the flocks in the evening and to criticise after dinner, exactly as I wish, without ever becoming a hunter, fisher, shepherd, or critic.54

Though, in *Capital*, the commodity rightfully replaces the division of labour as the basic ‘cell’ of the capitalist mode of production,55 Marx continues to express his outrage at the capitalist fragmentation of labour – but in terms that are more concretely corporeal and, stripped of their utopian nostalgia, more efficacious.

As a stage in the evolution of capitalist production, manufacture represents only a quantitative extension of simple co-operation. Because in manufacture each individual operation is still performed by hand and thus ‘remains dependent on the strength, skill, speed, and sureness with which the individual worker manipulates his instruments… handicraft remains the basis’.56 Nevertheless, the intensification of the division of labour results in a substantial increase in social productivity by creating ‘a productive mechanism whose organs are human beings’.57 Although the division of labour points toward the monumental stage of capitalist development, the era of industrial technology, its ‘narrow technical basis excludes the scientific analysis of the production process’;58 at this stage, therefore, the organisation of living labour remains the most productive of the forces of production.

The further division of labour demands greater co-ordination of the various operations and thus requires ‘the unconditional authority of the capitalist over people, who become merely members of a total mechanism that belongs to him’.59 And though the technical level of manufacturing remains rudimentary, each step in increasing the division of labour intensifies the ‘mental and bodily crippling’ of individuals.60 Unlike simple cooperation, [which] left the mode of the individual’s labour for the most part unchanged, manufacture thoroughly revolutionises it and seizes labour-power by its roots. It cripples the worker into an abnormality through the forced cultivation of a particular skill and through the suppression of a world of productive drives and abilities. Not only are the particular partial operations distributed among the different individuals, but the individual itself is divided up and transformed into the automatic motor of a detail operation.61

Comparable to ‘butchering a whole animal for the sake of its hide or tallow’, the capitalist division of labour performs a painful metonymic reduction directly on the living bodies of labourers, reducing them to ‘mere fragments of their own bodies’.62 Individual workers are stripped of ‘knowledge, insight, and will’, as these become ‘faculties required only for the workshop as a whole’; concentrated under the command of capital, these faculties confront workers as ‘foreign property and as a power that rules over them’.63

By no means alone in recognising the human costs of the division of labour, Marx lets the political economists themselves attest to the crippling effects of the capitalist enhancement of society’s productive power. According to Adam Ferguson:

> Ignorance is the mother of industry as well as of superstition. Reflection and fancy are subject to err; but a habit of moving the hand or the foot is independent of either. Manufactures, accordingly, prosper most where the mind is least consulted, and where the workshop may... be considered an engine, the parts of which are men.64

And Adam Smith:

> The man whose whole life is spent in performing a few simple operations... has no occasion to exert his understanding... He generally becomes as stupid and

60. Marx 1972a, p. 384; Marx 1976, p. 484.
62. Marx 1972a, pp. 381–2; Marx 1976, p. 482 (my emphasis).
63. Marx 1972a, p. 382; Marx 1976, p. 482.
ignorant as it is possible for a human creature to become… The uniformity of his stationary life naturally corrupts the courage of his mind… It corrupts even the activity of his body and renders him incapable of exerting his strength with vigour and perseverance in any other employments than that to which he has been bred. His dexterity at his own particular trade seems in this manner to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilised society, this is the state into which the labouring poor, that is, the great body of the people must necessarily fall.65

Marx’s disgust over the debilitating effects of the division of labour reaches its climax in his summarizing citation of a comment by a Tory member of parliament, David Urquhart: ‘To subdivide a man is to execute him, if he deserves the sentence, to assassinate him, if he does not…the subdivision of labour is the assassination of a people’.66

Though expressed less idyllically than his vision of ‘hunting in the morning, fishing in the afternoon’, Marx’s outrage at this ‘crippling’ of mind and body, at this attack on the ‘life roots’ of the individual that ‘provides the material and the stimulus for industrial pathology’,67 is registered in terms that suggest a similar need for the many-sided development of individual capacities, for free and multi-dimensional activity. These passages also show that the corporeal dimension of Capital, the many examples of the bodily deformation produced in the capitalist workplace, is not extraneous or rhetorical but fundamental to Marx’s notion of capitalist immiseration. This can be seen clearly in a key transitional passage that evaluates the place of manufacturing in the overall evolution of capitalist exploitation:

This process of separation [of the intellectual from corporeal capacities] begins in simple cooperation, where the capitalist confronts the individual workers as the representation of the unity and the will of the social body of labour. It is developed in manufacture that mutilates the worker by turning him into a fragment of himself. It is completed in large industry that makes science a potentiality for production which is distinct from labour and presses it into the service of capital.68

Using corporeality as the measure of the mode of production, Marx exposes a direct correlation between the intensification of the extraction of relative surplus-value and the increasing rate of bodily deformation in the capitalist labour-process.

65. Ibid.
68. Marx 1972a, p. 382; Marx 1976, p. 482 (my emphasis).
This important summary and transitional passage also and again calls attention to the fact that technology and technological science must be analysed in the context of the social relations within which they are developed, which define their specific goals and determine their design and deployment. The development of capitalist machinery and of the capitalist form of technological science marks both the mature phase of capitalist production and the final stage in the fragmentation of the worker. On the one hand, machinery represents just the next step beyond the division of labour – and indeed a step made possible by the intensification of the division of labour which ‘increasingly transformed the operations of the workers into mechanical operations so that at a certain point the mechanism could take their place’. On the other hand, the integration of machinery constitutes a qualitative leap in the development of the forces of production: if, in the stages of co-operation and manufacture, the development of the forces of production focused on the organisation of labour, now, with the advent of machinery, that focal point shifts from labour to the means of production.

In developing machinery, capital converts ‘accumulated dead labour’ expropriated as surplus-value into mechanised means of production. This development ‘is not an accidental moment of capital, but is rather the historical reshaping of the traditional, inherited means of labour into a form adequate to capital’. By reducing the manifold bodily capacities of labour to the expenditure of energy in the form of labour-power, and by objectifying its own control of the labour-process in machines that enhance the production of surplus-value, capital attains its quintessential form. As Donald MacKenzie succinctly puts it: ‘In the labour-process of machino-facture, capitalist social relations… achieve technical embodiment’. And Marx analyses capitalist ‘machino-facture’ as a mad Kafkaesque world of machines inscribing the bodies of workers – with an added dimension most worthy of Kafka.

Marx begins his analysis of this inverted world by contrasting his position to that of ‘mathematicians, engineers, and… political economists [who] explain the tool as a simple machine and the machine as a complex tool’ and ‘see no essential difference’ between the two. He agrees that ‘every machine consists of its simple, mechanical potencies, however they may be disguised and combined’; but he insists that ‘from an economic standpoint such explanation is worthless, because it lacks the historical element’. And precisely

on the basis of this ‘historical element,’ Marx refutes those who view machinery in neutral, instrumental terms as simply the most rational means to an end. His entire analysis of machinery is based on the recognition that its design, development, and deployment occur in a specific socio-historical context and are, as such, the most rational means to the specifically capitalist end of maximising relative surplus-value.74

Having established the socio-historical dimension of his analysis of machinery as an economic category, Marx traces its rise to power in the production process. He begins with the machine as a simple element of an increasingly mechanised production process. In first stage of machine production, ‘the machine . . . replaces the worker who handles a single tool by a mechanism operating with a number of similar tools and set in motion by a single driving force, whatever the form of that force may be’.75 These simple machines are only a mechanisation of hand tools, and are quickly replaced when ‘the tools have been converted from tools of the human organism into tools of a mechanical apparatus, [when] the motorised machine acquires an independent form fully emancipated from the limitations of human strength’.76

Once emancipated from their human users, the means of production are integrated into a society of their own. The final metamorphosis of capitalist means of production into their quintessential form is the integration of individual machines into a ‘system of machinery consisting of numerous mechanical and intellectual organs’; in this system, ‘the workers themselves become nothing more than conscious members’.77 In contrast to manual means of production ‘which the worker animates [beseelt; gives a soul to] with his own skill and activity, and whose handling therefore depends on his virtuosity’, it is now ‘the machine which possesses skill and strength in place of the worker, is itself the virtuoso, with a soul of its own in the mechanical laws acting through it’.78 Integrated into a mechanical system consisting of its own kind, the mechanical means of production assert their dominance over the production process: the system itself oversees the ‘connected series of

74. Nor did Marx find anything socially or politically neutral about the capitalist design and deployment of machinery, which also served as a powerful weapon that enhanced the social power of capital over labour. Already in The Poverty of Philosophy, Marx refers to machines as ‘the weapon that capitalists used to defeat the revolts of workers’ (Marx 1972b, p. 176). And in Capital: ‘It would be possible to write quite a history of the inventions made since 1830, for the sole purpose of supplying capital with weapons against the revolts of the working class’ (Marx 1972a, p. 459; Marx 1976, p. 563).
78. Marx 1974, p. 584; Marx 1993, pp. 692–3.
graduated processes, carried out by a chain of mutually complementary machines of various kinds’ through which an object of labour reaches its finished form’. 

Though the development of machinery ‘teaches’ a lesson about the productive power of social labour and how ‘to let the product of their past, already objectified labour perform gratuitous service on a large scale, just like a force of nature’, this lesson in sociality is undermined by the private relations of production. Developed within and for capital’s valorisation process, the productive capacity of machinery appears not as an attribute or product of social labour, but as effected by capital. Though all (functioning) machines are necessarily mechanical embodiments of the principles of physics, Marx deciphers the specific design and deployment of machinery developed ‘under the command of capital’ as the mechanical embodiment of its despotic exploitation of wage-labour.

This ‘society’ of machines needs, of course, a kingdom of its own; and that kingdom is the industrial factory – its own territory, guarded against outside interference, where it enlists living labour to help it run and science to help it grow. Marx mentions how the English chemist and economist Andrew Ure ‘loved’ to describe the central machine that is the driving force of the whole system of machines co-ordinated in a factory ‘not only as automaton, but also as autocrat [nicht nur als Automat, sondern als Autokrat]’; and he quotes Ure’s industrial pastoral depicting ‘these great workhouses [where] the beneficent power of steam collects myriads of subjects around itself’. Marx, of course, represented this automated autocrat in a less benign manner:

As an organised system of machines that receives its motion from an automated centre by means of the transmission machinery, machine industry obtains its most developed form – the form of a mechanical monster whose body fills entire factories, and whose demonic power, at first hidden by the almost solemn movement of its gigantic members, finally bursts forth in the feverish, rabid whirl of its own countless organs.

The system of machinery completes the despotic power of capital. As a mechanical incorporation of the capitalist’s ‘consciousness and will’, the system of machinery serves as a kind of intendant to the despot, enforcing

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82. Marx 1972a, p. 402; Marx 1976, p. 503.
'military discipline' on the factory floor and defining where, how, and at what pace ‘hands’ are to serve it.

Marking the complete subordination of the subjective to the objective dimension of the labour-process, of living labour to the means of production, the advent of machinery in the capitalist factory lays the foundation for ‘the technological application of science’, for giving capitalist valorisation a ‘scientific character’. For Marx, science, the accumulation of knowledge [Wissenschaft], is potentially ‘the most solid form of wealth’. In a powerfully concentrated expression of the made world as an embodiment of human bodily activity, Marx writes that machines, as an object of technological science, are ‘organs of the human brain, created by the human hand: objectified knowledge-power [vergegenständlichte Wissenskraft]’. The problem, of course, is that, while the principles of mechanics and physics may well be ‘neutral’, the purposes to which they are subjected are not. And the concrete social value of ‘knowledge-power’ can only be determined through an analysis of its social constitution, through answering the questions: under what conditions? To what purpose? In whose interest? With what consequences? These are the questions that Marx asks in his interrogation of capital’s industrial-scientific complex.

Drafted into the capitalist valorisation process, this capitalist science of technology aims at mobilising, harnessing, arranging, using, and using up various natural and human forces in order maximise output per unit of time. ‘Subservient to capital’, natural science is enlisted and constituted ‘to observe each process of production in and for itself, and to resolve it into its constituent elements, without any consideration of the human hand’; the ‘entire modern science of technology’ dissolves the ‘varied, apparently unconnected and petrified forms of the social production process . . . into conscious and planned applications of natural science, divided up systematically in accordance with the particular useful effect aimed at in each case’. Aimed at the ‘useful effect’ of increasing the speed of production, the capitalist science of technology accepts as a ‘factor’ of production the historically-constituted facticity of workers as nothing but naked labour-power. By treating living labour as an object, as generic labour-power, this technological science completes the process of degrading work and deskilling labour.

89. Marx 1972a, p. 510; Marx 1976, pp. 616–17 (my emphasis).
Scientifically constructed so as to minimise any subjective interference in, or disturbance of, the work-process, capitalistically designed machinery reduces workers themselves to the status of a mere means of production, a human machine. As the technological embodiment of capitalist relations of production, the development of the productive forces under the command of the capitalist minority becomes ‘for the majority’ a development of ‘destructive forces. . . .’ [Capitalist industry] makes work itself unbearable.90 No longer subjects of the work process, workers are reduced to being servants of the machine, of ‘a dead mechanism independent of them [into which] they are incorporated as living appendages’.91 Rather than employing the instrument of work, the instrument employs and ‘strikes down the worker’.92 The one-dimensionality of the capitalist science of technology completes the process of the degradation of work; it exponentially intensifies the atrophy of workers’ many-sided talents in favour of the hypertrophy of one. As Engels put it in *The Condition of the Working Class in England*:

The wearisome routine of endless drudgery in which the same mechanical process is ever repeated is like the labour of Sisyphus; the burden of toil, like the rock, is ever falling back upon the worn-out drudge.93

Potentially the ‘most solid form of social wealth’, the science of technology becomes capital’s most solid ally and its most effective means of draining work of all mental content and stripping workers of any control over their work. We have already seen how the division of labour deprives workers of the exercise of knowledge, judgment, and skill in the labour-process: the skill is incorporated into the machine, the judgement into capital, and knowledge into the capitalist science of technology that confronts living labour as ‘alien property’.94 With the designers of machines completely separated from their users,95 with the complete separation of the mental and corporeal aspects of human work into a ‘hostile antagonism’,96 the result is a form of science that ‘does not exist in

90. Marx 1973b, p. 60; Tucker (ed.) 1972, pp. 185–6.
93. Engels cited in Marx 1972a, p. 445; Marx 1976, p. 548. The systematic deskilling of jobs and labour which, like machines, frees owners from dependence on workers’ skills is also used as a weapon against workers. See Marx’s citation of the report of ‘The Master Spinners’ and Manufacturers’ Defence Fund’. Marx 1972a, p. 446 n. 188; Marx 1976, p. 549, n. 7 (citation abridged in the Fowkes translation).
94. Marx 1972a, p. 382; Marx 1976, p. 482.
95. On the importance for industrial design of whether designers and users are the same, or have similar or antagonistic interests, see Noble 1984, p. 45ff.
the worker’s consciousness, but rather acts upon him through the machine as an alien power’.  

In a passage summarising the mature capitalist production process, Marx’s intertwining of capitalist control, deskilling, and bodily deformation indicates the inseparable links between them.

...
reality. Through its metamorphosis into an automaton, the instrument of labour confronts the worker during the labour-process in the shape of capital, dead labour, which dominates and sucks up living labour.98

He concludes by showing how ‘the modern science of technology’ is constituted as part and parcel of this process of immiseration:

- the separation of the intellectual faculties of the production process from manual labour, and the transformation of those faculties into powers exercised by capital over labour is... finally completed by large-scale industry. The special skill of each emptied-out machine-operator vanishes as an infinitesimal quantity before the advance of science, the monstrous natural forces, and the mass of social labour embodied in the system of machinery.99

Work conditions, finally, are no better than the work itself. Designed and arranged to care for the needs and well-being of the machinery rather than the human body, factory conditions not only deform the human body to fit the machine, but also take no account of its vulnerability: ‘Every sense organ is injured by the artificially high temperatures, by the dust-laden atmosphere, by the deafening noise, not to mention the danger to life and limb among machines which are so closely crowded together; the capitalist use of the social means of production results in ‘the systematic robbery of what is necessary for the life of the worker while at work, i.e. space, light, air, and protection against the dangerous or the unhealthy conditions of the production process’.100

Whereas capital’s drive to maximise absolute surplus-value reduces wage-labourers to ‘creatures of labour’ and transforms the worker’s life-time into working-time, its drive to maximise relative surplus-value destroys the quality of both work-time and free time. In a summary of the various components of the very corporeal and ever-intensifying nature of capitalist immiseration, Marx concludes:

In the capitalist labour-process, all methods for raising the social productivity of labour are put into effect at the cost of the individual worker; all means for the development of production undergo an inversion so that they become means of domination and exploitation of the producers; they distort the worker into a fragment of a person, they degrade the worker to an appendage of the machine,

99. Marx 1972a, p. 446; Marx 1976, pp. 548–9. The capitalist science of technology is itself not immune to this problem: subjected to an increasing division of labour mirroring the one it seeks to produce, this capitalist science produces both specialists [Fachleute] and ‘the idiocy of specialisation [Fachidiotismus]’ (Marx 1972b, p. 157).
100. Marx 1972a, pp. 448–9; Marx 1976, pp. 552–3.
they destroy the actual content of labour by turning it into a torment; they alienate the worker from the intellectual potentialities of the labour-process in the same proportion as science is incorporated into it as an independent power; they deform the conditions of work, subject the worker during the labour-process to a petty and hateful despotism.\textsuperscript{101}

The painful irony in this is that the organisation of ‘naked labour-power’ inside the ‘work colony’ not only produces unprecedented social wealth, but does so in such a way that that wealth, expropriated by capital, confronts and rules over labour as a ‘foreign power’ and stands in an increasingly glaring contrast to the ‘penurious subjectivity of living labour’.\textsuperscript{102}

I noted above that the history that Marx tells in \textit{Capital}, though less graphic in form, is at least as fantastic and horrific in content as Kafka’s story. But, whereas Kafka’s penal colony collapses under the weight of its own horror, Marx’s horrific history points to a potentially emancipatory outcome. In order fully to grasp both the social horror that Marx narrates and the historical possibilities inherent in that narrative, it is necessary to look more closely at this situation of workers producing and reproducing the conditions and means of their own exploitation, alienation, and immiseration – and to do so up from the body as the starting point of the critique and as its normative measure.

Kafka does mention that the design and purpose of the machine was the brain-child of the commander, but he presents the machine itself in its facticity; its making has disappeared in its madness. Marx’s analysis, however, not only thoroughly inspects the wounding inflicted on wage-labour by the capitalist labour-process in general and machines in particular, it also deconstructs both the social artefact (mode of production) and its commensurate means of production (machines) as made objects. In this deconstruction of the capitalist means of production, Marx looks beyond the machine’s inorganic body and its mechanical limbs in order to grasp its ‘interior structure’ or, as he puts it, its ‘soul’.\textsuperscript{103} For Marx, however, that ‘soul’ is very material: it is the body, human corporeal organisation, which, as the author of the artefact and the source of the accumulated and congealed labour incorporated into it, quite literally animates it. This is quite obviously and literally true of the original hand-tool, which was, as Marx notes in a striking phrase, ‘nothing more’ than the ‘dexterities residing in the evolved human

\textsuperscript{101} Marx 1972a, p. 674; Marx 1976, p. 799.
\textsuperscript{102} Marx 1974, p. 359; Marx 1993, p. 455.
\textsuperscript{103} Marx 1974, pp. 270, 584; Marx 1993, pp. 364, 692–3.
hand’. And as he shows, this is less obviously but just as literally true of the vast machines that are at issue here.

The mobilisation and deployment of accumulated and congealed labour in the general service of human needs is, for Marx, potentially the most human and humane form of production. But the means of production are, precisely as means, always subsumed to an end, a mode of production, whose purposes govern their particular form. Under capitalist relations of production, as we have seen, accumulated, objectified labour is expropriated in the form of surplus-value, invested in the development of more machinery designed to maximise the production of relative surplus-value. Or, in Marx’s sketch: the ‘soul’ of capitalist machinery, the exploited, accumulated labour of previous generations of workers, becomes the tool of exploitation and immiseration of the living labour. The horrible irony is that that expropriated, accumulated labour would remain inert without living labour to ‘resurrect it from the dead’, to animate and activate it in the labour-process. Once resurrected by living labour, the soul of workers past, incorporated into capitalist machinery, is transformed into a torture machine exploiting and immiserating its own descendents who reanimated it. Here, dead labour is enlisted, not to serve, but to ‘confront living labour as the power that rules over it’. Outdoing Kafka, Marx sketches a portrait of workers not only forced to produce, but also forced to be, the conditions and the instruments of their own torture; the capitalist work colony does not need officers to run the machines; rather, workers themselves animate and activate the instruments of their own torture that then choreograph the movements of the organic human body with a mechanical script.

Marx’s running commentary throughout the sections on the production of absolute and relative surplus-value exposes the direct correlation between exploitation and immiseration, between the capitalist extraction of surplus-value and the systematic deformation of workers’ corporeal organisation. Like Kafka, Marx forces the eyes of the observer to bear witness – in Marx’s case to witness to the reduction of human beings to naked labour-power vulnerable to the wounds inflicted by capitalist relations of production, to witness how capital, like Kafka’s torture machine, inscribes its messages in a script that, though not immediately decipherable by intellectual observers, is immediately and painfully comprehensible to workers who experience its meaning directly on their bodies. He forces us to witness, in short, the corporeal depths of capitalist immiseration.

Concluding considerations

The use of such terms as ‘torture’ and ‘deformation’ calls for an immediate and important warning and caution. These are loaded terms and should not be thrown around carelessly. Their greatest danger is the all-too-common tendency to conclude that those who are victims of chronic exploitation and immiseration have been reduced to passivity. But though Marx may have outdone Kafka in his depiction of the horrors of contemporary capitalism, it would be a huge mistake to conclude these horrors have robbed workers of all individuality and agency – and it is certainly contrary to Marx’s own belief in the ability of the exploited to be the agents of their own emancipation.107

But if there is danger is using terms such as ‘torture’ to refer to the capitalist labour-process, there is also good reason to use them cautiously and judiciously. Marx is often accused of having immaturely and prematurely confused capital’s birth-pangs with its death-throes. Critics of those allegedly premature predictions of immiseration leading to revolution generally point to the decline of the (Western) industrial proletariat, to improved working conditions that have ended the torturous labour-process of early industrialism, and to improved living conditions as refutations of Marx’s critique of capitalist immiseration. But if we can manage to focus our vision on the corporeal depths of Marx’s notion of immiseration, we will see that the problem of immiseration is much more profound than higher wages and better working and living conditions. As important as these are, we must first of all not forget how low wages, and how miserable working and living conditions, once were for Western working people, nor how miserable they still are in most parts of the world, nor that those improvements were not a gift of capital, but a result of worker agitation. While to be welcomed as improvements, they have by no means eliminated the problem of capitalist immiseration.

Factories may be much safer, and accidents fewer, than in Marx’s time, but there are still far too many. And the intensification of the trinitarian relation between the capitalist enlistment of science, the degradation of work, and the extension of capital’s control over labour has created very serious new health problems for workers. Perhaps the most frightening attack on workers’ bodies is exposed by Robert Karasek and Töres Theorell108 who show that workplace stress caused by high intensity, repetitious jobs combined with lack of control over one’s work is causing an increasing rate of job-induced heart disease. And they argue that the increasing number of such jobs resulting from the particular

107. Marx 1964, p. 54. In his introduction to the statutes of the First International, Marx insists that the emancipation of the working class must be its own work.
ways in which computer technology is currently being used can only increase the occurrence of heart disease.

Nor was the capitalist use of knowledge-power to degrade work while maximising ‘efficiency’, to force workers’ organic bodies to conform to a mechanical script, limited to Marx’s time and the industrial factory. As Robert Howard shows in his analysis of the computerised _Brave New Workplace,_ technology continues to be not only used, but also designed, so as to enhance capitalist control of labour and the labour-process: destroying the skills of workers through the embodiment of those skills in mechanical processes and intensifying the division of labour so that workers have no knowledge of the overall process in which they play a part are perhaps the most powerful means of perpetuating capitalist control. Howard also discusses how work discipline, enforced in the earliest stages of machine production by the overseer’s book of penalties, is enforced today by an overseeing computer with a more penetrating eye and a more infallible memory. Similar arguments are made by Barbara Garson. Having interviewed numerous workers employed in ‘electronic sweatshops’, Garson portrays the working conditions, deskilling, and loss of worker control in the ‘post-industrial’ workplace; and she chronicles, as her subtitle puts it, ‘how computers are transforming the office of the future into the factory of the past’. _110_ Howard’s and Garson’s analyses show how hasty is the increasingly common assumption that advanced technology requiring more education necessarily means less boring and debilitating jobs. The nature of the job and the nature of work are not the same: the possibilities of work are fairly open; the possibilities of the job are rigidly determined by the endless need to maximise surplus-value.

By not hesitating to use such appropriately graphic terms as torture, Marx exposes capitalist immiseration as a manifold and painful process which cripples the bodies and minds, stunts the personal growth, and foreshortens the futures of working people. These terms focus attention on the concretely corporeal meaning for individuals of what are generically referred to, with an air of detached objectivity and accompanied by statistical tables quantifying their extent, as ‘social ills’. ‘Social ills’, it should be obvious, are not just a matter of statistics. They are problems that manifest themselves qualitatively and individually – socially-structured attacks whose violence is written on the resilient, but nevertheless very vulnerable bodies of individuals. Like the variety of patterns that Kafka’s machine can write, the ‘messages’ that capital writes on the bodies of labourers are worded differently: as poverty and need,

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as workplace induced injuries and ills including exhaustion, stress, and heart disease, repetitive strain injuries, as the atrophy of existing skills and the lack of opportunity to develop potential skills and capacities, as the fragmenting of the body, the deadening of the mind and the numbing of the senses through the repetition of mindless tasks, as subjection to despotic control, as the ‘hidden injuries of class’. Though the specific nature of the injuries and ills have changed since Marx’s time, the various attacks on the body that Marx mentioned (from literal wounds, to deformation, atrophy, lack of education, social ills, and so on) are still all too much with us. Whatever their wording, these messages are experienced by individuals in a concretely corporeal manner; and they carry the same essential meaning: the deformation of the body, of its instruments, its dexterities, its senses, its mind.

By deploying corporeality as a normative measure, finally, Marx was also able to provide a glimpse of freedom, of a future ‘outside the work colony’. The productive capacity developed in alienated and exploitative form through capitalism can, he insists, be reconstructed and redirected, away from the extraction of surplus-value and toward the satisfaction of human needs. The construction of a system and means of production as adequate and appropriate metaphors for the human body would make possible not only the elimination of material scarcity, but also the development of creative forms of work that would enhance rather than deform corporeal capacities and that would enable leisure time to be more than time for recovery from work. The terms Marx uses to describe immiseration call attention to the painful irony of capitalist accumulation, namely that it is based on the suffering of a class of people systematically deprived of access to the social possibilities created by and through their own labour, which is itself the ‘soul’ of social wealth. These terms also have a crucial political function, for they call attention to the constant and institutionalised intent of capital – what it aims to do, and what it will only be prevented from doing by political opposition and social transformation.

Marx’s exposure of the corporeal depths of capitalist immiseration, measured on the great variety of wounds that workers experience on their bodies under capitalist relations of production, points toward his vision of a future social order that would not only end immiseration, but also enable the polymorphous cultivation of human capacities. These capacities are rooted in human corporeality – in what Marx refers to as bodily powers or capacities, as

111. Sennett and Cobb 1972.
corporeal dexterities, and as the theoretical powers of the senses. For Marx, as Terry Eagleton has noted, the cultivation of these corporeal capacities and attributes ‘is an absolute end in itself, without need of utilitarian justification’, and his vision is therefore ‘profoundly “aesthetic”’. Marx’s critique of capitalism was aimed at the single, but many-sided aesthetic goal which Eagleton described as ‘restor[ing] to the body its plundered powers’. The starting-point of this restoration process is the workplace, and the first step is to restructure the relations and means of production, creating forms of work that are aesthetic rather than anaesthetic, life-enhancing rather than life-destroying. This, in turn, would further the cultivation of the five senses, a sensual education that Marx referred to as ‘the work of the entire course of human history’, and lead to the ‘full development of the individual’. The ‘mature’ Marx may have abandoned his ‘juvenile’ utopianism, but he by no means gave up his vision of a radically different and possible society in which the very embodied life and liberty of the many are not abrogated by the property of the few, in which a new mode of production would heal the body in pain.

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Rebellion to Reform in Bolivia. Part III: Neoliberal Continuities, the Autonomist Right, and the Political Economy of Indigenous Struggle

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Abstract

This article presents a broad analysis of the political economy and dynamics of social change during the first year (January 2006–January 2007) of the Evo Morales government in Bolivia. It situates this analysis in the wider historical context of left-indigenous insurrection between 2000 and 2005, the changing character of contemporary capitalism imperialism, and the resurgence of anti-neoliberalism and anti-imperialism elsewhere in Latin America. It considers at a general level the overarching dilemmas of revolution and reform. Part III examines the complexities of the politics of indigenous liberation and the political economy of the Movimiento al Socialismo (Movement Towards Socialism, MAS) government between January 2006 and January 2007. It pays special attention to the limits of reform in the hydrocarbons (natural gas and oil) sector. Also explained in Part III is the formation of an autonomist right-wing movement in the eastern lowlands, and how the new Right has intervened in the process of the Constituent Assembly. The article shows how the actual Constituent Assembly set into motion by the Morales administration in 2006 differs in fundamental terms from the revolutionary assembly envisioned by leading left-indigenous forces during the cycle of revolt in the first five years of this century.

Keywords

Evo Morales, Movement Towards Socialism, Bolivia, indigenous, reform, revolution, neoliberalism

In Part I of this article (Historical Materialism 16.2), the political and economic dynamics of contemporary Bolivia were discussed in connection with changes in capitalist imperialism at the international level, and foreign relations with Venezuela and Cuba at the regional level. The principal features of Bolivia’s rural and urban class structures in the neoliberal age were outlined, and a set of eight theses was advanced. Together, these theses challenged much of the conventional wisdom of both the Right and Left concerning the character and significance of the Morales government and the extraordinary left-indigenous cycle of revolt in the early years of this century.
Part II (Historical Materialism 16.3) reviewed the literature on revolution in contemporary Bolivia, and argued that we ought to distinguish between revolutionary epochs and social revolutions in order to better understand the peculiarities of both phenomena. It then shifted away from this theoretical terrain and showed in detail how the left-indigenous insurrectionary period, between 2000 and 2005, constituted a proper revolutionary epoch. Urban and rural revolt from below coincided with a multidimensional state crisis from above, creating opportunities for fundamental structural change to the Bolivian state and society. This revolutionary epoch, moreover, was characterised by a combined liberation struggle in which mass movements of indigenous proletarians and peasants fought to overcome inextricably intertwined processes of class exploitation and racial oppression. This was an anti-capitalist and indigenous-liberationist insurrectionary cycle. The revolutionary epoch of 2000 and 2005 did not, however, develop into a social revolution.

Rather, as Part II also explained, revolutionary energies were redirected into the moderately reformist politics of the presidential campaign of Evo Morales in late 2005. In the event, Morales became President. The electoral results revealed clearly just how deeply and broadly the neoliberal project had been rejected by the popular majority. But, in order to understand why the election of Morales, as leader of the Movimiento al Socialismo (Movement Towards Socialism, MAS), did not portend the profound rupture with neoliberalism that many had expected, it was argued that we must examine the trajectory of the party’s formation, and its shifting class composition, ideology, and political strategies over time. With this as a framework, Part II traced the MAS’s origins as an anti-imperialist and anti-neoliberal political instrument of the indigenous-peasant movement in the Chapare region of the department of Cochabamba. Militant cocaleros (coca growers) were the party’s principal social base between the mid-1990s and early 2000s. The politics of the party were characterised by assembly-style democracy, which mirrored the practices of the peasant unions in the region. The cocaleros of the party were in near-constant confrontation with American imperialism as manifested in the ‘war on drugs’. They developed militant tactics of direct action to counter the militarisation of the Chapare, the destruction of their livelihoods, and the neoliberalisation of Bolivia’s economic and political structures. During this era, the MAS was consequently driven by extra-parliamentary politics and mass mobilisation in the city streets and countryside. The party’s evolving platform called for an end to neoliberalism and denounced imperialism in all its nefarious forms.

However, beginning in 2002 – after Morales narrowly lost the presidential election – the party’s politics began to shift away from radical critiques of neoliberalism and imperialism. The party began also to turn its back on strategies of popular class mobilisation and direct confrontations with state
authorities and capital. The highest layers of the party’s infrastructure were increasingly populated with urban middle-class and *mestizo* intellectuals who emphasised the need to moderate the party’s radical public profile. Accompanying this change in class composition at the top of the party was a turn toward electoral politics as the definitive domain for doing politics. The challenge for the party was increasingly seen as courting the urban middle-class voters in electoral contests and assuring foreign and domestic capital that their fundamental interests would not be encroached upon if Morales were to become president. Anti-imperialism and anti-neoliberalism were pushed to the background as reformist electoralism was given pride of place. The consequences of these changes were most evident in the explosive Gas Wars of 2003 and 2005, in which two neoliberal presidents were overthrown by hundreds of thousands of largely indigenous urban working-class and peasant protesters, mostly concentrated in the cities of El Alto and La Paz. The MAS failed to provide revolutionary leadership in these two opportunities. Worse, to the extent that the MAS was present in 2003 and 2005, it acted to steer incredibly powerful mass demonstrations into constitutional avenues, in which elite negotiations between established neoliberal politicians took precedence.

With all of this as a backdrop, Part III proceeds in three sections. First, we examine the complex relationship between indigenous liberation and political economy during the first year of the MAS government (January 2006–January 2007). Second, we explore reform in the hydrocarbons (natural gas and oil) sector. This deserves particular attention both because Bolivia has South America’s second largest natural gas deposits after Venezuela, and because the demand for the nationalisation of hydrocarbons figured very prominently in the popular protests of 2003 and 2005, as well as in Morales’s presidential campaign. A third topic addressed is the Constituent Assembly (CA). The demand to convene a revolutionary CA to remake Bolivia with the direct participation of the indigenous proletarian and peasant majority was a central motif in numerous rebellions, marches and strikes between 2000 and 2005. Here, we show how the CA organised by the Morales government differed quite dramatically from the type of assembly envisioned by left-indigenous movements. Also discussed is the formation of a right-wing autonomist movement in the *media luna* (half-moon) departments of the eastern lowlands – Beni, Pando, Santa Cruz, and Tarija. This new Right, representing agro-industrial, petroleum, and finance capitalists, used the CA as a fulcrum in its strategy to destabilise the Morales régime and set back even the most modest of social and economic reforms proposed by the government.

Part III argues that the Morales victory in December 2005 was a democratic gain in race relations in Bolivia. Indigenous rights were thrust to the centre of the national political agenda to an unprecedented degree, following
decades – indeed centuries – of indigenous liberation struggle against Spanish colonialism and then internally colonial race relations throughout the republican era. This is an important conquest for popular forces, a measurable blow to white-\textit{mestizo} minority control of the state and race relations long rooted in informal apartheid. This victory is dampened, however, by disconcerting parallels with the 1994 electoral victory of the African National Congress (ANC) in South Africa and that party-régime’s trajectory since. While the MAS has not become an enthusiastic protagonist of unbridled neoliberalism – as the ANC has – the politics of indigenous liberation within the MAS government have nonetheless been separated artificially from the project for revolutionary socialist transformation. The left-indigenous combined liberation struggle between 2000 and 2005, grounded in anticapitalism and indigenous liberation, has become, under the Morales government, a formulaic struggle divided into distinct stages. The MAS emphasises indigenous liberation today, with socialist transformation placed on the back burner for 50 to 100 years. Such a perspective fails to come to grips with the fact that the vast majority of the indigenous population also constitutes the bulk of the working classes and peasantry whose full emancipation cannot be realised under capitalism – even a capitalism cloaked in an ‘Andean-Amazonian’ guise.\footnote{As discussed in Parts I and II, the promotion of so-called Andean-Amazonian capitalism is a central item in the government’s agenda. The phrase was coined by Vice-President Álvaro García Linera.}

Even more serious than abandoning a politics of transition towards socialism today, the MAS administration and the class interests it serves even tend to represent an important continuity with the preexisting neoliberal model – alive in Bolivia since the shock therapy of the mid-1980s. There have been partial policy breaks with neoliberalism in the areas of hydrocarbons (natural gas and oil), in foreign relations with Venezuela and Cuba, and in relations with the International Monetary Fund (IMF). But, even here, the break with neoliberalism has been ambiguous at best.

Regarding the CA, at the height of the recent left-indigenous struggles the popular classes envisioned an assembly that would structurally uproot the economic, political and social status quo, building a new state of and for the indigenous proletarian and peasant majority. The vision included the organic participation of the central social-movement, trade-union, neighbourhood, indigenous, and peasant organisations in the formation, deliberation, and execution of the assembly. The CA actually introduced by the Morales government, in contrast, precluded these revolutionary and participatory demands. Instead, it enshrined some of the worst characteristics of regular congressional politics. The MAS made a series of guarantees to the bourgeoisie...
of the eastern lowlands concerning the Assembly’s structure, conduct, and content. Appeasing the far Right in this way contributed to the creation of new political space for the rearticulation of stronger right-wing forces in the shape of an autonomist movement in the *media luna*. While the Bolivian Right had been incredibly weakened after five years of left-indigenous advance between 2000 and 2005, it has subsequently begun to rebuild its capacities. With its base in the departments of Pando, Beni, Santa Cruz, and Tarija, the autonomists obstructed the proceedings of the CA and increased the possibility of civil war at various junctures in 2006. The Right has only grown bolder and more self-assured since, expanding its geographic sphere of influence into the departments of Chuquisaca, and, to a lesser extent, Cochabamba.

**Indigenous liberation and the political economy of the MAS government**

[We are fighting for] a system in which the poor govern our country…. We don’t want to see our children dying in the countryside because of the absence of medical attention; not attending schools because they have no money; fainting in classes because they haven’t had sufficient food…. We want another system in which the majority enjoys the riches that are ours. We want it, because if it doesn’t come to be, there will never be peace. The Bible itself says that peace is the fruit of justice, and if there is no social justice there is not going to be peace. This is the objective. I believe that Christ also struggled for that; and I don’t know if Christ was a communist, but he also talked of these things. That is what we want, because capitalism is very wicked, perverse, bloodthirsty, inhuman, and terroristic.²

For the moment, I think we are, to use the old language, before democratic changes. That is to say, the decolonisation of the state, the construction of equality, the appearance of collective rights: those, for Bolivia, are a gigantic revolution. For 500 years the indigenous here had been considered animals without rights. This already is gigantic. Seen in the perspective of the world, it’s not a big thing, but for Bolivia it’s a lot. And the possibility of large transformations, more structural in nature, that will irradiate in a historic summation of workers’ forces with indigenous-peasant forces; with this…. maybe we’ll be here discussing things beyond democracy, or capitalism with better distribution, [but the latter] represent the limited horizon that represents today’s reality.³

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². Miguel Zubieta, Executive Secretary of the Federación Sindical de Trabajadores Mineros de Bolivia (Union Federation of Mine Workers of Bolivia, FSTMB), speaking at a Public Forum at the Universidad Mayor de San Andrés (UMSA) in La Paz, 2005. I tape-recorded and transcribed his intervention.

³. Álvaro García Linera, personal interview, 10 April 2005, La Paz. The interview took place prior to García Linera becoming Vice-Presidential candidate, or even a member, of the MAS.
The national-liberation struggles in southern Africa, from 1960 to 1990, were fought against European colonial occupation and white minority rule, and for black majority rule. Liberation from these evils was a democratic victory that is rightly and widely celebrated, but political scientist John S. Saul correctly calls for a new struggle in southern Africa, ‘the next liberation struggle’: a revolutionary transition to socialism, because black majority rule has not meant an end to capitalist exploitation in southern Africa. Similarly, in Bolivia, historic gains by indigenous peoples in the general elections of 2002, Morales’s victory in December 2005, and the forcing of indigenous issues onto the national political agenda through popular struggle from below, have been important steps towards bringing an end to white-mestizo minority control of the state and an apartheid-like culture around race relations. These are democratic victories. At the same time, however, the MAS has taken steps against the next liberation struggle for socialist transformation, just as the ANC did in South Africa after the defeat of apartheid. Across Latin America, one of the central paradoxes of the 1990s has been the emergence of neoliberal multiculturalism. In reaction to massive indigenous mobilisations, states developed strategies to contain the radical potential of these movements through official ‘recognition’ of cultural diversity, indigenous languages, and constitutional change. At the same time, while the cultures of indigenous peoples have been ‘recognised’ by neoliberal states, the material conditions of these same people have been deteriorating.

The MAS has broken with neoliberal multiculturalism in some ways because it has slowly implemented specific and moderate reforms to the neoliberal economic model it inherited. At the same time, however, the MAS is attempting to artificially separate the cultural and anticolonial revolution to end oppression of indigenous people from the socialist revolution to end class exploitation experienced by those very same indigenous workers and peasants, who constitute the majority of the Bolivian population. Issues that were organically linked in the combined liberation struggle of the 2000 to 2005 revolutionary epoch have begun to unravel in the ideology adopted by the MAS in government. This undoing is lost on many sympathetic analysts on the Left.

One fundamental function of the state under capitalism is to ‘reproduce the conditions for accumulation through the application of economic policies

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6. For the most thorough theoretical development of the position with which the MAS can be closely associated, see García Linera 2005.
that guarantee the optimisation of profits obtained by corporations.\footnote{CEDLA 2006, p. 6.} In the first three months of the MAS administration, the state played this role quite consistently in the realm of economic policy, broadly maintaining the neoliberal financial policy apparatus it inherited. This is evidenced, for example, by the fact that the new government officially reconfirmed the independence of the Banco Central de Bolivia (Bolivian Central Bank, BCB). The government agreed with the BCB to maintain a regime of fiscal austerity, pledging to run a deficit of less than 3.2 percent in 2006, while capping inflation at 4 percent or lower.\footnote{La Razón 2006e.} The financial press reported ‘a surprise visit’ in early May by President Morales to the headquarters of the Association of Private Banks of Bolivia, where he was quoted as asking this body for regular meetings through which they could ‘make their proposals known and to make adjustments, with the sole purpose of looking after economic stability’.\footnote{La Prensa 2006a.} By forfeiting control of financial policy to the BCB and committing to a macroeconomic programme of austerity, the government was preventing the state from assuming discreitional measures to stimulate economic activity and to affect (or privilege) specific classes or class fractions. In this way, the supposed neutrality of economic policy guarantees the predominance of the largest capitalists, obliging the state, on the contrary, to cover strictly those obligations which favour private investment and the reproduction of the labour force without significantly affecting corporate profits.\footnote{CEDLA 2006, p. 3.}

In an April 2006 BCB report, the bank positively assessed the first three months of the MAS government, especially with regard to its control of inflation. The BCB report also made clear its recommendations for strict limits to salary increases in the public sector as well as for continued austerity in public spending.\footnote{BCB 2006 and La Razón 2006a.} Following closely on the heels of the report, public statements by government officials as well as leaks to the press indicated that the promised increase in the minimum salary from 440 to 880 bolivianos per month would not be forthcoming.\footnote{La Razón 2006d.} The actual increase was a relatively paltry raise of 13.63 per cent, announced on Labour Day, 1 May 2006.\footnote{La Razón 2006g.} Reviewing the first year of the Morales administration, the Economist Intelligence Unit reported that the ‘non-financial public-sector ended 2006 with an estimated
fiscal surplus equivalent to 6% of GDP, an unnecessarily high level of savings for a country with immense investment needs and one that has benefited from debt forgiveness initiatives leading to a reduction in the public-sector debt stock from 80 percent of GDP in 2004 to 54.6 percent of GDP in 2006'. The briefing goes on to show that despite booming revenues, which are also underpinned by strong external demand for Bolivian commodities, public investment expansion by the central and regional governments has been, at best, modest…. Despite an overall 31 percent year-on-year increase in infrastructure investments in 2006, social investment shrank by 6 percent according to estimates from the Unidad de Análisis de Políticas Económicas y Sociales (Udape), a think tank linked to the Ministry of Planning.15

In the first year, then, in terms of macroeconomic and labour policy, there were discernible continuities between the MAS régime and its predecessors.16 It is a truism that the neoliberal structures of the past cannot be overcome overnight. But, here, we do not even see modest initial steps in confronting this past. The failure to fulfill the electoral promise to increase dramatically the minimum wage went practically unnoticed in Bolivian society, as the small raise actually introduced was surreptitiously enacted on the same day as the wildly popular ‘nationalisation’ of the hydrocarbons industry – more on that in a moment.

The most comprehensive economic strategy of the MAS government to date, the Plan de Desarrollo Nacional 2006–2010 (National Development Plan, PDN), was released on 16 June 2006.17 Its content stresses the democratic and cultural revolution of indigenous liberation. However, the political economy of the document signals only modest breaks with the general neoliberal development model of previous years. The plan is fundamentally predicated on the continuation of an export-led economy based in non-value-added, primary natural-resource commodities, most importantly hydrocarbons and mining minerals, the exploitation of which will continue to be controlled

15. EIU 2007.
16. A basic tenet of neoliberal capitalist regulation maintained its weight in the new administration: according to the monetarist economics that underpins neoliberalism, an increase in salaries augments the supply of money chasing after commodities. Prices therefore increase, threatening an inflationary cycle, which in turn places macroeconomic stability at risk. What neoliberal ideology mystifies are the social relations of exploitation embedded in this dynamic. The structural institutional stability underlying neoliberal policies is at base founded on the super-exploitation of the working class, whose demands for salary increases must be perpetually held at bay. See Orellana Aillón 2006, p. 18.
17. PDN 2006.
fundamentally by transnational capital. Existing export agribusiness will also play a driving role in the national development model. In order to ensure the competitiveness of the economy, the plan’s basic foundations will be oriented toward reducing aggregate domestic demand, maintaining low inflation, respecting the independence of the central bank, and therefore securing a tight lid on salaries and a legal framework which will prove attractive to transnational capital seeking to invest in export sectors.

It is true, as we will see in greater depth below, that the new contracts signed with transnational petroleum companies concerning the exploitation of Bolivian hydrocarbons, as well as elevated prices for exports to neighbouring Argentina and Brazil, have provided and will continue to provide substantial new revenue for the Bolivian state. For just how long it is impossible to know, given the fluctuations in the price of natural gas on the international market. With the new state revenue, the PND indicates that the government will increase public investment to 11.9 per cent of GDP by 2010. However, the bulk of this investment will be directed toward basic infrastructure and the financing of prefectures and municipalities, as well as to various support mechanisms for enhancing the small-scale production of the petty bourgeoisie, linking them to niche markets, and creating virtuous ties between small-scale producers and transnational capital in non-traditional export markets. Only 12.8 per cent of the new public investment is designated for the industrialisation of hydrocarbons in areas where state participation has increased – refineries and commercialisation. Between 2007 and 2015, according to the PND, the government plans to invest only 25 million US dollars in hydrocarbons. At the same time, the MAS foresees an increase in foreign direct investment in (and therefore control over) the fundamental means of production as a percentage of GDP. Without greater public investment in hydrocarbons and other key sectors, industrialisation over the long term, under the domain of the state and social control, will prove unviable. The PND, in other words, does not steer a clear development path away from transnational domination of Bolivian hydrocarbons and mining based on the extraction and export of primary natural-resource commodities. Bolivian economist Lorgio Orellana Aillón reminds us:

Neoliberalism is a regime of accumulation that promotes and expands the businesses, power and hegemony of a commercial-financial oligarchy, strongly articulated to transnational corporations and private international banking, whose network of interests overlaps with the production and exportation of primary materials in Bolivia. Given the elevated organic composition of capital

required for the exploitation of minerals and hydrocarbons and for the mechanised exploitation of agro-industry, the *attraction of fresh capital* and external credit has a strategic character for the interests of this oligarchy.¹⁹

In his reading of the PND, Orellana Aillón argues that, because it does not envision the end to transnational private control of the objective factors of production in the fundamentally important primary export sector, the PND is not a ‘post-neoliberal’ document, and because it is the central policy framework on economics released by the government, the latter, too, cannot be described as revolutionary, nationalist, or post-neoliberal.²⁰ Political economist Susan Spronk agrees with Orellana Aillón that neoliberalism ‘is more than a set of economic policies. [It is] a form of class rule that emerged as a response to the crisis in western capitalism in the 1970s’. However, she argues that, while the MAS is neither nationalist nor revolutionary, it does not follow that the government is neoliberal by default.²¹ My own sense is that moderate reforms to neoliberal policies have been initiated by the MAS government in the hydrocarbons sector, and in terms of government relations with the IMF (deciding not to renew the Stand-by Agreement when it expired in March 2006). This partially distinguishes the MAS government from the unambiguously neoliberal administrations of Lula in Brazil and Bachelet in Chile, for example, or the hard-right administrations of Uribe in Colombia and Calderón in Mexico.²² However, there is an undeniable pattern of considerable neoliberal continuity in major policy areas as well as in the class interests being served by the political economy of the MAS government thus far.

What is most important for the scope of this paper, however, is that, just as constitutions can look good on paper while their relationships to social reality are tenuous or inconsistent, national-development plans and the real implementation of those plans are often at odds. While analysing the content of the PND is critical, we cannot rely on this alone. We always need to return to the contingency of the dynamic context of social forces on the ground, and how they relate to those occupying the state apparatus. When we do so, we can see more clearly how the implementation of the PND is actually highly contested from both the Right and the popular movements. The inevitability of a neoliberal outcome over the longer term under the MAS government is therefore not preordained. The extent to which the PND may be modified in

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²⁰. Orellana Aillón 2006, p. 34.
²¹. Spronk 2007, p. 44.
²². Given that Bolivia witnessed the most organised and radical urban and rural insurrections in all of Latin America in the early twenty-first century, it was impossible for Morales to capitulate entirely and immediately to the domestic and international social forces aligned behind neoliberalism in the country.
practice, and the MAS pushed into conducting deeper reforms, is left open as one of various possible outcomes.

**Hydrocarbons**

One of the arenas of deepest contradiction and social struggle in Bolivia is the hydrocarbons industry. Bolivia has long been rich in natural resources. Unfortunately, they have served mainly to line the pockets of foreign pillagers and their respective empires, whether in colonial or republican times. Today, natural gas plays the role that silver and tin played in earlier historical eras. Since 1997, new discoveries in the country secured Bolivia’s position as second only to Venezuela in South America with respect to natural gas reserves. Bolivia’s proven and probable natural gas resources in 2005 measured some 48.7 trillion cubic feet, with lesser oil reserves of 856.6 million barrels. Over the last decade, demand for natural gas has increased steadily in neighbouring Argentina, Brazil, Chile and Uruguay, and Bolivia is the only country that currently enjoys the capacity and geographical proximity to meet that demand in a cost-efficient manner.

Under the first administration of Sanchez de Lozada (1993–7), the hydrocarbons sector was privatised through the Law of Capitalisation and the Hydrocarbons Law of 1996 as part of a more general drive to privatise state-owned enterprises (SOEs). The World Bank and the International Monetary Fund (IMF) were sources of external pressure during this period. The Bank, in particular, was the most important provider of conditional loans behind the Hydrocarbons Law of 1996, facilitating and evaluating each stage of the reform. As with other SOEs, the privatisation of YPFB was euphemistically termed ‘capitalisation’. Under this process, YPFB was divided into three separate companies – Empresa Petrolera Chaco, Empresa Petrolera Andina and Transredes – and 50 per cent of each was sold to multinational petroleum corporations for a total sum of 834,944,022 US dollars. Today, the major players in the hydrocarbons industry are Brazilian state-owned Petrobras, Repsol (Spain), Total (France), and BP and BG Group (Britain).

Levels of foreign direct investment, exploration, production, and export of hydrocarbons accelerated quite dramatically following privatisation.
1997 and 2001, for example, private investment in the industry increased from 296 to 401.3 million US dollars.\textsuperscript{29} Investments of private hydrocarbons companies also accounted for over half of FDI in Bolivia after 1996.\textsuperscript{30} What is singularly remarkable, however, is the declining proportional take of the Bolivian state over time as production in new reserves (at 18 per cent royalty rates) increased relative to existing reserves (at 50 per cent royalty rates), and the international prices of oil and gas shot skywards:

we see that gas production has gone up by 376 per cent [between 1999 and 2004], oil production by 44 per cent and gas prices have risen by 80 per cent and oil prices by 78 per cent. In all, the sector’s turnover has risen by 303 per cent. However, while these trends are overwhelmingly positive… the share that the state is receiving each year has been consistently declining. Although the value of revenue generated in royalties and taxes for the state is going up – it increased by 198 per cent between 1999 and 2004 – the state’s share in the companies’ turnover is actually going down. The Bolivian government has captured a significantly lower proportion of benefits in 2004 than it did in 1999.\textsuperscript{31}

At the same time, the intensified activity in capital-intensive hydrocarbons exploitation created very few jobs, and those that were created were mostly highly-skilled technical positions such as lawyers, managers, and engineers.\textsuperscript{32} This low rate of employment creation today is compounded by the fact that, when YPFB was ‘capitalised’, thousands of unionised workers were laid off.\textsuperscript{33} Furthermore, it is imperative that we consider the environmental destruction wrought by the construction of pipelines, increased exploitation and production, and oil and gas leakages and fires during the intensification of these processes with the boom in FDI post-privatisation. All of these factors have serious implications for human health, water sources, fisheries and livestock, indigenous and other rural community livelihoods, and Bolivia’s wealth of biodiversity.\textsuperscript{34}

Most damning to the neoliberal model in the hydrocarbons sector, however, are the figures showing how much YPFB contributed to the Treasury between 1990 and 1996, prior to privatisation, compared to what the private companies contributed between 1999 and 2004, after privatisation and before the moderate reforms to the neoliberal model in 2005 and 2006. Between 1990 and 1996, YPFB contributed 1,790.6 million US dollars to the Treasury,

\textsuperscript{29} Hindery 2004, p. 282.
\textsuperscript{30} Kohl and Farthing 2006, p. 98.
\textsuperscript{31} McGuigan 2007, p. 35.
\textsuperscript{32} McGuigan 2007, p. 31.
\textsuperscript{33} Kohl and Farthing 2006, p. 112.
\textsuperscript{34} McGuigan 2007, pp. 38–49.
compared to 1,238.6 million contributed by the companies between 1999 and 2004, a difference of 552 million:

So by simply comparing royalties and taxes (excluding sales taxes), we see that YPFB was a higher contributor to the Treasury than the companies are post-privatisation. But it is also critical to remember that YPFB’s contribution came without the costs of the reform, subsidies, profit remittance or any risks of tax-avoidance or contract-abuse. As YPFB’s operations were significantly smaller-scale, Bolivia was also receiving higher benefits without communities having to bear the same level of environmental costs.... This reduction in benefits to Bolivia is occurring in the context of a huge increase in investment, production, and exports, as well as increasing prices.35

After Sánchez de Lozada was forced to resign in October 2003, his replacement, Carlos Mesa, tried to reach a compromise between the irreconcilable demands of the left-indigenous movements on the one hand, and the IMF, World Bank and foreign petroleum companies on the other. Mesa passed a new hydrocarbons law in May 2005 that introduced a tax system similar to that of the early 1990s, prior to privatisation. He introduced an additional 32 per cent flat tax on the value of oil and gas production which, in addition to the 18 per cent royalties, meant an ostensible return to a 50/50 take between the state and the private companies.36 The social movements quickly rejected the partial measure, while, at the same time, it was denounced as confiscatory by the foreign petroleum companies. In late May and early June 2005, hundreds of thousands of protesters occupied La Paz once again, with the nationalisation of gas as one of their leading demands. This process set the stage for Mesa’s resignation and Morales’s electoral victory in December 2005. When the new MAS government took office in January 2006 it held a clear mandate to nationalise the industry.

Three months into the new MAS government Morales announced the nationalisation of hydrocarbons through presidential decree 28701. However, it quickly became apparent that ‘nationalisation’ amounted to little more than rhetorical flourish and populist theatre. The government emphasised that the decree established a new régime of royalties and taxes whereby 82 per cent of profits would now go to the state, and only 18 per cent to private companies. In reality, however, this new 82/18 relationship was only a transitory measure of 180 days duration invoked to pressure the companies into new contracts. There was never any guarantee that these new contracts would yield an arrangement as favourable as the transitory measure built into the decree.

36. EIU 2006, p. 29.
Despite the aggressive language of total state control, it was not clear in the decree what was being expropriated, if anything. Perhaps most important, however, were the juridical ambiguities around the weight of a decree versus a law. In the Bolivian legal system, where a law contradicts a presidential decree, the former is supposed to supersede the latter. In other words, however radical-sounding the presidential decree, wherever it contradicts the existing Hydrocarbons Law 3058 (introduced by Mesa in May 2005), Law 3058 is supposed to prevail. The areas of divergence and contradiction between the law and decree predictably transcended debates among constitutional experts and became the stuff of heated political contests and contention which spilled over into the streets as part of the general social polarisation in 2006.

Despite the ambiguities of the initial decree, in October 2006 the Morales government announced the signing of 44 new contracts with 12 petroleum companies, including the two biggest players Petrobras and Repsol, for a period of 30 years. At the time of writing (March 2007), the new contracts still required congressional approval. The contracts were widely perceived as an enormous political victory for the Morales government, and Morales declared his mission accomplished, the government had nationalised hydrocarbons. With the new contracts, it is estimated that the state’s hydrocarbons revenue ‘will surpass the 282 million US dollars a year received from 1998–2002, to a total sum of 1.3 billion a year in 2006. According to Evo Morales, this figure will reach 4 billion a year by 2010, which represents approximately 100 percent of Bolivia’s annual GDP and will allow the MAS-led government to undertake ambitious social projects’. Revenue infusions have also been secured through new export agreements with Argentina and Brazil. Convenio Marco, a new project of Argentine-Bolivian energy integration was initiated in June 2006. Under the auspices of Convenio Marco, 7.7 million cubic metres of gas was to be transported to Argentina daily until 31 December 2006 at a fixed price of 5 US dollars per million British Thermal Units (BTU). Beginning in 2007, a longer-term flexible price arrangement will be based on the prices of various related petroleum commodities on the international market. By some estimates, this represents a 48 per cent increase in the sale price of gas to Argentina, which will mean an annual increase of 110 million US dollars in state revenue. In mid-February 2007, an agreement between Bolivia and Brazil was also confirmed. The Bolivian government claims that it will now receive an increase of 144 million US dollars in state revenue from this deal.

37. La Razón 2006o.
40. La Razón 2007.
Under the new contracts and export agreements, there has been, and will continue to be, an undeniable increase in state revenues which brings to an end the unadulterated giveaways of the Sánchez de Lozada years. It is also clear, however, that the new contracts do not amount to a nationalisation of the industry. They reinforce the primary-export model of development and militate against the development of a serious industrialisation policy and reconstitution of YPFB. The first fundamental flaw in the new agreements with the foreign petroleum companies is that the Morales government recognised the existing shared-risk contracts signed by Sánchez de Lozada without congressional approval, which is to say illegally.41 Royalties and taxes to be paid to the state under the new contracts are variable in part based on the weight of past investments. If these are inflated, therefore, revenue that ought to be going to the state will be diverted to private hands.

The Morales administration is also misleading the public by portraying the new agreements with the transnationals as service contracts, rather than operations contracts or shared production contracts. According to the Brazilian company Petrobras, under the new contracts of October 2006, each petroleum company executes the entirety of its operations at its own expense and receives direct payment defined in relation to recuperation of costs, prices, volumes, and investments, all elements of shared production contracts according to Law 3058.42 In the case of Petrobras, this means that the company will continue production in a number of the largest gas fields in Bolivia. The new contracts ensure that Petrobras maintains ownership of all its current shares and that all the reserves in the relevant gas deposits can be included in the declared value of the company on the stock market.43 According to the most comprehensive report available to date, this holds true for gas reserves in all the concessions of all the petroleum companies active under the new contracts.44 Another important concern is that it is highly improbable that YPFB will be meaningfully reconstructed in the current setting. With respect to the basic financing of the state company, there are serious ambiguities and uncertainties. In the two largest gas fields, San Alberto and San Antonio, for example, the royalties and taxes are divided along these lines: 18 per cent in royalties paid to the departments in which the fields are located, 32 per cent in direct taxes (IDH) to the Bolivian Treasury and another 32 per cent directly to YPFB. However, while the current contracts guarantee the 50 per cent composed of royalties and IDH, the remaining 32 per cent destined for YPFB is contingent upon the pace at which transnationals recuperate costs and past investments.

42. OBIE 2006, p. 2.
43. Ibid.
44. Ibid.
as well as the volume of their production. This raises serious questions regarding the security of funds for the reconstruction of YPFB.

Additionally, while YPFB is supposedly the principal agent of commercialisation and prime regulator of petroleum operations in Bolivia in the new setting, in fact its regulatory role is a minor one. For example, transnational petroleum companies fix their own basic expenditures and employee salaries which, along with other components, constitute costs that must be recuperated. YPFB has no authority under the new contracts to determine these expenditures and employee salaries. The state company can only verify the validity of the declared recuperable costs presented to them by the private company. We know already of the YPFB’s weak regulatory capacity during the period following privatisation in the late 1990s and early 2000s. As a consequence, there is good reason to be sceptical about its current capacity to prevent fraud and abuse on the part of the foreign petroleum companies operating in the country in the current period. As Uruguayan journalist and sociologist Raúl Zibechi points out,

The problem with not nationalising hydrocarbons is that the reformulation of the state-owned YPFB . . . is not real. The new contracts require that YPFB not make investments or assume risks or responsibilities, but rather, act as an overseer for hydrocarbon companies. . . . The agreement signed with Argentina, which raises the price of gas supplied to this country, as well as the supply to Brazil, which makes up 30 percent of the energy used by the powerful São Paulo industrial belt, will provide a considerable boost to state revenue, but consolidate gas exports without industrialisation. In practice, it will render large profits in the short term but create problems in the long run.

Let us now turn from the politics of hydrocarbons to the politics of the Constituent Assembly and the right-wing autonomist forces, the other major areas of contention in 2006.

Constituent Assembly and right-wing autonomist reaction

Where is this Constituent Assembly going to come from? There is no longer going to be a Congress. There is no longer going to be a government. . . . We will organise ourselves in a Constituent Assembly where there will be workers, peasants, carpenters, shoe-shiners, women, and men. . . . We will need to define what kind of country we want, what kind of economy we want. . . . We are going

46. OBIE 2006, p. 4.
to do these things . . . after a *pachakuti* as the Aymaras and Quechuas say, after a grand revolution, as socialists and Marxists say. In our federation we’ve said that if one has an old shoe, what should one do, save it or throw it out? Obviously, throw it out brothers. This system is an old shoe, rotten and full of corruption. We have to destroy it once and for all, so that a new system can be born in its place. . . . If in the end we are going to struggle for this revolution, to follow through with this, we are only going to be able to do it through social movements. It will be the insurgency of the Bolivian people.  

In 1990, through the Indigenous March for Territory and Dignity led by indigenous movements from the department of Beni in the northern Amazon, the conception of a Constituent Assembly to refound Bolivian society, state, and polity, was brought to the centre of Bolivian political life. Of pivotal importance was the challenge this posed to internally-colonial race relations within Bolivia. While 1990 signalled the formal articulation of the demand, we can trace the latest wave of struggle to decolonise the state to the end of the Pacto Militar-Campesino (Military-Peasant Pact, PMC) in the early 1970s and the emergence of an independent, indigenous-peasant *katarista* movement. The various threads in the ideology of *katarismo* emphasised the revindication of indigenous pride and the organisation of movements dedicated to indigenous liberation. The ideology and its attendant political currents were mostly confined to the rural Aymara altiplano and the cities of La Paz and El Alto. While the *kataristas*, for all intents and purposes, fragmented and disappeared organisationally in the 1990s, facets of the movement’s ideological heritage nonetheless fed into the left-indigenous struggles of the early 2000s.

In the Cochabamba Water War of 2000, the push for a Constituent Assembly took on an enhanced intensity and breadth as a plethora of social-movement and trade-union organisations adopted it as an overarching goal. The drive in 2000 was led by the Coordinadora, the principal popular umbrella organisation of the Water War. Oscar Olivera, the most visible leader of the Coordinadora, expressed the will of many in the following passage:

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48. Gualberto Choque, Executive Secretary of the Federación Única Departamental de Campesinos Trabajadores de La Paz, Tupaj Katari (Departmental Federation of Peasant Workers of La Paz – Tupaj Katari, FUDCTLP-TK), speaking at an Emergency Assembly of the Federación de Juntas Vecinales de El Alto (Federation of Neighbourhood Councils of El Alto, FEJUVE-El Alto) on 27 May 2005. This was near the apogee of the insurrection of May–June 2005. President Carlos Mesa was forced to resign following the occupation of La Paz by 500,000 demonstrators on 6 June 2005. I tape-recorded and transcribed Choque’s intervention.

49. See Martínez and Stefanoni 2005; Orellana H. 2005; Regalsky 2006b.

50. Prada 2006.
The Constituent Assembly... should be understood as a great sovereign meeting of citizen representatives elected by their neighbourhood organisations, their urban and rural associations, their unions, their communes. These citizen representatives would bring with them ideas and projects concerning how to organise the political life of the country. They would seek to define the best way of organising and managing the common good, the institutions of society, and the means that could unite the different individual interests in order to form a great collective and national interest. They would decide upon the modes of political representation, social control, and self-government that we should give ourselves for the ensuing decades. And all of these agreed decisions would immediately be implemented.... Let us be clear: Neither the executive branch nor the legislative branch, not even the political parties, can convocate the Constituent Assembly. These institutions and their members all stand discredited for having plunged the country into disaster.

Such a vision of transformative, fundamental change guided subsequent calls for a Constituent Assembly in the rural rebellions of the altiplano in 2001, and the October 2003 and May–June 2005 Gas Wars.

On 4 March 2006, the MAS government officially responded to these demands with the Law of Convocation of the Constituent Assembly and the Referendum Law for Departmental Autonomies. Elections for the Constituent Assembly and the referendum were thus scheduled for 2 July 2006. The law on the Constituent Assembly fell far short of the revolutionary sentiments underlying Olivera’s words. It was compromised from the outset by three basic facts: the MAS did not enjoy a majority in the Senate and thus entered into negotiations with the far Right, MAS leadership preferred a ‘social pact’ with right-wing social forces inside and outside of congress, and, finally, insofar as there was to be popular participation in the Constituent Assembly the MAS favoured participation through the party rather than through the organic social movements, trade unions, neighbourhood assemblies, and indigenous organisations that were behind the project in the first place. Consequently, there were numerous obstacles to the participation of autonomous popular indigenous and left organisations built into the law, as assembly deputy candidates were required to run as members of established political parties or ‘citizen groups,’ the latter of which were overwhelmingly right-wing.

The electoral law on the Constituent Assembly determined that there would be 255 assembly deputies. Two-hundred-ten would be directly elected, with

52. For insights into how the MAS has in some ways modelled its top-down, controlling relationship with popular movements on the Movimiento Nacionalista Revolucionario (Revolutionary Nationalist Movement, MNR), which in turn modeled itself on the old Partido Institucional Revolucionario (Institutional Revolutionary Party) of Mexico, see my interview with historian Sinclair Thomson, Webber 2007.
the three top candidates of the 70 electoral districts becoming deputies. The remaining 45 deputies would be determined proportionally on the basis of relative majority, with five deputies representing each of the nine departments. However, there was a dramatically disproportional clause built into the assembly law which ensured that the process would not lead to structural reforms, never mind revolutionary change:

in each electoral district the party or organisation that comprised the relative majority could only send two representatives, according to a curious ‘minority protection’ rule…. In accordance with this resolution, even if a party secures over 75 percent of the votes in its district, as long as one of the minority parties receives more than 5 percent, this latter party will get the ‘third’ minority representative. This clause assured not so much the ‘plurality’ proclaimed at the time, as a means to assure representation for a small minority of ad hoc right-wing organisations with some local clout. Without this clause, these groups would not attain representation in the Assembly.53

After the July elections, the Assembly was designed to convene on 6 August 2006 in the colonial city of Sucre for six months to one year. At the end of this process, the proposed constitution would require the backing of two-thirds of the 255 deputies, and the support of 51 per cent of the Bolivian electorate in a popular referendum. The minority protection rule meant that, even if the MAS won a majority in every electoral district, they could win a maximum of only 158 assembly deputy positions, less than the 170 required to control the process with a two thirds majority and hasten the implementation of a transformative constitutional agenda.54

The results on 2 July 2006, despite the limited parameters established by the electoral law, reflected the strength of the Bolivian indigenous Left. As Dunia Mokrani and Raquel Gutiérrez point out, the most straightforward aspect of the elections was ‘the electoral disaster suffered by Bolivia’s right wing, although it was not completely wiped out as a political force…. The years of massive indigenous and popular organisation in Bolivia between 2000 and 2005 managed to topple the monopoly over party and institutional representation held by economic and political elites’.55 In their reasonable estimation,

54. See Lora 2006a; Lora 2006b; La Prensa 2006b; La Razón 2006k; Regalsky 2006a.
Reaffirming their December 2005 electoral status as the dominant national party, the MAS won 50.7 per cent of the popular vote in the July elections. In addition to the decline of the Right, trends in the regionalisation of political struggle were re-established in formidable ways in these elections. For example, the MAS won substantial majorities in the departments of Chuquisaca, La Paz, Cochabamba, Oruro, and Potosí, while they lost in Tarija, Santa Cruz, Beni, and Pando. The same day as the Constituent Assembly elections, Bolivians were asked to respond ‘yes’ or ‘no’ to a referendum question on departmental autonomies, fundamentally a right-wing initiative as we will see below. At the national level, 57.6 per cent opposed the right-wing formulation of departmental autonomy. However, and this is critical, ‘yes’ won by a significant margin in the departments of Tarija, Santa Cruz, Beni, and Pando. These electoral results, coupled with the reformism of the MAS and the belligerence of the Right, also found expression outside of institutional politics in the increasingly successful, extra-parliamentary activism of the Right around autonomist demands and obstructionist tactics within the Constituent Assembly over the next number of months. In order to understand this development, we need to trace the historical origins and class composition of the autonomist movement in the media luna departments of Beni, Pando, Santa Cruz and Tarija. With that basis, we can then begin to map the polarisation of social forces on the Right and Left as the first year of the MAS government progressed.

During the period of neoliberal hegemony in Bolivia (1985–2000), capitalists in the departments of the media luna, and particularly those in the most economically dynamic and populated department of Santa Cruz, had direct access to the central Bolivian state apparatus through the three main right-wing political parties: the MNR, ADN, and MIR. The wave of left-indigenous resurgence in 2000 began to affect significantly the security of this access. To recap: the Water War and altiplano insurrections, in 2000 and 2001 respectively, threatened the governability of neoliberal capitalism by shutting down parts of the country and raising demands for indigenous liberation and anticapitalist  

56. Mokrani and Gutiérrez 2006, p. 3.  
57. For further information on how these extra-parliamentary maneuverings of the Right unfolded, see Webber 2008a.  
58. Geographically, the positioning of these four departments resembles the crescent shape of a half moon, beginning in the north-western tip of the Pando and arching around east before returning to Tarija in the south-centre of the country.
measures; Morales came a close second to Sánchez de Lozada in the presidential elections of 2002; the MNR, ADN, and MIR suffered dramatic reversals in electoral performance beginning in 2002; Morales and the MAS took office in January 2006 after winning an unprecedented majority in the December 2005 elections; and the July 2006 Constituent Assembly elections reconfirmed the implosion of the political Right within the electoral game. All of these threats to capital have led to the resurgence of demands for departmental autonomy by the bourgeoisie in the media luna departments, with the thrust of the campaign being directed from the headquarters of the Comité Pro Santa Cruz (Pro Santa Cruz Committee, CPSC).

During the nineteenth century and first half of the twentieth, Santa Cruz was a backwater department in the Bolivian republic, reflecting the uneven development of capitalism in the country: ‘Santa Cruz elites were owners of agricultural plantations that used forms of debt peonage to produce goods for regional markets, and in a much more limited fashion, for the national market to the West’. However, by the 1950s, state largesse began to be directed toward the eastern department in an effort to foment agro-industrialisation in the one part of the country untouched by the 1953 agrarian reforms which had been initiated in the wake of the 1952 National Revolution. As a result of these state initiatives, ‘traditional haciendas [large landholdings]’ in Santa Cruz were ‘replaced with modern and increasingly extensive agribusinesses that produce: sugar, wheat, cotton, soy, and beef for both national and export markets’. National resource extraction also took off, particularly in timber and oil by the mid-twentieth century.

The failure to implement land reform in Santa Cruz left an indelible mark on the department’s agrarian class structure, just as the reversal of agrarian reform over time has had important repercussions elsewhere in the country. At the national level, large and medium landholders possess 90 per cent of usable land, whereas community and small-scale producers account for the remaining 10 per cent. Within this mosaic, land is most concentrated in the department of Santa Cruz, with Beni and Pando having only slightly less concentration. The cruceño agrarian elite fought the nationalist populism of the MNR revolutionary government in the 1950s, and supported the reactionary coups by General René Barrientos in 1964 and Hugo Banzer in 1971. Under the latter régime, which persisted until 1978, the cruceño bourgeoisie was at the receiving end of massive state subsidies (which, incidentally, contributed

59. Eaton 2007, p. 73.
60. Ibid.
61. Lora 2006a.
to the unsustainable accumulation of debt taken on by the Bolivian government during the Banzer era, setting the stage for the debt crisis of the early 1980s). James Dunkerley observes that ‘Banzer’s economic strategy had two main goals: the attraction of direct foreign investment by removing all but the most minimal constraints on capital, and the fostering of rapid, export-led growth centred on Santa Cruz’. Cotton, coffee, sugar, and timber were promoted for export, in addition to the long-standing subsidies for oil exploration and export. While their class power continued to derive primarily from concentrated landholdings, the *cruceño* agrarian bourgeoisie was able to diversify its interests during the agro-export boom of the 1970s by investing in finance, industry, and the service sector. An unspoken feature of this diversification, of course, was the intense participation of *cruceño* capitalists in the highest echelons of the cocaine industry by the late 1970s and early 1980s. Between 1985 and 2000, the economy in Santa Cruz was the most dynamic in the country and the department’s capitalists were correspondingly the most influential proponents of the neoliberal model.

At the outset of the twenty-first century, Santa Cruz was responsible for 40 per cent of Bolivia’s export revenue and 42 per cent of its tax revenue. As a proportion of its contribution to the country’s GNP, Santa Cruz continues to lead in agriculture, finance, commerce, industrial manufacturing, electricity, gas and water. The department attracts more FDI than any other region of the country, and leads in terms of total exports, non-traditional exports, imports, and use of cellular phones and the internet. Rubén Costas, a principal spokesperson for the *cruceño* bourgeoisie explains that *cruceños* ‘are more than 25 percent of the Bolivian population . . . generate almost half of the national taxes, and carry on [their] backs the major part of the economy’. Bolivian sociologist César Rojas Ríos correctly points out that the dominant *cruceño* ethos predictably valorises business, the benefits of export, competition, wealth and fame, ‘free market’ globalisation, ostentatious living, and a social pyramid with the agro-industrial and petroleum élite at the pinnacle.

Julio Enrique Kempff Suárez, General Manager of the Federación de Empresarios Privados de Bolivia – Santa Cruz (Federation of Private Entrepreneurs of Bolivia – Santa Cruz, FEPB-SC) talked with me about what kind of Bolivia his federation was fighting for in 2005.

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64. Eaton 2007, p. 74.
We want a Bolivia with peace, in which we can work without blockades, without conflict... We are in favour of globalisation. We are in favour of a market economy. We believe that that is the road that nations need to follow in order to develop. We are in complete opposition to the radically distinct vision that dominates the western part of the country... Not only the MAS but also MIP [Movimiento Indigena Pachakuti, or, Pachakuti Indigenous Movement], led by Felipe Quispe, proposed exactly the opposite: to return to a statist régime; to isolate us from the Western world; to say no to globalisation; no to the FTAA [Free Trade Area of the Americas]; no to free-trade zones; no to integration; to return to the era of the Incas, or something similar.70

Moreover, it is imperative to highlight the racism underpinning the dominant ideology in the department of Santa Cruz, and, more broadly, in the other departments of the media luna. A complex mythology of the particularity of the Bolivian lowlands emphasises the region’s comparatively whiter colonial heritage, a mythology through which the lowland ruling class stresses their ties to the Spanish conquistadores.71 However, the bourgeois racist mythology of the current period also incorporates indigeneity, in the subordinate manner of the noble savage, emphasising the strength of the racial mixing between white Spanish descendants and lowland indigenous peoples, who are typically subsumed in this discourse into the largest lowland indigenous nation, the Guaraní. This lowland, exceptional mestizaje (ideology of racial mixture) is encompassed in the notion of a nación camba (camba nation), extending across the regions of the media luna:

Who are these ‘camba’ sons of this eastern soil? Once a generic (and derogatory) term for ‘lowland Indian,’ across the second half of the 20th century regional maven of high and popular culture gradually have re-fashioned ‘camba’ into both a self-appellation and a shorthand for a special mestizaje. This unique mixing is supposed to have produced, and to explain, lowland exceptionalism within the Andean Indian nation of Bolivia. Militant cambas describe ‘camba-ness’ as if it were a goal-directed zeitgeist unfolding in Bolivian history, born of the original synthesis of two noble razas [races]. One side of the lineage is emblematised by the white Spanish conquistador, the other by the dusky tropical (not Andean) indigenous maiden. A sort of boffo-Hegelian philosophical stance underpins this narrative, in which the primordial tension/combination of Spaniard and Indian has been successfully sublimated, precipitated, and progressively purified by

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70. Personal interview, 14 July 2005, Santa Cruz.
71. Recall that 62 per cent of the Bolivian population self-identify as indigenous. In the departments of the media luna, the figures of self-identification are lower than elsewhere in the country: Santa Cruz, 37 per cent; Pando, 16 per cent; Tarija, 20 per cent; Beni, 33 per cent. In the other five departments the figures are higher: Chuquisaca, 66 per cent; Cochabamba, 74 per cent; La Paz, 77 per cent; Oruro, 74 per cent; and Potosí, 84 per cent. See Van Cott 2005, p. 51.
events, such that ‘camba-idad’ [what it means to be camba] is now arrived at its world-historical crisis.  

The notion of a camba nation is set against the collas of the five, majority-Andean-indigenous departments outside of the media luna. ‘Colla’ can be traced back to Kollasuyo, one of the five departments of the Inca empire. In contemporary Santa Cruz, however, the term colla has been highly racialised, referring, pejoratively, to the large number of Andean indigenous migrants from the altiplano who have come to the department in search of employment. The proverbial threat of a herd of collas at the gate is employed – with varying degrees of subtlety – by a host of currents within the autonomist movement, stoking widespread xenophobia in the departments of the media luna. The leadership of the autonomist Right uses a polished language to express these sentiments, careful to avoid the crude racial epithets one commonly hears in the streets of Santa Cruz. The department of Santa Cruz, ‘is a region that in spite of feeling like it contributes a lot to the country is not taken into consideration in the decisions being made over the country’s future’, according to Oscar M. Ortiz Antelo, General Manager of the Cámara de Industria y Comercio (Chamber of Industry and Commerce, CAINCO). According to Ortiz, the expanding capitalist growth in Santa Cruz is spurring unreal expectations on the part of impoverished residents of the highland departments. The consequent wave of migration into Santa Cruz is creating ‘a certain tension in the region’ because there are not enough jobs for these migrants who then become a drain on social services, according to Ortiz. Given the scenario as he sees it, Ortiz says that cruceños feel discriminated against by the centralist national state.  

On this view, the white-mestizo ruling class of the eastern lowlands becomes the principal victim of racial oppression in the country. As Kent Eaton argues, in the face of the advances made by left-indigenous movements, the various fractions of the cruceño capitalist class have been able to close ranks under the banner of autonomy, where autonomy is generally understood to mean: ‘(1) regional control over natural resources (e.g., land, timber, gas, and oil), (2) the right to retain control over two-thirds of all tax revenues generated in the department, and (3) authority to set all policies other than defense, currency, tariffs, and foreign relations’. For example, the Cámara Agropecuaria del Oriente (Eastern Agricultural Chamber, CAO), the Federación de Ganaderos (Cattle Ranchers’ Federation), the Cámara de Hidrocarburos (Hydrocarbons Chamber), and CAINCO, have proved capable of working together effectively in recent years through their shared peak

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73. Personal interview, 11 July 2005, Santa Cruz. 
organisation, the FEPB-SC. In 2004, the FEPB-SC broke ranks with the Bolivia-wide business association, the Confederación de Empresarios Privados de Bolivia (Confederation of Private Entrepreneurs of Bolivia, CEPB) to devote itself to the autonomist movement. This has lent a certain popular credibility to its claims that the FEPB-SC represents the territorial interests of Santa Cruz, and in related ways to the whole media luna, rather than the core interests of a small group of capitalists. The autonomist movement as a whole has, in this way, effectively incorporated, and/or co-opted, various sections of non-élite civil-society organisations, trade unions, and indigenous movements.75

Together, the fractions of the capitalist class represented in the FEPB-SC finance and control the primary political tool in the autonomist struggle, the Pro Santa Cruz Committee (CPSC). The December 2005 prefecture elections witnessed, as we know, the victory of right-wing candidates in each of the media luna departments. Likewise, in the departmental autonomies referendum in July 2006, the ‘yes’ vote won in all media luna departments. In Santa Cruz, the ‘yes’ campaign garnered an impressive 71 per cent of the popular vote. Therefore, several components of the institutional apparatus of the state at the departmental level are now in the hands of the autonomist movement. Moreover, in addition to the moderate faces of the CPSC and the prefectures, the rougher side of the coalition for autonomy is visible in the Nación Camba (Camba Nation) – an organisation with more overtly racist positions than the CPSC, although the memberships of both overlap – and the proto-fascist youth league, the Unión Juvenil Cruceñista (Cruceño Youth Union, UJC), which is widely known for its violent assaults on indigenous peasants and indigenous urban poor, particularly during moments when these latter groups have attempted to mobilise for their rights in around the city of Santa Cruz. The formation of private paramilitary forces by large landowners seeking to protect their property rights against incursions by landless peasants has also been widely documented.76 Finally, it has been noted in separate reports by journalists that Colombian mercenaries are active in Santa Cruz working for sections of the ruling class who have been preparing for the possibility of civil war.77 Such is the multifaceted coalition of actors representing the autonomist project in the Bolivian lowlands.

75. Eaton 2007, pp. 86–89.
76. Romero Bonifaz 2005, p. 44; Lora 2005. It is important to highlight the presence of paramilitary developments in Bolivia without exaggerating their current stature. The situation in Bolivia is simply not comparable, for example, to the horrors of paramilitary terror in Colombia, see Hylton 2006.
It is important not to exaggerate the strength of the autonomist forces, however. In historical perspective, the shift in the strategies of the Santa Cruz-based bourgeoisie from contending for the national state to battling for the autonomy of four departments should be interpreted unambiguously as a bourgeois retreat in the face of left-indigenous advance. It is emblematic of the fact that the ideology of the free market, foreign investment, and racism has suffered enormous blows outside of Santa Cruz, Beni, Pando, and Tarija. Even within the *media luna*, the presence of popular forces of left indigenism such as the Confederación Sindical de Colonizadores de Bolivia (Union Confederation of Colonizers of Bolivia, CSCB), the Coordinadora de Pueblos Étnicos de Santa Cruz (Coordinator of Ethnic Peoples of Santa Cruz, CPESC), the Movimiento Sin Tierra (the Landless Movement, MST), and dissident factions within the Central Obrera Regional – Santa Cruz (Regional Workers’ Central of Santa Cruz) has not been effaced. Recall as well our discussion of the electoral results of December 2005 in which it was noted that the MAS did better than anticipated within Santa Cruz.

At the same time, it is important not to underestimate the recent regional successes enjoyed by the autonomist movement in gaining popular appeal within the *media luna* for a struggle which, in essence, protects the interests of a privileged minority. Some evidence on this score is catalogued in the following passage:

Of great importance are the two days in June 2004 and January 2005 when hundreds of thousands of cruceños answered the call issued by the CPSC to demonstrate on behalf of autonomy for Santa Cruz. More than 350,000 people participated in the second of these events, the so-called Second Great Open Town Hall (Segundo Gran Cabildo Abierto), which made it Bolivia’s largest-ever public demonstration. Subsequent to this second and larger rally in January 2005, the ‘Agenda of January’ came into use as shorthand in Bolivia to describe Santa Cruz’s autonomy movement, in contrast to the ‘Agenda of October (2003)’, which refers to the leftist movement that ousted Sánchez de Losada. In the period between these two demonstrations, the CPSC collected approximately 500,000 signatures in support of a referendum on autonomy and led a civic strike in November 2004 in the attempt to force the national government to hold this referendum.

We need not accept the questionable figure of 350,000 participants, nor the erroneous claim that this was the biggest demonstration in Bolivian history, to agree with the basic fact that the movement for autonomy has won many

79. See Part II.
80. See Webber 2005.
81. Eaton 2007, p. 84.
adherents in the four *media luna* departments. ‘The national program in October [2003] was to nationalise gas and hold a Constituent Assembly’, Félix Patzi points out. Another programme was born in January [2005], a programme of the rich. ‘They demanded autonomy conceived of as the preservation of the current land and capital structure’.

The autonomists have effectively wielded popular social forces behind a bourgeois agenda during the first year of the Morales administration, primarily focusing on the process of the Constituent Assembly, a subject to which we now turn.

Almost immediately following the start of the Constituent Assembly proceedings in early August 2006, it became clear that the autonomist movement intended to exercise its veto power within the confines of the assembly when possible, and in the streets when necessary. Political tensions first mounted precipitously when the MAS announced in August that the ‘two-thirds’ rule for the Constituent Assembly would only apply to the final text of the draft constitution at the end of the process, whereas the decisions leading up to the final text would be determined by a simple majority. Moreover, defining the specific procedural rules that would govern the assembly would also be determined by simple majority.

The MAS, of course, holds a simple majority in the CA, and therefore these announcements galvanised the autonomist Right of the *media luna* which denounced what they claimed was authoritarian manoeuvring on the part of the government. In mid-August, the Right formed a decisive regional bloc within the *media luna* departments to challenge the ‘hegemonic plans of the MAS’. On August 21, the CPSC declared itself in a ‘state of emergency’. At issue was not simply the applicability of the two-thirds rule, but whether or not the CA had the authority to ‘refound’ Bolivia (as the MAS and social movements contended) or simply to reform moderately the existing constitution (the position of the CPSC and its allies). On 24 August, the autonomist forces – including the political party, PODEMOS – charged the MAS with attempting an *autogolpe* (self-coup) along the lines of Alberto Fujimori in neighbouring Peru.

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82. Félix Patzi is a preeminent Aymara sociologist and activist who lives in El Alto and teaches at the Universidad Mayor de San Andrés in La Paz. He was Morales’s first Education Minister, but was soon driven from the ministry for proposing a whole series of radical reforms to education policy. This quotation is drawn from a public talk he delivered at the meeting place and café of the anarchist-feminist group Mujeres Creando (Women Creating) in La Paz on 27 June 2005. The talk was titled, *‘La polarización del país: entre el movimiento indígena y la oligarquía cruceña’*. I tape-recorded and transcribed the lecture.

83. *La Razón* 2006f.

84. Just as the right-wing opposition to the government of Hugo Chávez in Venezuela presented themselves as the defenders of democracy even as they backed a coup attempt in 2002, the right-wing opposition in Bolivia conceals its defence of the narrow interests of a privileged few under the guise of democracy and the rule of law.
early 1990s. PODEMOS subsequently boycotted the CA sending it into an indefinite recess, while on 8 September, the autonomist movement in all four departments of the media luna hosted massive demonstrations and a civic strike. In the back-and-forth of Bolivian street politics, indigenous peasants aligned with the MAS then mobilised in Sucre where the Constituent Assembly is being held to protest against the actions of the autonomist movement in the east.

The intensity of political conflict in this period was palpable. Vice-President García Linera called publicly on the popular left-indigenous social movements to defend the government with arms if necessary against autonomist destabilisation tactics, although he quickly retreated from these statements. Minister of Government, Alicia Muñoz, accused the prefect of the department of Pando of encouraging the formation of paramilitary groups to destabilise the national government. Meanwhile, a report solicited by the Argentine embassy in La Paz from the Grupo de Apoyo a las Colectividades Extranjeras argued that there was a 56 per cent probability of imminent civil war in the country. By way of compromise, the MAS offered to accept a ‘mixed voting system’ rather than a simple majority, such that certain articles of the proposed constitution which were particularly contentious would require two-thirds support to pass, in addition to the two-thirds which would be required to approve the final text at the end of the process. PODEMOS rejected the offer as did the party’s allies in the autonomist movements in the departments of the media luna. The extra-parliamentary activism of the autonomists therefore continued, although visible indications of imminent civil war subsided temporarily. These processes as a whole took a toll on the Morales government and the CA itself in terms of public perception. From a high of 80 per cent in the immediate wake of the May Day ‘nationalisation’, support for the President plummeted to 52 per cent by the end of September 2006, according to polls. Similarly, support for the CA fell from 69 per cent in August to 45 per cent in September 2006.

A very recent report issued by the International Crisis Group documents further deterioration and intensification of conflict between November and December 2006. In mid-November 2006, the government made new attempts to compromise with the far Right of the media luna. However, the Right again met government initiative with obstruction. In particular, the Unidad Nacional (National Unity, UN) party began a hunger strike which eventually grew to include 2,000 participants across the country. In December

85. La Razón 2006j; La Razón 2006n; and La Razón 2006p.
86. Econoticias 2006; La Razón 2006b; La Razón 2006c; La Razón 2006l; La Razón 2006m.
87. La Razón 2006h; La Razón 2006i.
88. ICG 2007.
2006, right-wing violence around the CA intensified, including attacks on the offices of important non-governmental organisations (NGOs) working for indigenous rights and supporting the interests of the landless peasants in Santa Cruz. On 8 December, the civic committees of Beni, Pando, Tarija, and Santa Cruz issued an ultimatum to the government, threatening to declare de facto autonomy if the government refused to bend to their demands. In response, supporters of the government in the social movements announced that in the event of de facto autonomy they would traverse the country and physically occupy the city of Santa Cruz in defence of the government. On 11 December, Morales called on the armed forces to defend national unity, provoking statements from the autonomist movement that bloody repression of their just cause was about to be orchestrated by the MAS government. The government subsequently reneged on their hard-line position and offered new negotiations with the media luna civic committees on the themes of the CA and regional autonomy. In an apparent initiative to increase their bargaining power, the four media luna departments decided to stage yet another public performance of their strength through the public formation on 18 December 2006 of the Junta Autonómica Democrática (Democratic Autonomy Committee, JAD).

At the time of writing, tensions within and outside the CA persist just below the surface, but tenuous agreements have been struck to allow the assembly to proceed. On 14 February 2007, compromise on the procedural rules was achieved between the multiple parties and citizen groups involved. The players in the assembly process therefore have but six months to draft an entire constitution. At this stage, the unresolved underlying conflicts and the frail nature of the compromise appear to foreshadow an inevitable collapse of the process at some point in the coming months. An early report on the new basis for the assembly speaks to its ambiguousness and fragility:

The voting process approved with the revision of Article 70 is lengthy, complicated and still contains some grey areas…. If each article of the new constitution is approved by the commissions and the entire body of the Assembly by two-thirds, the final text of the constitution will be submitted to the Bolivian public for approval by popular referendum. However, this is unlikely given the contentious nature of many of the articles to be debated, the potential for continued obstructions, the short time limit and the general disorganisation of the Assembly…. If there are articles that do not receive two-thirds approval, the debate on the article will move to a committee. This committee will attempt to reach consensus, but if that is not possible there is an option to allow the Bolivian public to chose between two versions of controversial articles in a popular referendum. It is still unclear whether this vote would take place as part of the final approval of the text by Bolivian voters or would occur in a separate referendum.89

89. AIN 2007.
Based on the fundamental impasse of the first six months, it seems impossible to imagine that consensus will be achieved on any article of import over the next six months. Fashioning two versions of each controversial article for Bolivians to vote on in a referendum (or referenda) seems complex at best and highly implausible in the current political conjuncture. In any case, if, in the end, the process does not implode, the new draft of the constitution is seriously unlikely to embody the revolutionary and transformative visions expressed by left-indigenous movements between 2000 and 2005. The autonomist movement will attempt to veto social change of any depth, in all likelihood pushing the terrain of battle once again outside of state-mediated institutions.

Conclusion

The three parts of this essay have charted some of the broad trends in Bolivian political economy and society during the first year of the Evo Morales government. It has argued that the Morales administration needs to be understood against the history of the 2000 to 2005 revolutionary epoch of left-indigenous resurgence that preceded it. The electoral victory of the MAS in the elections of 18 December 2005 represented a break on the potential for revolutionary transformation in an indigenous-liberationist and socialist direction because the MAS is a moderately reformist party and because the self-organisation and self-activity of the popular classes and oppressed indigenous nations have declined in the wake of the elections. The trajectory of the MAS as a party is best analysed in terms of its shifting class composition, ideology, and political strategy over time. In the late 1990s and early 2000s the party was unambiguously anti-neoliberal and anti-imperialist, had a core social base of indigenous cocaleros in Chapare, Cochabamba, and concentrated primarily on extra-parliamentary activism. Since 2002, on the other hand, the leadership of the party has increasingly come under the tutelage of a mestizo urban middle-class intelligentsia, its ideology has shifted to moderate reformism, and its strategy has been one of emphasising electoral politics and, especially, winning over the urban middle class. The most influential currents in the party do not believe that a transition to socialism is possible in the current context and therefore seek instead to develop an Andean-Amazonian capitalism.

In terms of indigenous liberation, the election win of the MAS was a democratic gain in the sense of putting indigenous issues at the centre of the political agenda where they can no longer be ignored. However, that democratic
gain is a compromised one. Indigenous liberation for the MAS has been separated from the struggle for socialist transformation, and, without a simultaneous struggle for both emancipatory aims, the depth of each will be steadily hollowed out. Most disconcerting is the fact that the MAS government’s policy, and the class interests it serves, has in many fundamental ways continued the neoliberal trajectory. Possible exceptions are limited to hydrocarbons, foreign relations with Venezuela and Cuba, and the rejection of a new Stand-by Agreement with the IMF. The examination of hydrocarbons has demonstrated that the reforms instituted under Morales in this arena cannot be meaningfully understood as nationalisation, but, rather, as moderate reforms to the royalties and tax régime that mean more revenue for the Bolivian state but leave ultimate control of the industry in the hands of petroleum transnationals. Our analysis of the Constituent Assembly has also illustrated the limitations of this process and the ways in which it precludes the sort of revolutionary, transformative, and participatory assembly envisioned by the left-indigenous forces of 2000–5. It is also clear that the willingness of the MAS to negotiate with the autonomist Right, and to rein in its own social bases from radical mobilisation, has allowed the latter’s political capacity to grow substantially over 2006 and to become increasingly obstructionist inside and outside the institutions of the state and the Constituent Assembly. The window of opportunity afforded to the MAS and the popular movements by right-wing collapse in 2005 was not seized upon, and the Right has consequently become stronger and increasingly capable of countering new reforms. One more hopeful scenario might arise out of the Right’s belligerence. It might provide the impetus necessary for left-indigenous movements to begin to mobilise strategically and independently from the MAS government, escaping the limited parameters of the Morales reform agenda. In such a fashion, they could defend the Morales government from imperialism and the autonomist Right, as well as specific social reforms that improve the conditions of the indigenous proletarian and peasantry majority. They could do all of this while organising and mobilising to force the government into more direct confrontations with the logic of capital. The left wing of the MAS, for its part, may eventually come to terms with the fact that social pacts with the autonomist Right are doomed to failure, and that the government’s survival and reformist aims depend on a frontal confrontation with capital and the support of an organised and mobilised mass base. But this is only one possible scenario, and not the most likely one, at least insofar as it is possible to tell this early in the process.

While the domestic scenario at the moment militates against the structural transformation of social relations, the international and regional contexts are
more favourable than they have been in recent times. While US intervention by way of non-military ‘democracy promotion’ remains a threat, as do the multileveled facets of economic imperialism in this period of global capitalism, it is nonetheless apparent that the US is suffering a crisis of imperial overreach in the Middle East, neoliberalism has been rejected ideologically by much of the Latin-American population, the IMF’s influence in the region is in decline, relations with Venezuela and Cuba are providing Bolivia with new room for manoeuvre, and the combative impulse of popular movements is on the ascent in many countries. Enhancing the possibilities for transformative social change inside Bolivia to take advantage of the international and regional contexts of which it is a part will require the re-birth of self-organisation, self-activity and strategic mass mobilisation of the rural and urban left-indigenous movements that arose during the revolutionary epoch at the outset of this century. The rebuilding of the social power of these popular movements independent from the MAS is the only way forward in the short term. Only when the MAS cannot take for granted the support of the popular classes will it be forced to renge on debilitating social pacts and compromises with the Right. Following the 1952 National Revolution, popular social forces struggling for socialist transformation lost this independent power and the MNR – a populist party leading the revolution at the time – steadily capitulated to the Right, reversing over time the reforms that were won in the revolution, reforms, it should be stressed, that were far more radical than the reforms of the current period. This set the stage for the right-wing coup of 1964 and a string of authoritarian régimes and counterrevolutionary impositions. The infamous Military-Peasant Pact was forged and until the mid-1970s the indigenous peasantry was pitted against the revolutionary miners and socialist transformation was thwarted. This is the ugly precedent. The hopeful one is the dramatic resurgence of militant mass insurrection and left-indigenous cooperation in combined struggle the likes of which we witnessed from 2000 until 2005.

**August 2008 postscript: Bolivia’s post-referendum conjuncture**

‘Summing up the aims of the new regime, Villarroel uttered his most memorable refrain: “We are not enemies of the rich, but we are better friends of the poor”. This impossible pledge to favor the poor without estranging the rich – couched in a language of intimate ties – encapsulates the military populist’s ambitious but doomed reformism’. Thus writes historian Laura Gotkowitz of Colonel Gualberto Villarroel’s government in the early 1940s.90 Villarroel was captured and hanged by protesters in the Plaza Murillo in La Paz.

Paz, just outside the Presidential Palace, on 14 July 1946. The tin-mining and large-landowning oligarchy that had been threatened by the reforms of military populism in the post-Chaco War period of the late 1930s and early 1940s began its restoration after Villarroel’s lynching. It would be a tragedy of immense proportions for left-indigenous forces and the Morales government to follow the paths of Villarroel in the late 1940s and the MNR of the 1950s. Viewed together these experiences represent the signature failure of left-wing populism when it does not confront the economic and political power bases of the urban capitalist and agrarian landowning elite, even in situations when popular mobilisation and radicalisation have been positioned to make these sorts of inroads on elite control of society.

**August 2008 referendum**

Over 400 observers from the Organization of American States (OAS), the Latin-American Council of Electoral Experts, and parliamentarians from Europe and Mercosur countries (Argentina, Brazil, Uruguay and Paraguay) were present for the recall referenda of 8 departmental (state) prefects (governors) and President Morales and Vice-President Álvaro García Linera on 10 August. All stood to lose their jobs or reinforce their support base. Referendum day went relatively smoothly, with turnout an exceptional 83 per cent. Voters were asked to decide whether prefects and the President and Vice-President should continue in their positions. In the case of Morales and García Linera, voters were also asked whether they favoured the continuation of the government’s process of change. The results – based on the 96 per cent of counted ballots available on 14 August 2008 – are depicted in Tables I and II.

Perhaps the most striking component of the results is that Morales and García Linera increased their nationwide support by 14 per cent compared to the December 2005 elections. Their support increased in every department save Chuquisaca. On the question of prefects, too, right-wingers Manfred Reyes Villa of Cochabamba and José Luis Paredes of La Paz lost their posts – although the deeply undemocratic Reyes Villa initially said he would not step down. According to the referendum law, Morales will appoint interim prefects in these departments until new elections are scheduled.

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91. The Chaco War between Bolivia and Paraguay (1932–5) left more than 65,000 Bolivians and 36,000 Paraguayans dead. To have a sense of just how massive the scale of death was, Bolivia’s population at the time was only 2 million. The frontline Bolivian troops were almost entirely indigenous, the only exceptions being left-wing Bolivian radicals who were drafted and forced into the war.

92. BIF 2008.
<table>
<thead>
<tr>
<th>Department</th>
<th>% Vote in Favour August 2008</th>
<th>% Vote National Elections December 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuquisaca</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>La Paz</td>
<td>83</td>
<td>67</td>
</tr>
<tr>
<td>Cochabamba</td>
<td>71</td>
<td>65</td>
</tr>
<tr>
<td>Oruro</td>
<td>83</td>
<td>63</td>
</tr>
<tr>
<td>Potosí</td>
<td>78</td>
<td>58</td>
</tr>
<tr>
<td>Tarija</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>Beni</td>
<td>42</td>
<td>17</td>
</tr>
<tr>
<td>Pando</td>
<td>53</td>
<td>21</td>
</tr>
<tr>
<td>Nationwide</td>
<td>68</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: Derived from BIF 2008, p. 2.

<table>
<thead>
<tr>
<th>Department</th>
<th>% Vote 12/2005</th>
<th>% Vote In Favour August 2008</th>
<th>% Vote Against August 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Paz</td>
<td>38</td>
<td>36</td>
<td>64</td>
</tr>
<tr>
<td>Cochabamba</td>
<td>48</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>Oruro</td>
<td>41</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Potosí</td>
<td>41</td>
<td>79</td>
<td>21</td>
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<tr>
<td>Tarija</td>
<td>46</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>48</td>
<td>67</td>
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<tr>
<td>Beni</td>
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<td>64</td>
<td>36</td>
</tr>
<tr>
<td>Pando</td>
<td>48</td>
<td>56</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Derived from BIF 2008, p. 2. The department of Chuquisaca had a new prefect voted in only last month, and thus did not hold a referendum.
Many on the Left have taken the results as a triumphant victory for the MAS’s ‘democratic and cultural’ revolution. These unadulterated celebrations seem to neglect some crucial components of what the referendum has meant. The autonomist Right never expected to oust Morales and García Linera at the national level. Of course, Reyes Villa (Cochabamba) and Paredes (La Paz) did not want there to be a recall referendum in the first place. They objected when PODEMOS, the main right-wing party that holds a majority in the Senate, supported the referendum law because they expected to be kicked out by the voters who hated them. But in relation to the short-term strategy of the autonomist Right, Reyes Villa and Paredes were relatively expendable. What counted was gaining the bourgeois respectability of legal recognition for departmental autonomy in the core media luna departments. The illegal and widely-condemned autonomy referenda in those departments earlier in 2008 were insufficient for moving forward with the concrete enactment of ‘autonomy,’ asserting departmental control over natural gas and agro-industrial wealth.

After these latest legal referenda, right-wing autonomists maintain their control of five of nine departments – Pando, Beni, Santa Cruz, Tarija, and Chuquisaca. What is more, they have increased their popular support in these departments, and laid the basis for a destabilisation campaign against the Morales government, the assertion of new controls over their department’s natural resources, and the beginnings of a campaign to prevent the MAS’s re-election in 2010 when its five-year mandate ends – if toppling it through extra-parliamentary means proves impossible beforehand. This will reinforce ‘the de facto division of the country’ and concede ‘to the subversive separatists a halo of legality they did not possess earlier’. 

The Morales government seems to be clinging to a naïve faith in the eastern lowland oligarchy’s openness to negotiation. Morales is seeking to combine some of the demands of the autonomists with his government’s objective of introducing the draft of a new Constitution – approved by the Constituent Assembly in Oruro early in 2008 – to a popular referendum. The Morales administration appears to be convinced that ‘Andean-Amazonian’ capitalism is compatible with a softer version of bourgeois departmental autonomy in the media luna. But the right-wing autonomists want nothing more than to see this project of the MAS fail, for the government to stumble from one debacle

93. For one representative example see Guerra 2008.
95. Lewis 2008.
96. Dieterich 2008a.
to the next, and are showing clear signs of renewed destabilising energies since the referendum.

The belligerence of the autonomists

In the immediate aftermath of the referenda Morales and García Linera invited the opposition prefects to La Paz to negotiate. But the Right has signalled that it is completely uninterested in achieving any national agreement or social pact with the MAS government. Rubén Costas, the prefect of Santa Cruz, had this to say in the wake of his resounding victory: ‘This insensible, totalitarian, masista, incapable government has neglected the development of the people and only seeks to concentrate power and transform us into beggars before it’. When denouncing the alleged role of Venezuela’s Hugo Chávez in propping up the Morales régime, he indulged in the same racist epithets characteristic of the Venezuelan opposition: ‘No to the big foreign monkeys!’

After showing up at negotiations with the government on 14 August for a few hours, the five right-wing prefects of Chuquisaca, Pando, Beni, Tarija, and Santa Cruz, ceremoniously broke off talks in a ritual that had clearly been rehearsed. Gathering together in Santa Cruz immediately after the La Paz meeting with Morales, the prefects called for a civic strike and mobilisations for 19 August; Chuquisaca’s prefect called for a new illegal referendum on departmental autonomy and insisted again that Sucre should be the new capital of the country; and all five departments declared that ‘national authorities’ are unwelcome in their territory until various demands are met.

In the early evening of 13 August, 2008, nine Molotov cocktails were hurled at the Santa Cruz offices of the indigenous rights organisation, Centro de Estudios Jurídicos e Investigación Social (CEJIS). The police took over one hour to respond. Costas has interpreted the results of the referendum as a new mandate to drive forward the bourgeois-autonomist agenda in Santa Cruz and the rest of the media luna. He has announced a host of illegal initiatives: the formation of a departmental Legislative Assembly; creation of a new departmental tax agency that will control and collect taxes on natural resources in the department; and the election of sub-governors within the department of Santa Cruz.

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98. La Prensa 2008a; La Prensa 2008b; La Razón 2008.
99. CEJIS 2008. This follows on earlier attacks on the offices in November 2007, and the general intimidation and frequent violence meted out against dissidents in the media luna departments.
100. Econoticias 2008a; Dieterich 2008a.
None of this should be surprising given the seditious recent history of social forces behind autonomy. In the period immediately prior to the August referenda, a group of 200 autonomist reactionaries took over the Tarija airport, successfully impeding a planned meeting between the Presidents of Venezuela, Argentina and Bolivia. A tiny group of 35 autonomists were able to take over another airport. And a vehicle, in which the Minister of the Presidency, Juan Ramón Quintana, was traveling, in the eastern lowland city of Trinidad, was shot at by autonomist forces. The Morales government backed away from enforcing the law in each of these cases. Heinz Dieterich is correct to point out, ‘the counterrevolution has conquered “liberated zones” in which the central government cannot enter’.

The material bases of autonomy

Recent reports on the relationship between natural gas and agro-industry and the autonomy conflicts in Bolivia confirm what I have argued in this three-part essay. Concentration of land in Bolivia is the worst in the world after Chile. Much of the concentrated landholdings are located in Santa Cruz. To take but one example, Branko Marinkovic, leader of the Pro-Santa Cruz Civic Committee, reportedly owns some 12,000 hectares (30,000 acres) of land. Tarija, with only 4.9 per cent of Bolivia’s population, accounts for 60 per cent of the country’s natural gas production and 85 per cent of gas reserves. Santa Cruz follows with 22.3 per cent of production. In excess of 82 per cent of natural gas production, then, is located in these two media luna states. Under the current complex arrangement of distributing hydrocarbon revenue – split between the national government, the national gas and oil company YPFB, prefectures, municipalities, and universities – the four media luna departments receive 30 per cent. Meanwhile, the other five departments (with 79 per cent greater population than the media luna) receive only 19.7. This on top of the fact that in 2007 the media luna departments had a per capita income of roughly 1.4 times that of the other five. As Tom Lewis suggests:

The present political conjuncture in Bolivia is indeed contradictory. In principle, regional self-determination and the peoples’ right to immediately recall their elected officials are pillars of democracy. But in today’s Bolivia, ‘regional autonomy’ means handing over the country’s wealth – lock, stock and barrel – to

101. Webber 2008a; Webber 2008b.
102. Econoticias 2008b.
103. Dieterich 2008b.
the most reactionary sectors of the Bolivian ruling class and to continued exploitation by the transnational corporations.106

The government’s reformism: soft on oligarchs, hard on workers

The MAS bares considerable responsibility for allowing the autonomist Right to reconsolidate itself such as it has. In crafting the Constituent Assembly in 2006, the government distorted the revolutionary notion of the assembly envisioned by left-indigenous movements between 2000 and 2005. The government has sought continuously either to demobilise autonomous rural and urban protest – such as invasions and occupations of large landholdings by landless peasants in the east in 2006, and urban revolt against Reyes Villa in Cochabamba in late 2006 and early 2007 – or to strategically mobilise its bases against the media luna (especially the cocaleros of the Chapare region), but within very strict perimeters, predetermined by government élites.

When, in October 2006, the government faced mobilisations of state-employed miners in Huanuni, who were demanding nationalisation and workers’ control, the miners were denounced by government officials as ‘Trotskyists’ and ‘provocateurs’. Later that month when private co-operative mining interests, allied with transnational mining companies, attacked the state-employed miners, the government initially supported the co-operative miners rhetorically, and failed to send in the army to prevent the bloodbath that followed. Most recently, the same miners, with the support of the COB, struck against the MAS’s neoliberal proposal for a new pension law. The state’s coercive forces violently broke up a road blockade in the department of Oruro, leaving two miners dead and approximately 50 others wounded – some gravely.107 Contrast the treatment of the miners with that of the 200 proto-fascists who took over the Tarija airport. The government has committed itself to fiscal austerity, low-inflationary growth and central bank independence. Its mining and labour-market policies contain deep continuities with the antecedent neoliberal model. Its ‘agrarian reform’ has failed to make substantial inroads on the landholdings of the agro-industrial élite of the eastern lowlands.108

While the reforms in the hydrocarbons sector cannot be called nationalisation, they have, in combination with elevated international prices, generated vast amounts of new revenue for the state.109 As a consequence of reforms of the hydrocarbons industry under the Mesa government in 2004, and subsequent

109. See Webber 2008c.
reforms in 2006 by the Morales government, the Bolivian state has reaped impressive benefits from the high prices of natural gas: between 2004 and 2007 there was an increase of 1.3 billion US dollars, roughly 10 per cent of the country’s GDP.110

But a recent report by a centre-right Bolivian economist suggest that these revenues have not in fact been redirected to desperately needed social projects: ‘public investment has increased significantly over the past two years, rising from 629 million in 2005 to 1,103 million US dollars in 2007. Most of the new funds have been spent on roads and other infrastructure totalling close to 60 percent of total investments in 2007. Social investment has decreased over this period to less than 30 percent of total investments in 2007’.111 While revenues for the state have increased, real wages have declined when inflation is taken into account.112

**Revolutionary advances or populist complacency?**

The fact that Morales and García Linera enjoy 68 per cent popular support is indeed an opportunity to move forward with a more direct confrontation with the logic of capital. But the government needs to veer drastically away from conciliation with the eastern lowland oligarchy, and recognise that there are zero-sum class questions that cannot be avoided. No justice for landless indigenous peasants will be forthcoming without expropriations of large landholdings. There cannot be justice for workers while real wages are falling and miners are being killed in the streets. There cannot be a ‘democratic and cultural revolution’ in Bolivia so long as Guaraní indigenous people remain literally enslaved to masters in parts of the country. There cannot be authentic democracy without workers’ control and democratic social co-ordination of the economy.

All of this necessitates confronting capitalists and imperialism. While such a route has been made more difficult by the renewed legitimacy of the autonomist movement following the referenda, the rearticulation of the Right is not yet complete. ‘Autonomy’ has only ever been an objective for the Right when it was too weak to conquer state power at the national level. Today, neoliberalism is perceived as an entirely exhausted and illegitimate project by much of the Bolivian population. The autonomist Right, though, has no alternative to offer, other than autonomy and the destabilisation of Morales’s ‘dictatorship.’ There is still a window of opportunity through which

112. Lewis 2008.
a right-wing counterrevolution can be circumvented. Such a victory over the Right, such an advance toward socialism from below and indigenous liberation, will not be a consequence of the benevolent goodwill of leaders such as Evo Morales or Álvaro García Linera. It will depend on the rejuvenation of popular indigenous and left forces in rural and urban areas across Bolivia. The recent historical roots for such a project are to be found in the uprisings that galvanised the country between 2000 and 2005.

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Mapping Pathways within Italian Autonomist Marxism: A Preliminary Survey

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Abstract
Borio, Pozzi and Roggero (eds.) 2005 have characterised operaismo as ‘neither a homogenous doctrinaire corpus, nor a unitary political subject’, but rather ‘multiple pathways with their roots in a common theoretical matrix’. Starting with a diagram drawn up by Primo Moroni in the 1980s, this paper will explore a number of the ways in which those paths might be mapped out, in terms of key categories and projects, above all for the years that follow 1979.

Keywords
post-operaismo, operaismo, autonomist Marxism, class analysis, class composition

By the early eighties,¹ with the previously close bonds between labour process, movement and theory seemingly broken, the political project known within Italy as operaismo [workerism] appeared to have been smashed ‘into pieces’.² At that point, whatever remained appeared to be, outside the work of a few isolated individuals, largely a matter of historical curiosity. As Valerio Evangelisti later recalled, by that time all the best militants were in jail or on the run, we found ourselves with hardly any theorists . . . there were few comrades left, the young people who earlier had been with us in consistent numbers (if not all of them) distanced themselves. The response to such a situation was the social centres – but in the sense of their

1. An earlier version of this paper was presented at the conference on Immaterial Labour, Multitudes and New Social Subjects: Class Composition in Cognitive Capitalism, Cambridge University, 29–30 April 2006. I would like to thank two anonymous referees for their critical comments and Sergio Bianchi and Derive Approdi for permission to reprint the map by Primo Moroni. All mistakes are my own.
negative side, of an almost natural tendency, where the social centre became an oasis, a ghetto, even if that wasn't true in every case.³

A decade later, however, the picture had changed significantly within Italy. The preparedness of many in the movement of squatted centres to emerge from their shells and engage with other social forces was matched by a growing intellectual curiosity amongst new generations of young activists: in part for the practices and ways of seeing that emanated from the operaista experience, but even more so for the contemporary work of some of that tendency's survivors. This contemporary theoretical production commonly offered an avowedly ‘post-operaista’ outlook, which viewed the very different circumstances of the nineties through new categories such as multitude and immaterial labour (or retooled categories, as in the case of general intellect). By the beginning of the present decade, this interest in the writings of Italian theorists such as Antonio Negri, Paolo Virno and Franco ‘Bifo’ Berardi had become evident in the English-speaking world as well, whether on the streets with the so-called ‘anti-global’ movement, or at the sales counters with the publishing success of Empire. Furthermore, the interest within and without the academy for such theorists has also opened a certain space for a new generation of writers/translators/commentators.⁴ To put it in Enda Brophy’s words, the resurgence of interest in the work of some former participants in operaismo may well testify ‘to the fact that far from being anachronistic, autonomist thought has demonstrated a tremendously resilient ability to mutate along with the times’.⁵

The purpose of this paper, then, is to provide some leads for those interested in exploring in further detail what has happened within Italian ‘autonomist Marxism’, particularly amongst some of its components less well known in the English-speaking world, since the defeats at the end of the seventies. The picture can at times be a confusing one: for example, while the likes of Negri, Virno and Berardi are (for all their differences) now commonly grouped together as ‘post-operaisti’, some of their most trenchant critics likewise trace their roots to Italian workerism. Even amongst ‘post-operaismo’, as a first attempt to ‘map’ this camp has noted, it is important to acknowledge the ‘plurality’ of stances.⁶ And, as will be seen, any such discussion will at times

⁴ See, for example, the contributors to Henninger, Mecchia and Murphy (eds.) 2007 and Dowling, Nunes and Trott (eds.) 2007, along with the issues of The Commoner, <www.commoner.org.uk>.
⁵ Brophy 2004, p. 297.
⁶ Aringoli 2002, p. 75.
oblige a journey beyond the Italian context. As many writers have indicated,7 ‘autonomist Marxism’ has never been a purely Italian phenomenon, and its international diffusion is one of the most distinctive aspects of its development since 1979. If nothing else, this paper will seek to engage in some sort of preliminary reconnoitre of the Italian experience, survey the broad lay of the land, poke around in a few nooks and crannies, and from all this compose questions worthy of those braver souls prepared to venture further in exploring what (if anything) from these experiences may be of relevance today.

But, first, a few cautions concerning labels. If it is common for those who have puzzled over the question to equate Italian ‘autonomist Marxism’ with many of the threads stemming from operaismo, it is also worth remembering that a) this label is not typically embraced within such strands; b) these threads hold quite divergent views as to the relationship between their current work and the workerism of the sixties and seventies. Berardi, for example, prefers to speak of ‘compositionism’8 (referring to the method of reading class composition), while Negri is emphatic that fundamentally new forms of social relations demand a break with conceptual frameworks developed in a different era, starting with operaismo itself. Turning to the person who first coined the term ‘autonomist Marxism’ – Harry Cleaver – one finds that his own usage implies something broader than operaismo and its aftermath.

What gives meaning to the concept of ‘autonomist Marxism’ as a particular tradition is the fact that we can identify, within the larger Marxist tradition, a variety of movements, politics and thinkers who have emphasized the autonomous power of workers – autonomous from capital, from their official organizations (e.g. the trade unions, the political parties) and, indeed, the power of particular groups of workers to act autonomously from other groups (e.g. women from men). By ‘autonomy’ I mean the ability of workers to define their own interests and to struggle for them – to go beyond mere reaction to exploitation, or to self-defined ‘leadership’ and to take the offensive in ways that shape the class struggle and define the future.9

Within such a framework, it can be argued that what made Italian workerism distinctive as a tendency was its formal obeisance to the notion of class composition, even if this commitment was more often honoured in the breach by some of the operaisti, for whom it remained ‘secondary to “Great Political Theory” (on the state, the party, the revolution, class, general intellect, and so on)’.10

7. See for example, Lotringer and Marazzi 1980, Bianchi and Caminiti (eds.) 2007, and many of the interviews conducted by Borio, Pozzi and Roggero (eds.) 2007.
How cohesive, then, was Italian workerism, even in its heyday? The extensive primary research carried out since the late nineties by Guido Borio, Francesca Pozzi and Gigi Roggero bears out their characterisation of operaismo as ‘neither a homogenous doctrinaire corpus, nor a unitary political subject’, but rather ‘multiple pathways with their roots in a common theoretical matrix’. Speaking at a moment when the tendency had seemingly reached its nadir, Sergio Bologna offered the following thoughts on this ‘common theoretical matrix’:

I believe above all that operaismo was an exaltation – sometimes uncritical – of the working class, but also a great exaltation of power. Operaismo was born, not by chance, with Operai e capitale. It’s not clear which was greater: the paean to the working class, or that to the capitalist capacity of subsuming this working class from the point of view of its components. So it was not by chance that many of its theorists later became theorists of the State, and today are only theorists of governability. And I don’t believe that we can call the latter traitors, because this eulogy of capital’s power [potenza] is a risk within operaismo, which later became the eulogy of the power of the political as such, of the autonomy of the political. This is an extremely coherent consequence, I believe. It is not some leap, a moment of transformation: in my opinion, it is a logical consequence.

Nor did this dichotomy disappear with the parting of ways that saw Mario Tronti and others embrace the Italian Communist Party at the end of the sixties. Berardi has shown in some detail the manner in which these two spirits played themselves out within Potere Operaio after the Hot Autumn, while, back in the mid-seventies, Bologna – who had already chosen a different political trajectory to the likes of Negri – would conclude that a permanent contradiction existed between political organisation and class autonomy. And, if some of those who championed the project of class autonomy in this period placed their emphasis upon the role of the party, others, like Yann Moulier Boutang, saw things somewhat differently: ‘Naturally what I liked about the invisible party of Mirafi ori was not the party but rather the invisibility’.

Ironically, one of the strongest affinities binding those who have shared in the tradition of operaismo is precisely a contempt for traditions – particularly ‘revolutionary traditions’. After all, it was a commonplace within the workerist

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15. Moulier Boutang 2002, p. 7. The ‘party of Mirafi ori’ was a metaphor for the vanguardism of the mass worker, popularised in early seventies by Negri.
literature of the sixties and seventies to exalt the discontinuities and leaps both in struggles and in ‘working-class science’, in organisational projects no less than theoretical developments. To put this in the words of Tronti’s classic text *Operai e capitale*, all great discoveries – ‘ideas of simple men which seem madness to the scientists’ – have been made by ‘dangerous leaps’, by breaking ‘the thread of continuity’.16

As with the relationship between autonomy and power, however, this notion of discontinuities could be taken in quite different directions: at one extreme, perhaps, there was Negri’s argument in the early eighties celebrating ‘Communist transition [as] absence of memory’17 (and the abandonment of the dialectic as a useful explanatory tool of social antagonism); at the other Peppino Ortoleva’s insistence a few years earlier, in reference to class antagonism in the United States, that

> the hegemony of capitalist culture, and its version of American history, does not translate into a *tabula rasa* of the ‘collective memory’ of the American working class. A store of working class traditions remains, but it is the patrimony not of the American proletariat as a whole, but rather – disarticulated and sectionalised – of individual groups of workers, of rank-and-file union experiences etc.18

In trying to take some preliminary stock of all this, before 1979 and after, it will be impossible to survey the terrain properly without reference to the work on *operaiismo* by Borio, Pozzi and Roggero, published in 2002. Their book *Futuro Anteriore* provides a rich (and at times provocative) overview of key themes within Italian workerism, while its associated CD-ROM of nearly sixty interviews (a selection of which have likewise been published in book form) is the richest single documentary source to date of reflections from participants in the *operaiista* experience.19 What follows, then, will draw not only on materials produced across the arc of time from 1980 to 2005, but also some of the reflections captured in the fieldwork of Borio, Pozzi and Roggero. Along the way, it will also seek to illustrate a point made in Enda Brophy’s excellent survey of ‘*operaiisti* after *operaiismo*’. Recounting an important conference held in Rome in 2002, called in part for the launch of *Futuro Anteriore*, he reminds us that for all the talk of a ‘common tradition’ after 1979,

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Deep differences over key issues of theory and practice have further distanced some of the protagonists of those years from each other, a process which had already started by the end of the 1960s as the level of social conflict in Italy escalated.20

Maps

How to map the fallout from the operaismo of the sixties and seventies? A number of different enterprises spring to mind here: maps constructed in terms of tendencies, or of projects, or of categories. As regards the first approach, Chris Wright has produced a very interesting chart of ‘different tendencies within libertarian Marxism’, which is useful in situating autonomist Marxism against a broader political and intellectual history (Figure 1). Originally designed to accompany an online text archive now hosted at libcom.org, the stress is placed upon ‘tracking unique contributions in theory and practice’, while acknowledging that ‘these are not perfect matches and the relations are in fact much more complex’. Wright’s map differentiates between ‘Operaismo (1960–72)’, ‘Autonomia (1972–80)’, and ‘Autonomist Marxism’, while indicating the influence upon each of other currents, such as the Johnson-Forest Tendency. Turning to an accompanying discussion document, however, it becomes clearer just how complex some of the relationships have been. Take relations within the English-speaking world between ‘open Marxism’ and autonomist Marxism. As Wright himself indicates,

Depending on who one talks to, open Marxism includes autonomist Marxism or autonomist Marxism includes Open Marxism, though the separation over the importance of Hegel and the question of dialectic seems to provide a basic grounds for differentiating the two tendencies.21

Another limit in organising a map in this manner is apparent when we seek some correlation between ‘tendencies’ on the one hand, and individuals or collectivities on the other. For example, where might we situate Primo Moroni – a quintessential ‘libertarian Marxist’ – within such a diagram? For, rather than moving from tendency to tendency over time, as more than a few have done in their political trajectory, Moroni’s work was long infused by various strands of what he himself once called ‘this indefinable area that stretches from the Bordigists to the proto-situationists, the councilists, to the

21. Wright n.d.
This is a rough “family tree” of the different tendencies within libertarian Marxism which we hope will help people navigate the texts of the site. These are not perfect matches and the relations are in fact much more complex, but it may help people to move through the site. Due to his influence on several tendencies within libertarian Marxism, we include V. I. Lenin in the diagram (but not Social Democracy as a whole, even though it influenced Luxemburg, Lenin and the original council communists.) The idea here is not to mention every group, but to track unique contributions in theory and practice.

internationalists, the anarchists, to the anarcho-communists, the libertarian communists. 22

All of which leads to a map that Primo Moroni drew up sometime in the late eighties (Figure 2). Moroni had something of a flair for the visual representation of information: those who have seen his maps charting the placement and displacement of social centre spaces in Milan will already be familiar with his handiwork. 23 The ‘map’ here, however, is different: it seeks to show the connections between the major expressions of revolutionary media in Italy for the thirty years that followed the workers’ uprising in Hungary. In doing so, it aims to tell a story across time about space: not so much geographical space – although that too is hinted at, in part – but rather that kind of ‘space’ that spawned talk of an ‘area’ of autonomy during the seventies.

Let us look at Moroni’s map for a moment. For those who have seen them, it recalls a number of other cartographical efforts: one, back in an issue of *L’Espresso* from around 1969, seeks to chart all the political tendencies that passed through or near the student movement of that time. Similar diagrams illustrate Robert Lumley’s book *States of Emergency*, and the Red Notes’ volume...
Working Class Autonomy and the Crisis: in the latter anthology, the names of leading militants are added to the jumble of political organisations and publications that attempted to challenge the hegemony of the Italian Communist Party (PCI) during the seventies. Moroni’s map, by contrast, is both more austere in its presentation and more intricate in its detail. As it shows clearly, if the broad array of journals established in the sixties rarely lasted more than three or four years, they spawned a lush outburst of publications in the seventies – although, in many cases, not before an interregnum when party-building projects predominated within the Italian far Left. And, as the forest of arrows highlights, the cross-fertilisation between many of these projects was continuous and often ‘virtuous’ (that is, the arrows do not by any means represent only a parting of ways within particular circles, but, in some cases, connections through joint projects or even overlapping membership).

A careful examination of Moroni’s handiwork suggests a number of other things worthy of note. The first, which is perhaps not so obvious to begin with, are the three vertical columns that constitute the map. Looked at more closely, it becomes possible to discern, on the left of the chart, projects associated in some way with the libertarian and/or counter-cultural sensibilities within the Italian radical Left: from the situationists and Collegamenti on the one hand, to Re Nudo and Radio Alice-Altraverso on the other. Another column on the right records projects whose lineage can be variously traced (bearing in mind the significant breaks involved in each stage) from the PCI through to Manifesto and then the Roman autonomists (and Tronti’s associates of Laboratorio Politico make an appearance here for good measure). In the middle column there is ‘the central trunk’ of operaismo, passing from Quaderni Rossi and Classe Operaia, via Potere Operaio, to a host of autonomist publications such as Rosso, as well as Primo Maggio and other enterprises (many of which were linked in some way to Moroni’s bookshop Calusca).

The second point is that, to Moroni’s mind at least, the most important expressions of revolutionary media in Italy by the mid eighties – those difficult years characterised earlier by Evangelisti – were largely on the broadcasting front. There are some notable exceptions, but all the same it is radio stations such as Onda Rossa and Radio Proletaria in Rome, Sherwood in Padova and Onda d’Urto in Brescia that are to the fore. Worthy of note too are ‘radical metropolitan events’ associated with punk, a movement with whose exponents Moroni would develop an extraordinary affinity during these years.

Why labour over this map? One reason is that it may be worth considering what can be learned by attempting to extend Moroni’s map forward twenty years, into our own decade. Any such effort would need to address the radical media that became so important by the nineties: not simply the internet, but also the new generation of publications that circulated at that time, alongside the networks of electronic bulletin boards (often associated with individual social centres) that interpenetrated with those journals. A very partial mapping of the early nineties would note publications like *Luogo Comune*, *Klinamen*, *Riff Raff* in Padua (but also the journal of the same name – but not orientation! – in Turin); *Altreragioni*, some of whose editors had been active in earlier publications such as *Primo Maggio* and *Sapere*, the workplace-oriented *Incompatibili*, with its mixture of leaflets and reflective essays. Nor should we forget the likes of *Virus* in Turin and Zeronetwork in the Veneto, both of which attempted to make accessible, to those not online, debates and reflections circulating in the European Counter Network and other electronic forums. Some old stalwarts from the seventies would also be there, such as *Collegamenti* and, for the first part of the decade, *Autonomia* (Padua). Last but not least, this flowering on the media front was also fuelled by a new engagement between a younger generation of activists and participants from movements of earlier decades. Whereas in the eighties, as Sandro Mezzadra recalled, it was ‘rather difficult’ to establish links with such people – ‘a bit because many of them were in prison or out of the country, a bit because the others (at least in my experience) were not particularly disposed’ – now the social centres and other movement spaces hosted a range of seminars that enabled just such encounters.\(^{25}\) On the journal front, both *Altreragioni* and *Derive Approdi* (which regrouped some of *Luogo Comune*’s participants with a rather broader circle) epitomised this new encounter between those formed in the sixties, and those who entered politics only afterwards.

At the same time, it may be that a different kind of mapping is needed, one that attempts to trace out the development of particular categories and concepts since the eighties. For example, a review of some of the key categories used to understand the nature of social subjectivity over the past generation or so of *post-operaisti* might start with a category popularised by Negri and others in the seventies – *operaio sociale* – and end with multitude, the dominant term for the past decade or more within this broad array of political thought. And, while they continue to be used, and are of interest in their own right, other terms, such as mass intellectuality and general intellect, can also be seen as

bridges from *operaio sociale* to multitude: especially in the late eighties and early nineties, when movements such as the Pantera within higher education prompted some circles to engage in new reflections concerning the nature of intellectual labour.

The picture that emerges from the effort of trying to encompass the gamut of those ways of seeing touched in some important way by *operaismo* and its fallout, is a broad panoply of social figures (Figure 3). The next section will briefly explore each of these categories in turn, since they can tell us a lot about developments within the fallout from *operaismo* since 1980 or thereabouts. For the moment, we can note that whatever else, most are recognisable as class figures, implying particular relationships with capital. In its earliest use, perhaps, ‘multitude’ might have been more ambiguous in this sense – but there were always exponents of the term who have insisted on its class nature (for example, the editors of *Derive Approdi*), while Negri has also been heard in

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Figure 3

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26. If what follows focuses upon the contours of certain class figures, I have tried in Wright 2007 to explore more explicitly the relationship of some of them with(in) capital – for example, as spelled out in the debate around the efficacy (or otherwise) of post-Fordism and general intellect as explanatory categories. On this score, see also a number of the other contributions to Dowling, Nunes and Trott (eds.) 2007.
recent years arguing that multitude is a class category. The next part of this paper, then, will review some of this material, conscious that much remains to be done in developing a proper understanding of the wealth as well as limitations of the various threads that have descended from operaismo’s collapse a generation ago.

After 1980

The first class subject in Figure 3 is the ‘mass worker’, the great protagonist of Italy’s ‘Hot Autumn’. Here, some of the most fascinating work was carried out in the aftermath of the 1980 FIAT defeat, often by editors of the journal Primo Maggio, culminating with Marco Revelli’s magisterial history of Lavorare in FIAT.\textsuperscript{27} But can the mass worker be dismissed as a subject of purely historical interest? Guido Bianchini once pointed out that ‘[t]he end of development in one place is development elsewhere’,\textsuperscript{28} and the past twenty years have certainly seen mass workers place their stamp upon a range of once ‘peripheral’ social formations, from Korea to South Africa. Another important exploration of class composition after 1980, again spearheaded by some members of Primo Maggio, concerned workers in the transportation sector: indeed, the journal’s work in this area can be seen as anticipating significant cycles of struggle that continue into the present day. As with the mass worker, however, much of the attention paid over the past twenty years to the significance of transport workers in terms of class struggle has typically been the work of other political tendencies.\textsuperscript{29}

While Primo Maggio would finally close its doors in the late eighties, a number of its editors have continued with research into working-class history. Bologna, for example, has produced studies of German workers and Nazism, as well as the development of class composition in Italy. As always with historical research conducted by exponents of the ‘school of class composition’, contemporary political concerns were never far away.\textsuperscript{30} Indeed, for Bologna, much of his most important labour-related research since the eighties has addressed a social subject quite removed from those examined by operaismo in its glory days: the self-employed worker, whose numbers in Italy had increased

\textsuperscript{27}. Revelli 1989.
\textsuperscript{28}. On Bianchini see Lauso Zagato’s interview in Borio, Poggi and Roggero (eds.) 2005, p. 334.
\textsuperscript{29}. For a recent consideration of the continued strategic importance of such workers see Silver 2003.
\textsuperscript{30}. See, for example, the ‘Preface to Second Edition’ of Bologna 1996.
markedly by the early nineties. As he put it at one of the public meetings called to discuss the research of Borio, Pozzi and Roggero:

Self-employed labour, to go back to a theme dear to my heart, is no longer capable of that conflict of which operaismo conceived: that is, of workplace conflict [conflitto sindacale] as conflict par excellence. Not because it is not so disposed subjectively, but because the structure of the relations of production has changed. So a pedigree workerist [l’operaista doc] would cancel self-employed labour from the list of subjects, and treat it as the multitude’s swamp and Vendée.31

In the mid-eighties, many surviving Italian ‘pedigree workerists’ took heart from the COBAS phenomenon, wherein networks of unofficial rank-and-file groupings primarily based in the public sector (first and foremost, railway staff and teachers) challenged both their employers, and the traditional role of unions in representing employees’ interests within the wage relation. While articles on the COBAS can be found across the ex-workerist and left-libertarian press of the time, it was in those journals with a particular focus upon the paid workplace, such as Collegamenti, and Incompatibili, that the most space was devoted to the new groupings, along with the so-called alternative unions which rubbed shoulders with them in the nineties. With similar movements appearing in France and Spain, the question of such workers’ struggles against restructuring – their potentialities for extension into the private sector, the corporatist temptations which they faced – meant that the circumstances of public-sector employees were often to the fore within concrete class composition analyses carried out in the years that spanned the mid-eighties to the early nineties.32

As Paolo Virno has argued, the experiences of the ‘Movement of ’77’ left a vast range of questions unanswered, questions which would resurface again from the eighties around discussions of social conflict in a time of so-called ‘post-Fordism’.33 In terms of the meaning of political recomposition, such questions included matters of representation and organisation; in terms of changes within class composition, they included the growing importance for capitalist accumulation of labour processes apparently outside the Fordist workplace régimes that had engendered the mass worker. One of these key concepts raised in and around 1977, only to make a significant resurgence in the last decade, is that of precarity. The matter continued to concern the likes of Collegamenti and Primo Maggio into the early eighties, where attention was often centred upon

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32. There is an enormous amount of literature relevant to this topic. For an overview of the broader issues as they stood in early 1990s, see Soriano 1992.
those employed on short-term work projects provided for government authorities.\textsuperscript{34} In terms of a continued practical reference point for this concept within Italy, the struggles of precarious workers wove themselves in and out of a number of broader social conflicts as the eighties progressed, starting with the education sector. By the mid-nineties, 'precarity' had become a theme taken up by a section of the social centres movement (an early manifestation of the Tute Bianche was as activists around casualised working conditions) with whom a younger generation of workerist-influenced theorists were engaged.\textsuperscript{35}

The exploration of casual workers' experiences was also a central theme for a German circle that took up class-composition analysis in the eighties.\textsuperscript{36} Some of the editors of \textit{Wildcat} later explained this process to John Holloway as follows:

In the beginning of the 1980s the cycle of factory worker struggles was over, but for many young people it was inconceivable to adjust to wage labour and to work away at a job until reaching pension age. Additionally, we ourselves refused to strive individually through a professional career for a better place in the capitalist hierarchy. Out of this grew the practice of jobbing: to do any old shitty job for a short time, in order then to have time for ourselves, for political struggle and for pleasure. In formal terms, we worked under conditions that would later be characterised by the sociologists as 'precarious' in the sense of being vulnerable to one-sided measures by capital. But it was even easier then to use the regulations of labour law and the welfare state for our own needs.\textsuperscript{37}

This initial stance shifted significantly as the decade advanced. Elsewhere, amongst the various fragments of workerism, a variety of stances emerged on the question of precarious labour. For example, one former member of the North-American journal \textit{Zerowork} could be heard arguing in the mid eighties that a critical engagement with the informal economy might also provide a 'basis for social autonomy'. In contrast, Sergio Bologna's comments at a 1984 Canadian conference on \textit{operaismo} and \textit{autonomia} characterised the notion of 'precarious labour as self-liberation' as no more than a passing phase, doomed to extinction with the shakeout of the informal economy itself.\textsuperscript{38}

Circumstances surrounding casual or precarious work would be rather different again by the late nineties, when a younger generation connected to \textit{Wildcat} developed links with small groups elsewhere in Europe and initiated

\begin{itemize}
\item \textsuperscript{34} See Scarinzi 1982, Scarinzi 1983.
\item \textsuperscript{35} See the work of Andrea Fumagalli concerning guaranteed income, for example Fumagalli 1998.
\item \textsuperscript{36} See, for example, Karlsruher Stadtzeitung 1984.
\item \textsuperscript{37} \textit{Wildcat} 1997.
\item \textsuperscript{38} Mattera 1985, p. 129, Bologna's comments can be found in Bifo et al. 1986, pp. 227–8.
\end{itemize}
a workers’ enquiry into conditions for call-centre workers.39 While their efforts would provoke controversy in some quarters,40 they can also be seen as an important spur to a new – and welcome – round of enquiry and co-research undertaken in recent years.41 In terms of movements, work around precarity has likewise been fundamental to the networks that have made such a success of EuroMayDay of late. Then, again, as Angela Mitropoulos has argued, if precarious labour has in fact been the norm rather than the exception during the capital relation’s history, then perhaps, in certain cases, ‘the recent rise of precarity is actually its discovery among those who had not expected it’, given their blindness to longstanding hierarchies within waged and unwaged labour.42

In the seventies, ‘migrant worker’ was almost another way of saying ‘mass worker’ within the operaista lexicon, and a number of studies on the subject appeared in the Materiali Marxisti book series and elsewhere.43 As Yann Moulier Boutang makes clear, however, even during workerism’s heyday, the differing circumstances between Italy and elsewhere paid short shrift to any attempt to transpose insights mechanically from one social formation to the other, particularly in terms of understanding what migration might mean for the process of class recomposition:

I have not yet spoken of an encounter that was decisive for me: that with the comrades of immigration. In fact the question of immigration interested our Italian comrades, especially those of P[otere] O[peraio]. Italian immigration was interesting as a mode of propagation, but it was not the theoretical problem of immigration as a fracture [spaccatura] within class composition, as a real problem of the latter. I remember that it was difficult to explain to our comrades at FIAT or to Romano Alquati that having 22 nationalities is not the same thing as having one Italian working class: even if there were Italians from the South, it was something different. And when 300 Tunisians were hired at FIAT in ‘73, I remember perfectly that I said to Alquati, to Toni and to others that this phenomenon needed to be watched closely, because it was very important. That they did not was, I think, a great error . . .44

40. See Aufheben 2004.
41. Apart from a number of articles in Posse, see also Brancaccio et al. 2005.
42. Mitropoulos 2005.
44. Moulier Boutang 2002, p. 3. He adds: ‘to my mind, even if it is naturally easy to revise history, still everything that followed, this radicalisation of the white working class, including the CUBs, then the Brigate Rosse and the other armed groups, happened, when the invisible party was no longer such within the class composition, because it had already dissolved into various situations, and the bosses had a plan to decompose everything completely, to defeat it. I don’t remember how many immigrant workers there were at the time, but certainly in the FIAT
Moulier Boutang’s own work has long centred upon workers and migration. And in Italy itself, particularly since the beginning of the nineties, there have been a number of important studies of migrant workers undertaken by those informed in some way by the legacy of Italian workerism. Some of the researchers concerned, such as Sandro Mezzadra, view matters from perspectives not inconsistent with the broad *post-operaista* framework; others, such as Gambino and Devi Sacchetto, can be numbered amongst those least sympathetic to what has come to be styled ‘post-workerism’. In its detailed dissection of the dissolution and reconstitution of communities in the wake of the Balkan wars, Sacchetto’s study of *The North-East and its Orient* drew upon the work of Moulier Boutang and others to illustrate the proposition that ‘the more-or-less free movement of migrants is a struggle against the labour market’.45 For Sandro Mezzadra, it was likewise an encounter with the research of Moulier Boutang, alongside his own political work in Genoa, which brought home an understanding of migrants as active agents, rather than simply passive victims at the mercy of their circumstances.46 According to Mezzadra, the circumstances of migrant workers can be seen as emblematic within contemporary class composition, so long as one avoids reductionist temptations:

We cannot get rid of ‘generalizing’ concepts precisely because we are aware of their limits, which are the limits of a commonality which cannot be stressed at the expenses of the plurality of peculiar subject positions which defines the composition of living labor. In this way we can talk for example of migrant labor as a subjective figure which shows an element of commonality which is shared by the whole of contemporary living labor (that is, a general attitude to mobility and flexibility, the subjective counterpart of the ‘flexible regime of accumulation’ described for instance by David Harvey), without for this reason on the one hand sacrificing the subjective and objective peculiarity of the experience of mobility by migrants, and without on the other hand forgetting the radical diversity of migrants’ experience itself.47

Thus far, the social subjects explored have each had a certain sectoral specificity, for all the claims that might be made on their behalf in terms of commonality. Before turning briefly to the category ‘multitude’, I want to address two concepts that others with an *operaista* past have engendered in their efforts to construct a more global reading of class composition today. The first of these

47. Mezzadra 2005, p. 2. See also Neilson and Mezzadra 2003.
is the ‘hyper-proletariat’, a term coined by Romano Alquati. Long a subterranean influence within some of the social centres in Turin, Alquati's writings have continued to appear, largely through small publishing houses, across the eighties and nineties. Alongside detailed reflections upon the techniques of co-research, his work has advanced a distinctly original approach to class analysis, the origins of which can be traced back to his ruminations in the seventies on the proletarianisation of intellectual labour. For Alquati, the hyper-proletariat must be understood as ‘a great meta-class’ that today is instantiated in a range of moments. So many moments, in fact, that it seems to have disappeared, at least within the self-awareness of its members, who perceive themselves instead as part of ‘an enormous multitude’ made up of seemingly diverse (and sometimes counterposed) interests. Encompassing the unemployed and many of the formally self-employed, the hyper-proletarians, according to Alquati, currently endure circumstances wherein they ‘admire, exalt, copy, fetishise means (and technologies and machines in particular), even in work. They are convinced that means are more capable than they are. They are mistaken’. For Alquati, nothing less than a ‘hyper-communism’ is needed to achieve ‘the suppression of the hyperproletariat, even as multitude’.

Franco Berardi's notion of the ‘cognitariat’ has certain points of convergence with Alquati's work, especially in the attention paid to the subsumption of intellectual capacities to capital, as well as its curiosity as to what that subsumption might mean for the psyche. But, like other post-operaista approaches, many of the most important premises informing Berardi's outlook are quite alien to Alquati's insistence upon retaining Marx's category of value as a central explanatory device. Evolving from earlier reflections upon ‘the virtual class, that is the cycle of globalised mental labour’, Berardi's is an optimistic view that sees possibilities for the self-organisation of ‘cognitive labour’ in the wake of the dot.com crash and global opposition to the current war in Iraq. His cognitariat is narrower, however, than the multitude: perhaps it is the ‘online’ facet of that immaterial labour described by Lazzarato and others. At the same time, Berardi's analysis is far from being an uncritical celebration of so-called ‘virtual’ culture. As he argued in a 2002 interview,

[t]he idea of the cognitariat, and of the ‘cognitarian’ as a member of the cognitariat, is connected to the idea that during the last years, perhaps the last decade, we lost

48. For example, see Alquati 1994.
touch with our body – with our social body, and our physical, erotic body. Net culture and all the new forms of digital production and new media have erased our relationship with our social body. But at the time of social and economic crises we are forced to take account of the fact that we do have a body, that in fact we do have a social and a physical body. Cognitarians are the workers of the virtual production. There is a moment when they can become aware of the fact that they are not purely virtual, they are not purely economic, that they also are physical bodies.52

The central role of Michael Hardt and Antonio Negri in shaping and popularising the term ‘multitude’ is unquestionable. Along with its counterpart ‘Empire’, multitude has been adopted as an explanatory tool by a range of circles in Europe and beyond. Not surprisingly, and again like Empire, it has also been the subject of considerable controversy: not only in the eyes of those left currents that continue to see the world through the lens of Marxist and Leninist orthodoxies, but also for many in what might be termed the libertarian and antagonistic Lefts. These debates are well-known, and the literature on the subject is already extensive. What is more relevant for the discussion here are the sometimes complex, yet discernible bonds that link multitude to a number of earlier categories, from operaio sociale to mass intellectuality. Trying to unravel that lineage leads to a number of debates in both Italy and beyond, involving not only Hardt and Negri, but also the likes of Paolo Virno, and many of the authors who have been associated in some way with the journal Derive Approdi. With Virno, for example, there are nuances that resonate differently to some of those central to Hardt and Negri’s work: amongst other things, Virno wants to address what Arianna Bové and Erik Empson have called ‘the dark side of the multitude’.53 And it would be remiss not to mention at this point Nick Dyer-Witheford’s rereading of the categories multitude, general intellect and immaterial labour through the prism of Marx’s concept of species-being, which has also been advanced by critical engagement with the work of Hardt and Negri.54

The last category concerning social subjectivity may well be the least known of those under discussion, at least within Italy itself (although some forums, such as the nineties journal Altre Ragioni, provided space for arguments emanating from this camp). During the Hot Autumn, Potere Operaio had surmised that behind régimes of feudal rights in Italian agriculture might be found very modern relationships of power between capital and labour. Challenged within its own ranks over the significance of reproduction for class

conflict, the majority within Potere Operaio was unable to make a similar leap in either theory or practice. On the other side of the Atlantic, however, the implications of this new politics would be taken rather more seriously. Since the late seventies, alongside workerist feminists such as Leopoldina Fortunati, Maria Rosa Dalla Costa and Silvia Federici, and in the light of mass struggles over reproduction and land, North Americans associated first with Zerowork and then Midnight Notes have offered an original reading of class composition that, in positing the centrality of unwaged work (whether in the home or in subsistence farming) has paid particular attention to struggles over debt, energy, and enclosures. It also involved a critique of those positions within Zerowork that, like post-operaismo in later times, argued that capital had somehow slipped loose from the yoke of value relations. As George Caffentzis explained to the Greek circle TPTG:

> Once you saw that the unwaged sector of the working class is really the foundation of the accumulation process then a new priority inevitably develops. . . . Introducing unwaged workers is not a matter of a contest over who is of ‘more or less importance’ or of who is more or less exploited, but of having a better understanding of what keeps capitalism alive. Once you bring into focus the largely unwaged part of the reproduction cycle of labor power, then your politics change dramatically. You immediately have to deal with divisions and hierarchies that are often neglected by working class movements and are even engineered into working class organizations. One merely has to glance at the scandalous history of working class racism and sexism to get the point.

Unpacking the category ‘unwaged’, while no simple matter, would be a useful future exercise. Nor can it be assumed that all who privilege this category agree upon the politics bound up with it: for example, there have been significant differences amongst workerist feminists concerning demands such as ‘wages for housework’. More recently, writers such as Mariarosa Dalla Costa have come to rethink the nature of class relations in the light of indigenous movements’ efforts to reclaim a non-capitalist relationship with the land, raising questions far beyond Potere Operaio’s tentative reflections. If anything, the unexpected arrival of the Zapatistas on the global scene has only further

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55. Wright 2002.
57. Alongside the efforts of Midnight Notes, we can also note the work carried out since the late seventies by Harry Cleaver, covering a range of topics from the politics of debt to engagement with the Zapatistas. A useful overview can be found in the preface to the second edition of his Reading Capital Politically (Cleaver 2000).
stimulated work around these perspectives, which can now be found online at websites such as *The Commoner*.

So there you have it: a whole menagerie of social figures, many of which overlap in content while often differing in meaning. This raises another question: is all of this primarily about the search for a privileged layer within class composition, one that can assert its hegemony over the class as a whole? Monty Neill and other members of *Midnight Notes* have long been emphatic on this score: if much of the *operaismo* of the sixties and seventies entailed efforts ‘in analyzing or searching out class vanguards’, ‘to do a class composition analysis’ today means ‘not to locate a new vanguard, but to help the many class sectors come together’ in ‘the class struggle to cease to be proletarian’.59 One useful future exercise, therefore, would be to interrogate the various accounts of the social subjects above from this perspective. Another would be to explore the contemporary meaning of the old workerist category of ‘cycle of struggles’ and its relationship to ‘development’. Can an ongoing dialectic still be posited between the two, as some world systems theorists have done? Or has the bond connecting them snapped forever? In either case, what are the implications for a project of social autonomy aimed at dissolving the capital relation altogether, rather than surviving within it as amenably as possible?

### Only connect

‘Only connect’, opening up channels of communication internationally, this is at least as urgently on the Italian agenda in the 1980s as it was in the early 1960s – in spite of a new dimension of massive arrests, authoritarian threats, and attempts to atomize collective interests.60

With these words, Ferruccio Gambino closed his brief 1981 account of Italian links to other revolutionary experiences since the days of *Socialisme ou barbarie* and *Correspondence*. And if, thanks to this and other texts, we now know something about such engagements, a lot more work needs to be done in tracing the role of those individuals like Gambino, Silvia Federici, Mariarosa Dalla Costa, Ed Emery, Harry Cleaver, John Merrington and others who – before and after 1979 – provided gateways through which reflections upon workerist theory and practice could pass in and out of the English-speaking world.61

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60. Gambino 1986, p. 198.
If interesting work was undertaken by operaismo-influenced writers in a number of other countries during the seventies, these tended nonetheless to be overshadowed by developments within Italy itself. That situation changed after 1979. While much translation was undertaken of certain Italian materials in the early eighties – in many cases inseparable from solidarity work with those authors in prison – one of the consequences of repression from 7 April onwards was a heightened geographical expansion in theoretical reflection and research marked by some kind of operaista perspective. In part, this stemmed from the diaspora of intellectuals in exile: above all to France, but also elsewhere in Europe or the Americas. But it was also the case that the reverses suffered by exponents of autonomist Marxism within Italy drew attention – for those who still cared – to the work of their compatriots in other places.

France, of course, assumed a pre-eminent role early on as a centre for the unfolding theoretical aftermath of operaismo, especially with the sustained engagement between Negri, Deleuze and Guattari. By the end of the eighties, the French connection would be taken to a new level with the founding of the journal *Futur antérieur*, which also involved an encounter with others (such as Jean-Marie Vincent) whose background lay in Trotskyism. Other enterprises attempted in exile proved less fruitful, recounts Alisa Del Re, ‘due to the differences we had interiorized at the end of the Seventies’.

In the Britain of the late eighties and early nineties, there were resonances with the so-called ‘open Marxism’ of John Holloway, Werner Bonefeld and others, some of whose theorists also made explicit reference to earlier council-communist traditions. Within Italy, in the early eighties, the journal *Metropoli* can be seen with hindsight as something of a precursor of post-operaismo, bringing together figures (such as Virno and Berardi) whose paths had often been quite separate in the times of Autonomia organizzata. Prison, too, proved a space that sometimes enabled new intellectual and personal bonds, closing pre-existing distances based upon political alignment or age, forging friendships between the likes of Sergio Bianchi and Luciano Ferrari Bravo that would have their own significance in the years to come.

Growing access to the internet complicated the picture still further a decade later. By then, we can also see efforts to bring understandings of autonomist Marxism developed elsewhere to bear upon the Italian scene. Here is how Massimo De Angelis recalls the early days of the journal *Vis-à-vis*.

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62. See Negri 2005. More recently, the website of the French-language publication *Multitudes* has hosted a variety of materials that continue and extend some of the work of *Futur antérieur*, while making increasing numbers of texts available in English.

63. Del Re 2000.

64. See Wright forthcoming for a discussion of intergenerational relations within the Italian radical Left of the eighties and nineties.
I thought that, just as the impact of operaismo and Italian Marxism represented a breath of fresh air for American Marxism, opening it to the thematics of subjectivity, reproposing in Italy a series of works from American autonomist Marxism (which was sensitive and open to a series of thematics left in the margins by us) could in return contribute positively to going beyond musty old diatribes and rigid political and theoretical attitudes.65

Whether that particular exercise proved successful remains a matter of debate. On the other hand, as Enda Brophy has pointed out, for more than a decade there has been an engagement between certain English-language writers in communication studies, and some Italian theorists identified with post-operaismo. Perhaps the emblematic text here on the English-language side is Nick Dyer-Witheford’s *Cyber-Marx*, published in 1999.66 From the Italian side, Franco Berardi – whose own reflections frequently percolate into English via media-activist channels intrigued with his work in Telestreet and elsewhere – has demonstrated a similar interest in Dyer-Witheford’s writings. Less well known amongst English-language readers, yet of great relevance in this regard, is Christian Marazzi’s work on the place of language in contemporary production, collective identity and conflict.67

If the threads of autonomist Marxism had become even more diffuse by the nineties, there were nonetheless some fora which served as points of encounter. Without question, the most successful of these was the journal *Derive Approdi*, which, for much of its existence, was an important crossroads for encounters between different viewpoints from the many strands stemming from operaismo – and the place of a certain contamination and dialogue between them and other experiences. In its final issues, *Derive Approdi* extended its gaze beyond Italy, to examine social conflicts across the globe in the wake of the ‘movement of movements’.68 For its part, the journal *Altreragioni* challenged restorationist and revisionist sentiments within historiography, while devoting much space to discussions of war and migration, as well as new work régimes and the struggles they inspired.

In their account of operaismo, Borio, Pozzi and Roggero argue that, at its peak, the tendency established a mechanism through which the ideas of a small band of theorists were transmitted, via a diffuse layer of cadres, to a

67. See Marazzi 1994, Marazzi 2002. A section of the first text can be found in Henninger, Meccchia and Murphy (eds.) 2007.
68. Derive Approdi is now a publishing house printing and reprinting a rich catalogue of operaista, post-operaista and other texts.
broad mass movement. Whatever the accuracy of their assertions, no one could seriously advance such claims about the relationship between the theoretical strands of Italian autonomist Marxism and the movements that have emerged since the eighties. All the same, certain linkages can sometimes be traced, especially since the nineties. But while the differences amongst certain autonomist-Marxist frameworks during the nineties paralleled in part differences within the revived Italian movement itself, anyone with personal experience of such matters can say how imperfect such resonances could sometimes be. To take one example: by the mid-nineties, a growing affinity could be detected between Antonio Negri and the political formation descended from the dominant autonomist faction in the Veneto twenty years before. On one fundamental level, however, that of self-defined political identity, important contrasts could still be seen, with Negri continuing to claim the mantle of communism, while the circles around Radio Sherwood and the ‘rete autonoma del nord-est’ explicitly abandoned that label.

Finally, it must not be thought that many of the connections being established or re-established after 1979 were only the work of threads emanating from the central trunk of operaismo. In the eighties, Collegamenti translated materials not only from Wildcat in Germany, but also Processed World in the US. Alongside the importance it assigned to struggles in Africa, Midnight Notes on the East Coast expressed an early interest in the Swiss autonomist movement, while the book Bolo’Bolo, by a Swiss editor of the journal, found a certain resonance with Processed World on the West Coast. And, in Britain, one of the most consistent interlocutors with operaismo and its aftermath has been the editorial collective of Aufheben, a journal whose sensibilities are informed by left communism as much as anything else.

Wrapping things up for now

My answer is, ‘it depends’…

I would like to end on a provocative note: first with some thoughts about the varying understandings of a few other key terms and texts, then with some comments taken from the interviews carried out for Futuro Anteriore. There

69. In terms of the first groups, Borio, Pozzi and Roggero speak of ‘that restricted number of subjects with an effective autonomy of research and capacity for political proposition’ (2002, p. 40). Elsewhere Borio has spoken more bluntly of ‘a few people who could be counted on the fingers of one hand’. See Cuccomarino et al. 2002.

are a number of points of references that, whatever the passage of years, remain as crucial markers for understanding what has happened in so-called autonomist Marxism since 1979. Let us start with Marx’s ‘Fragment on Machines’, which first made its appearance in Italian in the pages of Quaderni Rossi. Here, it is hard to resist saying the following: ‘Tell me your views on the “Fragment on Machines”, and I’ll tell you your views on everything else’. Many readers will have encountered some or other post-operaista treatment of this text – perhaps that provided by Paolo Virno, which dovetails with his reading of Marx’s category ‘communism of capital’71 – and can discern easily enough the political consequences that stem from those interpretations. But there are other, lesser-known readings that also deserve consideration. Some may also be aware of Alquati’s continued insistence that the key consequence of Marx’s line of argument in this section of the Grundrisse is that capital cannot escape socially-necessary labour-time’s function at the heart of its own valorisation.72 But what can we make of his assertion, back in 1977, that follows?

Above all Marx is not speaking here of the future, but of the capitalist system of his time, of the factory as it already functioned then. He is not speaking in fact of the end of capitalist valorisation, but of a passage within the real subsumption of the textile industry towards the middle of the nineteenth century.73

Another theme worthy of exploration is the borrowing from other social theories by strands emerging from the wreckage of operaismo. Some of this ground has been well-covered, particularly in terms of engagement with French theory (but how many commentators reach back before 1979 to examine in detail the French connection to ‘Mao-dadaism’ in Bologna?).74 Other terrain is less well-known. For example: how did the category of post-Fordism become a fundamental explanatory device for so many of the ex-workerist strands after 1979? Unlike the debate within the English-speaking Left (much of it in the academy, especially in and around the world of radical geography),75 where those who adopted this term as a useful explanatory tool often saw post-Fordism as a positive development for workers, former workerists in Europe have tended both to embrace the category while imbuing

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73. Alquati 1977, p. 45. For a critique of Negri’s abandonment of the category socially-necessary labour-time as a means of understanding contemporary capitalism, see Henninger 2007.
74. For two exceptions to this lack, see Morris 1978 and Mecchia 2006.
75. See the essays collected in Amin (ed.) 2001.
it with largely negative connotations. Only Ferruccio Gambino, to my knowledge, has explicitly rejected the term as ‘a rather blunt instrument’. Thus, where others see the ‘smooth world’ of Empire, he sees a growing regionalisation of capitalist blocs within which a diversity of strategies are deployed to secure the subordination of ‘the labour factor’:

not the transition to a post-Fordist model, but a continuous recombination of old and new elements of domination in order to decompose labour power politically within a newly flexibilised system of production.

This notion of ‘a continuous recombination of old and new elements of domination’ is echoed in the work of an associate of Gambino, Massimiliano Tomba, who has sought to de-historicise and subject to critique the reading of formal and real subsumption that post-operaismo has developed from earlier workerist debates around Marx’s critique of political economy.

That so much remains in contention concerning operaismo’s legacy is thrown into relief by three brief fragments from the Futuro Anteriore interviews. The first observation belongs to Mario Dalmaviva, one of the many participants in the operaista adventure who deserves to be better known outside Italy, and who characterised the state of play back in February 2001 in these terms:

In my opinion there was a great social revolution in Italy. It didn’t become a political revolution as we had wanted, and yet it happened, and it prompted a ferocious reaction from the other side [controparte] that’s continued up until the present day. They won, but not only don’t they know where they’re going, they don’t even know where they are. The problem is that we don’t know either.

76. See Wright 2007, for a brief discussion of affinities and dissonances amongst ex-operaisti when addressing the theme of post-Fordism. Tajani and Roggero 2005 have provided a very useful summary of what, in the post-operaista debate, is seen as the key features of the transition to post-Fordism: 1) ‘the passage from a productive system based upon large vertically integrated production units to a territorially diffuse system of production, with reticulately articulated small units’; 2) ‘the growing weight of formally self-employed and independent labour, with the accentuation of various forms of flexibility, parallel to the progressive reduction of employed labour and growing casualisation of jobs’; 3) ‘the more general tendency towards the multiplication of employment regimes, even within situations of analogous work or equivalent job roles’; 4) ‘the increased requirement in the production process (including within large factories) for cognitive, relational, linguistic, communicative and other faculties (including those called “immaterial”); 5) ‘the refurbished importance of the IT revolution, as instrument and paradigm of networked production’; 6) ‘the structural permanence of quotients of employed labour deployed in the lowliest, most degrading jobs, often undertaken by male and female migrant workers in particularly oppressive conditions’ (pp. 153–4).

77. Gambino 1996.


The second comment is from Alisa Del Re, one of the few female voices within what has always been a largely male enterprise, and whose interview for *Futuro Anteriore* is the first so far to be published in English. A workerist feminist whose political and theoretical work charted its own distinctive course from the seventies, Del Re was also amongst those imprisoned as part of the notorious ‘7 April case’. Looking back over the past twenty-five years or so, she has this to say:

Today, when I hear of the feminisation of labour, affective labour or immaterial labour, I laugh: it feels like they are joking because we used to say these things every day in the ’70s, when we imagined that there is a form of labour that is neither accountable nor measured and yet is what makes us reproduce the labour-power and allows for material production to take place, something without which material production is impossible. The fact that, when it was emerging, the movement never made these issues its own allowed the capitalist productive structure a great advantage that we are now chasing after, because all current debates on immaterial labour and, I insist, affectivity (Toni calls it precisely that, as well as ‘affection’) in production, are things that capital has already made operative. In this there is another issue that women have long debated and that in my view could correct from a theoretical standpoint this analysis of immaterial production: this is the issue of the body. This is not to say: ‘we have a body that we have to take care of because we have to be healthy, we are not happy with our body and so on’. Capital has already talked about this. Our argument is rather that production is certainly immaterial, but this cannot come into reality independently of bodies.

The final words go to Paolo Virno. Reflecting upon the early nineties, when *Luogo Comune* and *Futur antérieur* developed different, yet in part complementary, social analyses – analyses dissected with typical aplomb by Ferrari Bravo – Virno identified certain important limits within some variants of the early *post-operaista* project.

Its attention was always directed more to understanding, for better or worse, some guiding lights, rather than truly facing up to the processes of class recomposition, with their ambiguity and character which, far from given, was often blocked.

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80. Of the 58 individuals interviewed for *Futuro Anteriore*, five were women – probably a reasonable reflection of gender balance within *operaismo’s* history (although it must be said that not all of those interviewed, male or female, considered themselves to have been *operaisti*).
82. See Ferrari Bravo 2001.
In a subsequent discussion with the authors of *Futuro Anteriore*, Virno suggests that, since Seattle, there has been a growing ‘representation and self-identification’ of those layers of social labour-power closest to the movements against global capital: ‘mass intellectual labour, linguistic labour, precarious labour’, albeit often in an ‘ethical-symbolic’ sense. Noting that such layers have ‘exploded’ the chain of class figures traditionally identified by *operaismo* (professional worker, mass worker etc.), he draws us back to one of the most interesting questions of the whole workerist tradition, even if it is rarely thematised as such: the form of struggle was the lynchpin [*soglia*] connecting the class’s technical composition and political composition, it lies at the heart of the various theories of organization. So the problem is how the movement can turn to the terrain of the relations of production and therefore how – on the level of migrations, of intellectual property, of the social working day – it can damage and bring down the adversary.84

The book *Empire* famously presents the contemporary world system as one in which power is decentred – an assertion that has, of late, been subjected to increased questioning.85 Whatever the truth of the matter, the time has come to examine critically the various threads stemming from *operaismo* in a similarly decentred way. Above all, this will mean judging each on its own merits as a contribution to comprehending contemporary global power relations as a whole – not simply those entailing ‘some guiding lights’ – and so in terms of how each such thread can best contribute to the collective project of ‘damag[ing] and bringing down the adversary’.

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A Titanic Phenomenon: 
Marxism, History and Biblical Society

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Abstract
Marxist contributions to biblical criticism are far more sustained and complex than many would expect. This critical survey of the state of play, with a look back at the main currents that have led to that state, deals with Marxist contributions to the reconstructions of biblical societies and the interpretation of the literature produced by those societies. It begins by outlining the major Marxist positions within current biblical criticism and then moves on to consider two possible sources of further insight from outside biblical criticism: Western-Marxist studies of the ancient world (Karl Kautsky, Perry Anderson and G.E.M. de Ste. Croix) and the long and neglected tradition of Soviet-era Russian work on the ancient Near East. I conclude by pointing to a number of lingering problems: the unreliability of the literature for historical purposes; the lack of fit between juridical distinctions in the literature and class distinctions in the ancient world; the question as to whether the state can be a class; and the viability of imposing on the ancient world Marxist categories developed in very different situations.

Keywords
Bible, ancient societies, Marxist interpretations, Soviet studies of the ancient Near East

Introduction

Whatever one's position may be with respect to Christianity, it certainly must be recognised as one of the most titanic phenomena in all human history…. Anything that helps us to understand this colossal phenomenon, including the study of its origin, is of great and immediate practical significance, even though it takes us back thousands of years.1

The Bible has had a perpetual allure for Marxists of various stripes, from philosophers and literary critics through to historians and archaeologists. I have dealt with the philosophers and sundry theorists in an earlier essay in this

1. Kautsky 1953, no pagination. (Original at Kautsky 1908, p. 1.)
journal, but now my attention shifts to the latter group. This influence has not been a one-way street; along with Marxist interest in the reconstruction of biblical societies, biblical critics themselves have made use of Marxist categories for their work of historical reconstruction. Indeed, I would suggest that the present situation for Marxist biblical critics is better than it has been for a long time.

This study is a survey and critique of current debate. In what follows I map out the current situation in the reconstruction of Ancient Israel and early Christianity by biblical critics using Marxist themes. As will become clear, there are many points where the possibilities of such analysis remain unrealised. I then pass over to consider the potential contributions from Marxist studies – largely neglected in biblical studies – of the Ancient Near East (ANE) and the Hellenistic world, from those of Kautsky through G.E.M. de Ste. Croix to a completely neglected area (at least in Western biblical scholarship): seventy years of Russian work on the ANE during the Soviet period.

**Current Marxist biblical criticism**

Most of the work in Marxist biblical studies relates to the Hebrew Bible (or Old Testament), although there has been some good work in this direction by New-Testament critics. The anchor of these discussions remains the question of mode of production, particularly concerning the viability of the Asiatic Mode of Production (AMP) or a number of suggested replacements, mutations, or indeed completely new modes of production. The founding figure here is Norman Gottwald, with his magisterial *The Tribes of Yahweh*, originally published in 1979.

However, before launching into Gottwald’s work and at the risk of covering ground already known to readers of this journal, let me provide a brief outline of the AMP that biblical scholars tend to assume. The basic means of production involved the various techniques associated with widespread hand-tooled agriculture and domesticated animals. Any new developments in technology were directed towards agriculture – improved quality of implement metal, or irrigation, and so on. The relations of production involved a multitude of small landholders, mostly in villages who paid tribute to various layers of a significant bureaucracy, at a local, ‘national’, and imperial level. At the top of the bureaucracy was the imperial centre – Babylon, Egypt, Assur,

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3. Ultimately, it will lead to reconstruction of what I call the ‘sacred economy’ of ancient Israel and the Ancient Near East. But that is another task.
etc. – where the tribute was lavished upon a standing army (used to ensure the regular payment of tribute and to increase the empire), buildings of imperial government and religion, and the officials required to keep the system running. Politically, the concentration and reorganisation of power necessary for the formation of a state followed remarkably similar patterns: the gradual differentiation of wealth and power and their concentration in certain individuals, usually called chieftains, and then the elevation of such chieftains into kings of various types as the state became more complex and established. The states of the ANE did not, for instance, operate by means of oligarchies or citizen assemblies (as in Greece) or a senate (as in Rome): rather, the ruler was in some sense related to a god or the gods, whether actually divine, as in Egypt, or the ‘son’ of the gods, as in Israel. A number of states existed at any one time, some weaker and some stronger, but all of them driven by the logic of the system to expand at one’s neighbour’s expense. Thus, the smaller states such as Moab, Ammon, Phoenicia, or Judah merely struggled to replicate the patterns of the larger imperial states. Culturally and ideologically, religion or the sacred was the central language for expressing political, philosophical, juridical, and political control (though it is a little anachronistic to put it this way). The production of space in the AMP depended upon the layering of tribute payments enforced upon the peasants: there were very few centres of bureaucracy (the ancient ‘cities’) towards which all tribute was directed, these spaces were in turn subservient to a larger centre, of which the smaller centres seem like various points on the spokes of a wheel. Spatial practice was then focused upon the flow towards and away from the centres, and this movement was inextricably tied up with the religious centralisation in the places of power and their status as the destination of tribute. Domestic space was then ordered in terms of the need to maintain such a system, while the family unit was a much larger entity, focused on ensuring that enough was produced to survive and pay tribute. This familial situation necessitated having as many children as possible, with the presence of multiple generations, all co-existing in basic four-roomed dwellings (including cohabitation with animals), resulting in a life-span that generally did not get one much past the early thirties.

Back to Gottwald: in light of criticism of the AMP outside biblical studies, he redefined the AMP as ‘tributary’, a mode of production for which the production of surplus took place by means of the exaction of tribute, in produce, labour or money, through a complex chain that began with over-taxed peasants, worked its way through local tax collectors to the immediate government (for example, in Jerusalem), which then passed it on to the imperial coffers (for instance, Babylon). For Gottwald, this tributary mode of production was the status quo of the Canaanite city-states that pre-dated Israel. These
states were oppressive in their economic structure and hierarchical in their social and political structures. Rebell ing against the tributary mode, and making use of new iron implements, lime plaster lining of cisterns and terracing, the society of early ‘Israel’ established in the thirteenth century BCE a very different mode of production that Gottwald named ‘communitarian’. It was co-operative, egalitarian and dispensed with an oppressive bureaucracy. Early Israel was then a motley collection of disaffected peasants who, after the depredations of epidemics and warfare of the Late Bronze Age, formed a revolutionary society based on a new mode of production.4

The key for Gottwald is not the reworking of the AMP, but his proposed communitarian mode, which has had a remarkable resilience in biblical studies. For Gottwald, however, the story does not stop with early Israel: even though the tributary mode returned with the monarchy of Saul and then David (roughly at the beginning of the first millennium BCE), Gottwald finds the communitarian mode at various points in Israel’s history, especially with the prophets and occasional protest movements. Above all, it comes back with a vengeance in the movement around Jesus, setting the communitarian mode against both the remnants of the tributary mode and newly imposed slave-based mode of production that came in with the Romans.5 Gottwald also finds it in the Jewish practices of communal co-operation, especially with the reconstruction of Judaism by the Pharisees after the two revolts against Rome (67–74 CE and 132–5 CE).

What is fascinating about Gottwald’s reconstruction is what the communitarian mode itself involves. I have subjected this to critique at length elsewhere,6 but there are two points worth raising. First, Gottwald has combined the conventional Marxist categories of tribal society, neolithic agriculture and primitive communism in his ‘communitarian’ mode of production. Secondly, there remains an implicit ethical, if not theological agenda in this work, for Gottwald seeks a model of communal living that will inspire us today – that he finds this with early Israel, the prophets and Jesus is enough to alert us to such an agenda.

The basic structure of Gottwald’s argument concerning modes of production has remained largely in place in biblical studies. His proposed revolutionary origin to Israel remains a great moment in biblical scholarship, but it has not fared so well in subsequent debates.7 Let me give four examples of recent work

5. As we will see, Anderson opposes such a view, arguing that the Romans merely exploited the existing system.
7. Although Jorge Pixley assumes Gottwald’s reconstruction for a reading informed by
that assumes and refines Gottwald’s theory, specifically in regard to modes of production: that of Carol Meyers; Gale Yee; David Jobling; and Ron Simkins. A feature of considerable debate was Gottwald’s assertion that the early communitarian Israel was egalitarian, particularly with regard to women. He later backed down, suggesting that the situation was more favourable for women than the tributary mode of production. Both Carol Meyers and Gale Yee focused on this dimension of Gottwald’s argument and have argued for a new term – the familial or household mode of production, a term that both replaces the communitarian mode and seeks to recognise the role of women in the economy.

The primary source of the familial or household mode of production is Marshall Sahlins. It was Carol Meyers, in her influential *Discovering Eve*, who brought it into biblical studies. Yet it is a curious reference, for Meyers refers just once to Sahlins’s *Tribesmen*, and not to the text in which he discusses the term at length, *Stone Age Economics*. (Sahlins introduces the term with no reference to Marxist debates). From this slender beginning, the household or domestic mode of production has become orthodoxy. It means, for Meyers, that the household (Hebrew *bet-av*), was the primary unit of economic and social production. Meyers takes up other elements from Gottwald and bases them in her field of expertise, archaeology, for the purpose of discerning the situation for women in early Israel. She argues that in the new highland society of early Israel the participation of women was much greater than at first appears, for the people vowed ‘en masse to establish an alternative and egalitarian society, answerable only to their god Yahweh and not to any human master’.

What I find lamentable about Meyers’s work is that it eschews any reference to Marxism. Sidelining Gottwald’s explicit Marxism, she builds her argument on Gottwald’s meticulously laid foundations. I have argued elsewhere that Meyers’s reconstruction is much closer to primitive communism than even Gottwald’s. Meyers shares this with at least two others, Gale Yee and David Jobling. In her recent *Poor Banished Children of Eve*, Gale Yee brings Gottwald

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and Meyers into contact with Marxist feminism. She agrees with Meyers concerning the nature of the domestic (or familial) mode of production. Further, she accepts Gottwald’s argument for an initial tributary mode of production out of which early Israel emerged (around 1250 BCE), only to slip back into a tributary mode under the monarchy that developed about two centuries later. Yee’s focus, however, is the effect on women. Under the familial mode, the family kin group was the basic socioeconomic unit. With the reimposition of the tributary mode under the monarchy, such kin groups took loyalties away from the king. So we find efforts to break down these kin groups, or extended family units, by controlling the sexual behaviour of women. This happens with the favouring of nuclear families over extended families, for smaller units are easier to bring under royal power. Apart from taking up Gottwald’s argument concerning the self-sufficient and mutually supporting nature of tribal Israel, Yee’s reconstruction of the familial or household mode of production involves fierce loyalty to the father’s tribe, strong resistance to efforts to break down such social organisation and the overarching role of the paterfamilias.

David Jobling, like Meyers and Yee, favours the domestic mode of production. He seeks to patch Meyers’s work into a more explicitly Marxist framework: the depiction of the primacy of the household in early Israel, the dominance of domestic buildings and the absence of fortifications, and the division of labour according to gender (women grow and cook food, make textiles, socialise and educate children, whereas men clear forests, cut cisterns and build terraces) – all of these are elements of the domestic mode of production. This he links with Yee’s focus on the tensions between different models of domestic space, but Jobling argues that here we do not have nuclear and extended families, but patrilocal and matrilocal systems of marriage. Here, he picks up Mieke Bal’s reworking of these as virilocal (from a woman’s perspective, the woman leaves her household to live in the man’s) and patrilocal (the man leaves his household to live in the household of the woman’s father). Not only do these two marriage systems generate many of the narrative tensions we find in the Hebrew Bible, but they are also the signs of ruptures between the domestic and tributary modes of production. In other words, while virilocal marriage is characteristic of the tributary mode of production in the era of kingship, the preferred domestic mode operates within a patrilocal system. The problem is that it is not necessary to connect patrilocal marriage with a domestic mode of

production and virilocal marriage with a tributary mode of production. If we accept the division, then there is no reason why both types of family could not have existed side by side in the proposed domestic mode of production.

At least Jobling seeks more precision than Yee’s problematic distinction between nuclear and extended families, although he later gives way and uses precisely these terms. I am uneasy about the model of a nuclear family in the Hebrew Bible: apart from the anachronism of the nuclear family retrofitted into ancient Israel, the complex family structures that even someone like Lewis Henry Morgan identified are simplified into two terms that obscure such complexity. Yet, the extended-nuclear division is favoured by one other Marxist critic, Ron Simkins, who uses it as part of another modification of Gottwald’s distinction between tributary and communitarian modes of production. For Simkins, these become the clientalistic (nuclear-family) and domestic (extended-family) modes of production, the latter obviously drawn from the work of Meyers, Yee and Jobling. According to Simkins, the components of the domestic mode ‘have been extensively documented for early Israel’, but any notion of a more just social system has disappeared. Simkins astutely argues that the ideology of egalitarianism exhibited in the texts is actually an attempt to ameliorate the everyday experience of economic and social inequality.

In order to deal with the domestic mode of production’s failure to cope with such inequality, the patron-client mode – a reworking of Gottwald’s tributary mode – comes in to replace it under the Israelite kingship.

Patronage is a system of social relations rooted in an unequal distribution of power and goods, and expressed socially through a generalized exchange of different types of resources. The structure of these relations is hierarchical. Patrons are those who have access to goods and the centers of power, whereas clients are in need of such access.

This basic dyadic relation accounts, argues Simkins, for economic exchange, ideologies of reciprocity and societal structures (élite and peasants, king and people, Yahweh and the state), as well as unequal social relations in which the

18. Simkins 1999a, p. 132. See also Simkins 1999b.
19. Simkins’s criticisms are borrowed from those disillusioned Althusserians, Hindess and Hirst (1975) against the AMP. The criticisms are threefold: tribute is not a unique mode of surplus extraction; there is an absence of class tensions necessary for the formation of the state; the existence of private property rather than property held in common.
client relied on the patron for access to the means of production. Ideologically, such hierarchical relations are expressed in terms of reciprocity – the patron or ‘father’ provides for and protects his ‘sons’ or ‘servants’ and they in turn provide him with services. However, it seems to me that Simkins’s proposal functions very well as one element in a larger social formation, but it is not enough to form a mode of production in its own.

As is probably clear by now, the debates within Marxist biblical studies have become a little complex, so let me summarise the situation with table 1.

### Table 1: Modes of Production and Family Structures in Early Israel

<table>
<thead>
<tr>
<th></th>
<th>MP of early Israel</th>
<th>MP under kingship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gottwald</td>
<td>communitarian</td>
<td>tributary</td>
</tr>
<tr>
<td>Meyers</td>
<td>household/familial</td>
<td>–</td>
</tr>
<tr>
<td>Yee</td>
<td>domestic (extended family)</td>
<td>(nuclear family)</td>
</tr>
<tr>
<td>Jobling</td>
<td>domestic (patrilocal family)</td>
<td>tributary (virilocal family)</td>
</tr>
<tr>
<td>Simkins</td>
<td>domestic (extended family)</td>
<td>clientelistic (nuclear family)</td>
</tr>
</tbody>
</table>

At one level, we can only celebrate these discussions in studies of the Hebrew Bible, at least since the publication of Gottwald’s *Tribes of Yahweh*. Apart from laying the groundwork for subsequent research, this work is valuable because it is open to specific concerns about the ANE, and because it attempts to deal with tensions in literary texts by connecting them with social and economic conflicts. To my mind, we avoid the second approach at our peril, although there is a catch to which I will return in a moment. As for the first, rather than applying Marxist categories as a template onto any period, we need a healthy mix of heuristic models and the need to develop categories that arise from the information available. My sense with this research is that it does not go far enough, that it still relies on certain categories – surplus-value, mode of production etc. – that may be open to question in a situation very different from capitalism.

My criticisms of this work can at least take place within a debate, rather than having to set up the debate itself. The three great problems with the work are: the relics of the notion of primitive communism (except for Simkins); the approach to the theory of modes of production; and the replication of the ‘modes-of-production’ controversy, now within biblical studies.
Firstly, the argument that social relations were in some way more equal, especially for women, may be traced back to J.J. Bachofen and Lewis Henry Morgan. David Jobling provides the link, via the important but wayward Wittfogel.

Two quotations from Jobling show the connection. One comes from 1991:

Based mainly on study of early Chinese society, Wittfogel correlates the shift from primitive commune to the Asiatic mode with shifts (1) from mother- to father-right (a ‘patriarchal system of kinship’), (2) from extensive (female-dominated) to intensive (male-dominated) agriculture, and (3) from communal to individual ownership.

Later, Jobling modifies this slightly, but now without reference to Wittfogel.

The slippages are revealing, especially the replacement of primitive communism in the first quotation by a ‘more egalitarian’ (that is, the domestic) mode of production in the second. For all his protestations, Jobling provides the connection to primitive communism that lies behind the domestic/household/familial mode of production.

The second concern is that such work has an ethical if not theological loading. The search for an original situation – be that early Israel or the Jesus movement – that becomes a model for us now is really the search for an ideal paradigm. This agenda is explicit in Gottwald’s communitarian mode of production, but we find traces in the work of Meyers, Yee and Jobling as well. While the motivation is to produce a politically more desirable narrative to the dominant theological ones presented by churches, it can also be a forlorn search.

The third problem – a biblical modes-of-production controversy – I will approach through the New Testament. Compared to the energy devoted to the Hebrew Bible, Marxist work on the New Testament is more sporadic. The

debate turns on how much the AMP resisted the incursions of Hellenism and the slave-based mode of production. Gottwald argues that his communitarian mode of production returned whenever efforts at liberation came to the fore – the circle around Jesus as well as Pharisaic communities after the destruction of the temple (70 CE). It did so in opposition to the vestiges of the tributary and then ancient or slave-based modes of production. More recently, New Testament studies have been dominated by postcolonial criticism and the ways the New Testament responds to the Roman Empire. While this has led to a deeper understanding the context of the New Testament, especially in terms of strategies of subversion, it has also sidelined earlier Marxist concerns.

So we need to go back to a work that made a splash when it was first published in French in 1974 and was part of the initial excitement over liberation theologies that emerged out of the turbulent 60s – Fernando Belo’s *A Materialist Reading of the Gospel of Mark*. Most of the book offers a semiotic reading inspired by Roland Barthes, along with doses of Marx, Lacan, Bataille and Althusser. When it comes to reconstruction, Belo relies entirely on Georges Dhoquois’s *Pour l'histoire: Essai d'histoire matérialiste comparative*. Here is trouble, for Dhoquois multiplies modes of production in a fashion comparable to Hebrew Bible scholars. We get the Asiatic, sub-Asiatic, para-Asiatic and Asiatic-feudalist modes of production, along with slavery and European feudalist modes of production – all of which fall into that famous catch-all ‘pre-capitalist economic formations’. Belo opts for the sub-Asiatic mode of production for New Testament Palestine: while the state leaves the operation of the local economy alone, it interferes at the level of relations of production by appropriating surplus and attempting to control exchange in order to ensure such appropriation.

Belo’s reconstruction is no great advance, but his reliance on Dhoquois does direct us to the third problem with Marxist biblical studies – the generation of ever-new modes of production. Biblical studies seem to be replicating the ‘modes-of-production controversy’ of the 1970s. The issue in this debate was the relationship between ‘developed’ and ‘undeveloped’ societies: did developed economies – that is, indigenous capitalist ones – rely on undeveloped or Third-World economies within which capitalism was a foreign body?

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26. One may detect in this the influence of the work of Hardt and Negri (Hardt and Negri 2000; Hardt and Negri 2003).
Two items from this debate are relevant. Firstly, the category of class devolves all too readily into the relations of power. ‘When class is reduced to its power dimension then every time inequalities of power are identified someone inevitably announces the discovery of a “new” mode of production’. This tendency shows up clearly in Simkins’s analysis, where inequalities of the domestic mode of production lead to the clientelistic mode, but it undermines the work of Meyers, Jobling and Yee as well.

The second problem has the same outcome: the question of articulation between modes of production generates a series of mediating modes of production. Just as we find in the modes-of-production controversy proto-colonial, colonial, post-colonial, peasant, patriarchal-subsistence, subsistence, simple commodity mode, and so on, in biblical studies we find Asiatic, sub-Asiatic, tributarian, clientelistic, communitarian and domestic/household modes of production. In the end, we have the same problem: in the words of Foster-Carter, ‘each Andean valley has its own mode of production, and individuals may change them two or three times a week like underwear’. Either we have the devil of an all-embracing mode of production or the deep blue sea of endless sub-species of modes of production.

**Potential contributions from Marxist criticism**

This debate is engaging, encouraging even, but it falls short. A major reason is the selective engagement with the available Marxist literature. So, in this section, I deal with some key works that have not influenced biblical studies.

**Western Marxism**

In what follows, I pursue two lines of research that follow the age-old divide of East and West – at least as far as Europe is concerned. In the West, we find a sporadic collection of studies that provide a piecemeal picture of the ancient world, although this is the classical world of Greece and Rome rather than the ANE. In the East, there is a far more consistent tradition of reflection on both realms of the ancient world.

From the West I choose three studies: those of Karl Kautsky, Perry Anderson, and G.E.M. de Ste. Croix. Kautsky’s *Foundations of Christianity* is one of the few full-length books written by Marxists on the Bible. Kautsky’s book is an

35. Kautsky 1908; Kautsky 1953. All English quotations in the text are from the 1953
ambitious and a curiously structured book, for it begins with the person of Jesus, reconstructs his context within the slave mode of production of the Roman Empire, and then tracks backwards to offer a history that runs from the origins of Israel through to the early Christian movement. I am not so interested in how Kautsky’s somewhat verbose book falls short: his heavy reliance on the biblical text, especially when he begins by saying it is unreliable; or his argument that mercantilism profoundly affected Israel’s thought, nationalism and sacred text, as well as being the basis for anti-Semitism; or the conspiracy theory concerning the role of the Church in editing and canonising the Bible; or, indeed, his tendency to moralise regarding wealth and its attendant decadence. Rather, there is much that pays a rethink.

Occasionally there are insights that seem to come out of current debates in biblical criticism. ‘It is impossible to outline a picture of ancient Israel with any certainty, given the scarcity and the unreliability of the sources that have come down to us’.\(^{36}\) I am not sure whether Kautsky anticipates the increased scepticism of recent work, or whether biblical criticism has hardly changed in a century. In his favour, Kautsky is quite comfortable with the biblical criticism of the time – indeed his book was a contribution to that field. I would add a point often forgotten: while the Bible does not provide history per se, we do get a cultural sense of the time – belief systems, hopes, fears and aspiration – and Kautsky searches some of these elements out, such as insecurity, credulity, untruthfulness, humaneness, internationalism, piety, monotheism, all as a setting for Christianity.

However, the real achievement of Kautsky’s book is the attempt at an economic and political reconstruction of both Israel and early Christianity, more for the questions than answers. Although Engels made the initial foray into the New Testament with ‘On the History of Early Christianity’,\(^{37}\) Kautsky lays down the challenge with the first book-length study. It is, however, an unfinished project, of which three questions are the most important: the narrative of differentiation; the question of transitions between modes of production; and early Christian communism.

On four occasions, Kautsky makes use of the narrative of differentiation, once with regard to Rome and then ancient Israel, and then when tracing the dissolution of Christian communism in both the early communities and monasteries.\(^{38}\) The narrative moves from a given un-differentiated state to one of

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38. Kautsky 1953; Kautsky 1908, pp. 26–9, 219–22. We find a similar narrative in his
differentiation. With differentiation comes the division of labour, exploitation and class. With regard to Rome, it goes like this: under certain conditions (soil fertility, rainfall, trade or booty), especially for agricultural societies, differentiation of wealth and power sets in and is concentrated in the hands of certain individuals. As a difference between exploiters and exploited, such economic differentiation is the beginning of class, in which a certain group is disconnected from the production of essential items for survival such as food and clothing. This class then relies on those who do produce these essentials and must extract it from them by coercion or persuasion or some mix of the two. With more and more people removed from production as exploiters, a labour shortage arises: there is simply not enough manpower to till the soil in a primarily agricultural economy. The first full mode of production arises from such labour shortage, and the resolution is slavery. In the case of Greece and Rome, the response was to resort to conquest in order to find more people to put to work as slaves. The result: a slave-based mode of production in which surplus was extracted from slaves.

With ancient Israel, the beginnings may be different, but the result is largely the same. Kautsky buys into the biblical picture that the early Israelites were desert nomads, accepting the theory that they were probably Bedouin tribes (a theory discredited now in favour of an autochthonous origin in Palestine). Such a life on the move was relatively undifferentiated. However, when these nomads settled in Canaan, they became agriculturalists. From here, differentiation sets in, with some gaining wealth on the land at the expense of others. Wealthy landowners began appropriating more and more land, which they then rented out to landless peasants. When these peasants failed to meet the exorbitant debt requirements, they were driven to the position of debt-slaves to the landowners. From here, a slave-based mode of production was inevitable. In short, although the actual mechanism was slightly different, producing chattel-slaves in Greece and Rome and debt-slaves in Israel, the overall narrative of differentiation is largely the same. The result is the same as well, namely a slave-based mode of production. Curiously, given Kautsky’s branding as a deviationist in the Soviet Union, and despite its divergence from Marx’s Asiatic mode of production, this slave hypothesis would dominate Soviet studies of the ANE for some three decades from the 1930s.

Kautsky also raises that old problem of transition between modes of production, particularly from slavery to feudalism. Again, the question is more interesting than the answer: the inherent decadence and technical backwardness of slavery (the second point he derives from Marx, the first from discussions of Christian communism and the monasteries; see Kautsky 1953; Kautsky 1908, pp. 441–50, 481–93.

Gibbon) led to the decline and collapse of the slave mode of production. Already embodied in the *colonus*, a sort of tenant farmer, feudalism emerged as an answer to the bankruptcy of slavery and the depredations of the barbarian invasions. However, it is on this point of tension and transition that Kautsky unwittingly provides an insight. Towards the end of his book, he covers some standard ground regarding the various groups in Judaea at the time of the early Christians – Pharisees, Sadducees, Zealots, Essenes – and then we find reference to ‘the spectacle of woe and blood that constitutes the history of Judea in the epoch of Christ’. Rather than a response to oppression (Kautsky’s argument), I suggest that here we have some of the signs of tension between two very different modes of production, specifically between what I would like to call the sacred economy of the ANE and slave-based mode of the Romans.

However, Kautsky is most remembered for his claim that the early Christian community, as reflected in the Acts of the Apostles (2: 42–5; 4: 32–5), was a communist one. Proletarian and militant, it was an urban mediation between the Zealots who lacked organisation and the communist Essenes who escaped to the countryside. For Kautsky, this explains the early Christian class hatred for the rich (something that Ste. Croix will pick up), but without an agricultural base it remained a communism of consumption rather than production. It also explains the extraordinary success of Christianity, for only a ‘communistic mutual aid society’ would have enough impetus to move beyond the death of its founder. Kautsky was not the only one to approach the issue this way, for, at the same moment, Rosa Luxemburg in her *Socialism and the Churches* takes a similar line. Although neither cites the other, their arguments move in the same direction, from a communism of consumption to the loss of this early impulse in the institution of the Church. This theme will not disappear, although I am not taken with it: Gottwald picks it up in a different way with his communitarian mode of production that re-emerges with the Jesus movement. But it is worth noting that the debate over Jesus as a political revolutionary – Kautsky engages with precisely this question with an unnamed theologian ‘A. K.’ – was already an issue a century ago. Political and liberation theologians did not need to reinvent it.

Of the two more recent works of Western Marxism, Perry Anderson’s *Passages from Antiquity to Feudalism* provides an incisive overview that is filled out by G.E.M. de Ste. Croix’s comprehensive *The Class Struggle in the Ancient

40. See Boer 2007c.
41. Kautsky 1953; Kautsky 1908, p. 403.
42. Luxemburg 1972; Luxemburg 1982. For a more detailed discussion of both Kautsky and Luxemburg, see Boer forthcoming.
Both are far from the flat-footed and turgid style of so much academic work: reading them is simply a pleasure. Although relevant for the New Testament and early Christianity, Anderson and Ste. Croix have barely been noticed by these disciplines. Anderson's concern is a staple: the tension between and transition from one mode of production to another, from the ancient or slave-based mode of production to feudalism. Anderson tracks feudalism's emergence from the intersections between Roman slavery and a Germanic primitive communal mode of production in which the Roman *servus* becomes, via the *colonus* or dependant peasant tenant, the feudal serf. Yet these relations of production are part of a more fundamental shift in the mode of production in which the extraction of surplus moves from the vital role of the ubiquitous slaves (only slaves in fact 'worked') to that of the serfs, indentured to the lord but no longer 'owned' by him.

For biblical studies, the relevant sections of Anderson's work concern Greece and Rome. While he stresses the dominance of the *polis*, whose wealth was predicated on agriculture and the coastal character of this world, slave labour as the predominant form of surplus extraction is 'the decisive invention of the Graeco-Roman world'. This set up a dyadic system in which new notions of freedom of a minority were predicated on the majority's absolute loss of freedom. Within this advance lay the seeds of its destruction: Anderson picks up Marx's old point (stressed also by Kautsky) that slavery not only halted technological advance but that it is also a very inefficient way to till the soil — and slaves were mostly agricultural workers. This system was the basis of Athenian, Macedonian and Roman periods of imperial dominance, although only the Romans fully realised agricultural slave labour with the *latifundium* and the development of civil law.

Two points are worth noting. Firstly, Anderson differentiates sharply between Roman imperial policy in West and East: the former, with its vast tracts of uncultivated land, saw large-scale incorporation into the slave mode of production, while, in the East, Rome was content to gain control with a 'minimum of social change or political interference'. In short, there was little economic transformation in terms of agrarian slavery. Their labour systems were left intact and Rome was content to extract taxes from what he characterises as a lush and wealthy, albeit Hellenised East. Thus, Palestine at the time of the Christian movement was not under a slave mode of production.

But what was the mode of production? This leads to my second question of Anderson: he is quite ready — more than Ste. Croix — to speak of a mode of

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44. Anderson 1974a, p. 65.
production, whether primitive, slave or feudal. Yet, curiously, he resists naming the dominant form of the extraction of surplus in the Near East. We find various items to build a picture, such as free villages that ‘often retained their own autonomous councils and their independence as rural communities’, or the existence of small peasant properties alongside rural proprietors, who were accustomed to be subservient to centralised royal bureaucracies. He speaks of the ‘traditional agricultural systems of the great riverine cultures of the Near East’ that ‘had combined landlords, dependent tenants and peasant proprietors with ultimate or immediate royal property of the soil’. These elements were merely refined by a Hellenistic overlay: a spate of poleis, settlement in these cities by Greeks and Macedonians, an Attic monetary standard and an upsurge in trade. Now, while many of these items, apart from the Hellenised elements, echo Marx’s discussion of the AMP – to the point where Anderson writes of ‘oriental royalism’! – he was soon to rule the category out of consideration. Other items, however, especially peasant proprietors and dependant tenants, as well as the growth of coloni in Egypt, have the odour of feudalism about them – yet this cannot be the dominant mode of production either, for feudalism has another genealogy for Anderson. Although we find ‘Oriental’ and ‘Asian’ as adjectives, he will simply not name a mode of production. He simply suspends the ANE in a vacuum.

All of this gets us only so far, for the picture that emerges for the study of early Christianity is of a Palestine with a Greek veneer over a more basic but unnamed mode of production. But, if we have a tension between two modes of production, we would expect, as with the transition to feudalism in the European West, a history of tensions and conflict. Yet Anderson repeats another element of popular Marxist analysis of the ANE – it was relatively stable and long-lasting. Twice he mentions that there were no civil wars, uprisings or conflicts in the East. I find this astonishing, since, as Kautsky had already pointed out some time before and many histories of Palestine

45. Anderson 1974a, p. 98.
47. Anderson 1974a, p. 97. Those features, to remind us, are: common rather than individual private property in land, often personified in the figure of god/ruler; the centralised control of public works by government (irrigation, building, roads and so on); the decentralised and self-sufficient economic world of villages with their resilient combination of agriculture and handicrafts over against the imperial state; and the social division of labour in terms of usefulness. See The German Ideology (Marx and Engels 1974–2005a, pp. 32–5); Grundrisse (Marx and Engels 1974–2005d, pp. 399–439); the preface to A Critique of Political Economy (Marx and Engels 1974–2005e, pp. 261–5); Bailey and Llobera 1981; Kradar 1975, especially pp. 286–96; Lichtheim 1990; Shiozawa 1990; and Pryer 1990.
indicate, Palestine shows a perpetual process of insurrection, so much so that Emperor Titus finally had to destroy Jerusalem to put an end to it. It is hardly a peaceful and stable environment.

As for Ste. Croix, he provides a classical specialist’s detail to Anderson’s broad strokes. Well written and entertaining, Ste. Croix’s book spends a good deal of time providing exegesis of Marx and Engel’s texts in order to argue that class – his central category – is ‘the collective social expression of the fact of exploitation’. Like Gottwald at a similar time in biblical studies, Ste. Croix must do some basic spadework for a discipline largely ignorant of Marxist possibilities.

Yet, Ste. Croix’s text is no mechanical application of Marxist categories: he brings Marx into close contact with the complexities of Greek self-assessment. In this world, the defining features are tensions between polis and chora [countryside], and property and its absence. The system relied on unfree labour in the form of slavery, although he also identifies indentured peasants, serfs, coloni, hired labourers, ancillary workers such as artisans, fishermen and so on. From all of these the ruling, propertied and wealthy minority extracted surplus.

Ste. Croix adds to this a fascinating section on the system’s attendant ideologies, especially in relation to the Jesus movement and then Christianity. But, before that, another point: unlike Anderson, Ste. Croix refuses to discuss modes of production. He finds the terminology too loose and argues, laudably, for a more specific reconstruction based on detailed evidence. Thus, while in Greece and Rome slavery was central, with the ANE he settles on serfdom; feudalism is off limits, as is a slave mode of production, and any Asiatic mode of production (on this last point he cites Anderson in support!). The effect is strange, for the ANE draws nigh unto Greece: his preferred class category of serfdom existed both in the earlier periods in Greece and Asia and then re-emerged, via the Egyptian colonus, at a later point. Serfdom, he argues, co-existed quite easily with slavery, for it was a variation on unfree labour.

Now things become interesting. In a fascinating section on the attitudes to property in the Graeco-Roman world, Jesus and the Christian churches, he points out that Christianity was no different from its Graeco-Roman environment in regard to the exploitation embodied in slavery, except for Jesus. Over against the valorisation of property and the denigration of its lack that

he finds everywhere in the Christian literature, Jesus – at least in the Gospels – stood against such an ideological system. Ste. Croix is no Christian, but he argues that the early message was soon lost and Christianity became a propaganda machine for the status quo. Here is Ste. Croix: ‘I am tempted to say that in this respect the opinions of Jesus were nearer to those of Bertholt Brecht than to those held by some of the Fathers of the Church and by some Christians today’.

Only the book of Revelation comes close with its anti-imperial invective – ‘splendid, blood-curdling stuff’ – but, soon enough, especially with Paul, this opposition disappears with exhortations to support the God-given structures of the state. Christianity effectively diffused open class warfare by shifting the emphasis to questions of doctrinal orthodoxy and heresy.

The solitary reason that Ste. Croix can give for Jesus’s alternative message, one that appears only with Philo of Alexandria and the Hebrew prophets, is that Jesus is fundamentally of the *chora*, outside the realm of the Hellenistic *polis*, and thereby gives voice to the feelings and opinions of those exploited by the economic, political and ideological system. The subsequent transition to an ideology of the state was, therefore, the fundamental shift from *chora* to *polis* and the profound change of ideas that this entailed. To my mind, this is Ste. Croix’s great contribution to New-Testament studies, if only those scholars would read him. But this insight needs to be connected with that area he is reluctant to touch, namely mode of production, for the tension between Palestinian (or rather ANE) *chora* and Hellenistic *polis* that shows up in the New Testament is one element of the larger conflicts that tore through that part of the world.

*Here come the Russians: Aziatchiki and anti-Aziatchiki*

A most unfortunate part of Ste. Croix’s book is his peremptory dismissal of the Soviet debates concerning the AMP and the ANE more generally. Biblical criticism is no different in this regard, for this material still lies off the radar.

An irony is that, whereas much of this was dismissed in the context of the Cold War, especially in biblical studies, Soviet scholars worked readily and comfortably with Western scholarship.

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58. For instance, in the collection edited by Mark Sneed 1999, one searches in vain for any reference to the Russian literature. And only when he discusses Eastern Europe does Perry Anderson rely on Soviet studies. Outside biblical scholarship even Pryor’s paper (Pryor 1990) on the economics of the AMP somehow misses the Russians and focuses on Western scholarship.
59. And if there was any engagement in an intellectually impoverished West, it was with
The sense of Soviet debate over the ANE has unhelpfully been twisted by the well-known work of Karl Wittfogel, whose advocacy of the AMP was double-edged. Wittfogel developed certain passing points from Marx’s work in order to argue that the role of the oriental despot in controlling and organising irrigation was the key to the AMP. What made his book palatable for Western scholarship was a conspiracy theory: Stalin’s supposed pressure on scholars of the ANE to dispense with the AMP, precisely because Stalinist communism was the epitome of ‘oriental despotism’. Due to his wayward influence on biblical studies, we need to deposit Wittfogel quietly in a roadside recycling bin and focus on the large number of other names that are far more interesting – Vasilii Vasilievitch Struve, Igor D’iakonoff, Ninel Jankowska and others.

The immediate point I draw from this work is that, rather than Greece and Rome (the interests of Kautsky, Anderson and Ste. Croix), the ANE was the focus of much of this Soviet work – precisely the immediate context for both ancient Israel and early Christianity. A strange feeling soon descends on anyone who reads through the Soviet material, for nearly all the positions taken in Western debates are prefigured in these discussions, in some cases by more than forty years! Thus, apart from versions of pan-feudalism, pan-slavery and debates over the viability or otherwise of the Asiatic mode of production, we find questions over the reliability of the data available to Marx and Engels, that the AMP was used by the young Marx but is not part of the mature Marx’s thought, the specificity or looseness of both the term and the modes of production themselves, whether Marxism is an ongoing pursuit, open to debate, mistakes and corrections or whether one is tied to the positions of the masters, whether we can speak of a main trunk of development with various branches or multiple trunks, the danger of multiplying modes of production over against the danger of lumping them all together in one or two over-arching categories such as feudalism, and the nature of class conflict if it existed. And all these points were made in the first years of debate in the 1930s.

The debate over the best model for ANE political economy followed some reasonably clear stages: the AMP gave way briefly to feudalism which then

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60. Wittfogel 1963.
61. See also the criticisms by Krader, 1975, pp. 290–1; Hindess and Hirst, 1975, pp. 208–20; and Butzer 1996.
63. This section relies on Dunn 1981 and D’iakonoff (ed.) 1969; D’iakonoff and Kohl (eds.)
fell beneath the sweep of the slave-based mode of production, which, in its turn, begrudgingly allowed the return of a revived AMP. The ‘anti-Aziatchiki’ swept the field early in the debate and the AMP disappeared as a viable category. For a few years, feudalism became the preferred descriptor – a position that long held sway in non-Marxist scholarship on the ancient Near East64 – but it soon fell away. Thus, in a profoundly influential lecture of four hours delivered in 1933 at the Academy of History of Material Culture in Leningrad,65 V.V. Struve sidelined feudalism as a viable term – ‘If we say that everything is feudalism, then we get a feudal porridge in the literal sense from Babylon to Napoleon’.66 In a broad sweep that covered all of the key documents in the histories of Mesopotamia and Egypt, he went on to persuade most scholars that the evidence pointed towards a slave mode of production. Even though slaves were numerically inferior to various other classes, such as free labourers or landholders, these slaves were owned collectively by the state and temple complex, worked the year round and were therefore the dominant means for the extraction of surplus. Apart from arguing in favour of a slave-based mode of production, Struve’s interest lay in the internal contradictions that generated the periodic rise and collapse of the various ANE empires – Sumerians, Babylonians, Assyrians, Persians and so on.

All of this meant that the exiled pieces of the AMP now had to be explained in other ways and incorporated as refugees into accepted modes of production. For instance, the collective ownership of property and the imperial bureaucracy had to be included within what was now a redefined slave mode of production, as did the dominant numbers of village producers, peasants and free labour.

What we find after Stuve’s decisive intervention are those who followed and refined his argument for almost three decades (such as Tyumenev)67 with debates over the nature of labour and class through detailed exegesis of the available documents.68 There were others held onto the notion of feudalism (such as I.M. Lur’e), and others who began to distinguish between early, primitive or immature forms of slaveholding society and its mature form in Greece and Rome (even old Struve himself). Further, there were those others who pointed out that the means of coercing large parts of the population into

1991. Dunn is at pains to point out, against Wittfogel, that various positions were not made with nervous glances over the shoulder to check on the censor. I am engaged in a project to make more of the Russian material available in English.

65. An abbreviated form of this lecture is found in Struve 1969a.
66. Struve, quoted in Dunn 1981, p. 44.
slavery did not exist in the ANE (D’iakonoff ), that the bulk of produce was created by free labourers, and that we do indeed have the rise of a despotic state and all its religious appurtenances with Sargon and the Akkadians. Finally, there were those who argued for a fundamental difference between the ANE and the Graeco-Roman world (Melikishvili). Gradually, under the weight of further evidence, debate and a thousand qualifications – including a bold effort by Tyumenev to argue that, apart from the rulers everyone in the whole ancient East was in fact a slave and that Greece and Rome constituted aberrations! – Struve’s position crumbled. As the slave mode of production began to falter, the Asiatic mode of production, now decked out with an impressive array of new data, re-emerged from the wings refreshed and revitalised after a long rest. This took place precisely when, in the 1960s and 70s, it suffered a series of attacks in the West. For instance, many, such as Simkins in biblical studies (see above), see the criticisms of Hindess and Hirst as the final nail in the coffin of the AMP. Their criticisms are theoretically telling given the assumed framework within which they operate – no mode of production can be developed from the tax-rent couple, the so-called stasis of community-based production is a feature of other modes of production such as the feudal, as is tax and/or tribute. Yet, what intrigues me is not merely that the criticisms of Hindess and Hirst had been rehearsed in the 1930s in the Soviet Union, but also that, when they were seeking to lay to rest the AMP in the 1970s, it was returning to the Soviet debate.

What emerges from these debates is not merely the value of ever new philological and archaeological data from the ANE, but also the continual debates over the heuristic models used to make sense of the data. It is too often forgotten that the key lies in neither an ostrich-like empiricism that prefers to believe theory is a hindrance, nor the pure theory of which Hindess and Hirst comprise the best example. If nothing else, these Soviet debates from the 1930s to the 1980s provide an extraordinary example of the dialectical interplay between data and theory to which Marxism calls us. They do, of course, go much further, indicating that the crucial questions include:

70. D’iakonoff 1969; D’iakonoff 1991a. Nothing shows up the tensions more than this sentence from D’iakonoff 1969, p. 202: ‘in the ancient society the principal exploited class was not the community members, but the slaves, even though a major part of public produce was still created by the labour of freemen, as a survival of conditions in the primitive community’.
71. The material at this stage of the debate is immense; see the references in Dunn 1981, pp. 144–53.
73. For instance, some of the essays in the collection edited by Powell 1987 are afflicted by empiricist fixations.
ownership of land, whether it was held by the state or village commune or both; whether it is indeed possible to talk about land ownership at all; the possibility that different forms of the extraction of surplus existed side-by-side, especially the exploitation of a commune-peasant population (rent in tax and labour); various categories of bonded people and slaves, either owned privately or by the state; the relation between debt slaves and those either captured in war or born into slavery; the question over the presence or absence of class conflict, and whether the term can usefully be applied to what is described in the documents from the time; the nature of the state; the role of money and trade; and the crucial question of socio-economic transition.

Conclusion

Let me conclude this critical survey by indicating a number of lingering problems. There are three specific problems and one general. First, the written material is problematic. For instance, descriptions of economic relations and the state in the surviving texts from the time are written by an educated, priestly and scribal élite. This is an obvious point, but it means there are blind spots in such material. As D’iakonoff reminds us, in regard to the state these texts do not recognise the existence of other governing bodies if they existed – advisors, ruling councils, democratic bodies and so forth. With an overwhelming focus on the ruler – representing the people before the gods, leading battle, and so on – the impression gained is one of despotic government.

Further, juridical distinctions found in the ancient literature between groups do not necessarily match class distinctions. This is vitally important for biblical scholarship, since the text looms large in any reconstruction. Juridical distinctions between people, such as those between Israelite and foreigner (Moabite, Ammonite, Canaanite, and so on), widow, orphan, forced labourer, and so on are not class distinctions. There are a number of consequences: the vagueness and ambiguity of terms may reflect the instability of social structure, although I am suspicious of assumptions that texts reflect reality. Rather, it seems to me that the categorisation of people in juridical terms effectively puts wedges between people who are in a similar position in relation to the means of production. The law becomes a direct instrument of compulsion and is thereby an element of the economy, or, to use conventional Marxist terms, this compulsion is extra-economic.

74. D’iakonoff 1969.
75. See especially Zel’ in 1968; also D’iakonoff 1987.
Thirdly, a crucial issue is whether the state can be considered a class? In both Marxist and non-Marxist studies, we come across the argument that the state is identified with the small ruling élite – the circle around the chieftain or monarch – in whom power is concentrated. Since this élite is also the one that exploits the vast majority of village communes, the exploiting class is equated with the state. This position was crucial to the dismissal of the Asiatic mode of production by Hindess and Hirst: it is nonsensical to argue that the state is one with the exploiting class. The catch with their criticism comes from a basic insight from that same theory, namely that the state arises only in the tension between classes. From here, the solution becomes disarmingly simple: rather than locating the state with the chieftain or tyrant and his small group of exploiters, it is rather the result of conflicts between this group and the village communes. In this sense, we may speak of classes in ancient Israel and the ANE.

Finally, there is the general problem concerning the usefulness of key Marxist terms that were developed and refined in the analysis of capitalism – exploitation, class and class conflict, surplus(-value) and the labour theory of value, commodity, ideology, the state and mode of production. There is a tendency to impose these terms like a template or recipe and then rearrange them in light of what scarce evidence is available. Given the impossibility of discarding them all in some vain attempt at pure empiricism, what is needed is a careful analysis that treats them as heuristic terms that may need to be discarded or radically altered. Exploitation, class and mode of production (for better or worse) are here to stay in the debates. Surplus-value and its attendant commodification do not fare so well. Even though they turn up in the literature, the usage is loose and ill-defined. Quite simply, the ANE does not have a pervasive commodification or market economy, and so surplus-value as an economic driver is absent. This means that trade, a topic that has become fashionable in some quarters, is not the key economic mechanism of the ANE. What passes for trade was a very small circulation of luxury goods among a small ruling class facilitated by merchants. Nor is it tribute or conquest, despite the tendency to favour this category in biblical studies as the primary mode for generating surplus. For all his faults, Kautsky was on the right track when he identified agriculture as the key. Largely because we have few records of everyday economic life in the rural village communes, agriculture

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77. So, for example, Krader 1975, p. 292; Lemche 1998, pp. 98–100; Simkins 1999a; Yee 2003, pp. 60–3; Liverani 2005, pp. 75–6. This is also the unwitting conclusion to be drawn from Tyumenev’s work on ancient Sumer; see Tyumenev 1969a.
itself is passed over all too readily despite the fact that roughly 95–8% of all production was agricultural. But that is the subject for another study.

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Interventions

Production vs. Realisation in Marx’s Theory of Value: A Reply to Kincaid

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Abstract
In a review of our work, Kincaid suggests that we are ‘productivist’, reducing interpretation of Marx and capitalism to production at the expense of the relatively independent role that can be played by the value-form in general and by the money-form in particular. In response, we argue that he distorts interpretation of our work through this prism of production versus exchange, unduly emphasises the independence of exchange to the point of underconsumptionism, and simplistically collapses the mediation between production and exchange in the restructuring that accompanies the accumulation of capital.

Keywords
Marx, capital, profit, composition of capital, money, value theory, Kincaid

We very much welcome Jim Kincaid’s review article of our books, *Marx’s ‘Capital’*¹ and *The Value of Marx*² and the complimentary remarks that he has to offer. But the leitmotif of his commentary is one concerning our ‘limitations’, a term he uses often to describe our contributions. The nature of his critique is apparent from his title ‘Production versus Realisation’ in which he claims that we are ‘productivist’ because, according to him, we give undue emphasis to production at the expense of exchange.

Before dealing with this charge in detail, it makes sense to place the two books in context. *Marx’s ‘Capital’* is in its fourth edition, the first having been published in 1975, with this and the previous editions solely authored by

Fine. The first edition appeared in a Macmillan student series of economics texts and was confined for that purpose to 25,000 words. Its success allowed it to outlive the series by a long way and for it to be successively expanded to its current 50,000 words. The third edition was published in 1989 but Macmillan declined the chance of a new edition, with Pluto taking it on instead. From the outset, and currently, the purpose has been to offer a faithful representation of Marx’s political economy as far as word-length and the nature of the material would allow, whilst also engaging modern ‘students’, university or otherwise, in Marx’s ideas on economics in the hope that they would become attached, not least going on to read the real thing.

Marx’s ‘Capital’ has done well in terms of translations and longevity, the latter against a declining interest in Marxist political economy and of active Capital reading groups and the like. It is significant that popular presentations of Marx’s political economy are notable for their absence and/or failure. There are good reasons for this. His ideas are complex and not readily subject to simply summary; they are also controversial and subject to misinterpretation, not least when forced through the prism of orthodox, and even heterodox and sympathetic, economics; and there is a need to strike a balance between abstract theory and contemporary events, needs and interests.

Across these competing tensions, Marx’s ‘Capital’ has achieved some modicum of balance, not least with the final chapter of the fourth edition adding topics such as class, the state, globalisation, the environment and socialism. The move to joint authorship was motivated by the wish to add some fresh air to a text that had previously already been gone over three times before. The Value of Marx is altogether different, being pitched at the most advanced level. It presumes a reading of Capital, and debates upon it, in offering its own interpretation of Marx’s political economy and the controversies that surround it. In this respect, it is a partial successor to, and advance upon, Fine and Harris’s Rereading ‘Capital’, providing, on a narrower terrain, some novel exposition of its own as is accepted by Kincaid (and dos Santos who offers a review of a very different kind from Kincaid’s). In this respect, The Value of Marx is, of course, not subject to the same tensions and constraints as Marx’s ‘Capital’ in terms of length and reader-accessibility. But it too is seen as flawed by Kincaid for similar reasons, although the critique is offered in the more technical terms of how to interpret the law of value and competition between many capitals. Kincaid also finds exchange unduly neglected across both books and focuses specifically on the treatment of the composition of capital, also providing an appendix of his own on the issue.

Against this background, it would have been possible for Kincaid to have suggested that Marx’s ‘Capital’, if not The Value of Marx, had been analytically compromised in order to achieve its goal of accessibility. This is not claimed by him, and appropriately so, for we can assert that principle was not sacrificed for readability. In other words, differences between ourselves and Kincaid are genuine, not least because both books under review and our body of work on Marxist political economy as a whole are mutually consistent and not compromised either by level or subject.5

With one exception, this means that differences between us are substantive and not presentational. For the latter, Kincaid deplores in Marx’s ‘Capital’ the absence of the derivation of money as in the opening chapters of Capital. There is, of course, a healthy debate over why Marx began in this way, whether it is essential and proves the validity of value theory.6 These debates certainly do shed light on Marx’s theory of money (and of money capital and of the monetary forms of capital) but they are pitched at too high a level for our elementary exposition and are liable to prove too esoteric to the uninitiated. No doubt this reflects our own view that Marx’s monetary theory can be appropriately developed without first running through the opening chapters of Capital itself. Indeed, this is done in Chapters 11 and 12 of Marx’s ‘Capital’, covering interest-bearing and merchant-capital, in text that has essentially been present from the first edition. On these, Kincaid offers no comment at all (although dos Santos comments on little else!)7 even though they deal precisely with the sphere of exchange that we are deemed to neglect, and despite the fact that we offer propositions on the three questions to be answered with which he closes.

Specifically:

1) Our treatment of unproductive labour addresses the issue that it can increase the rate of profit without creating surplus-value but that this

5. Nonetheless, our contributions have evolved in depth and breadth over time. Further, Kincaid’s attempt to drive a wedge between ourselves and Weeks 1981 is inappropriate as we all share the same interpretation of Marx and have worked closely together for many years. Similarly, whilst there are differences with Harvey over application of method and some theoretical propositions, these are limited relative to the broad swathe of agreement on method itself. See Fine 2006.

6. For a review see Saad-Filho 2002, Chapter 1.

7. Dos Santos suggests two different and incompatible approaches to Marxist treatments of the financial system, drawing upon Itoh and Lapavitsas 1999, assigning us to the interest-bearing-capital approach (a loan to initiate a circuit of capital) as opposed to his preferred one of what we would term loanable-money-capital approach (money advanced to earn interest for whatever purpose it is used). We do not consider these to be incompatible but that the latter is the more complex form taken by the former, just as price is to value.
does not place it in the same position as productive labour (not least because costs of circulation can be unnecessarily expanded at the expense of profitability and the intensification of crises – not some academic point in the era of financialisation).  

2) ‘Productivism’, however defined, might neglect money, but we do not, as is evident from the review of dos Santos in this journal. And the presence of, but not subordination to, value-form analysis is evident throughout our books.  

3) Nor do we neglect reproduction, not least with the innovative depiction of economic reproduction in diagrammatic form carried over from the first edition of Marx’s ‘Capital’ and its insistence upon attachment to social reproduction (and transformation).

In these respects, Kincaid adopts a peculiar and erroneous mode of critique. He rightly observes that we treat exchange as ‘secondary’, a term he uses a number of times. But he often seems to confuse ‘secondary’ with relative neglect – for exchange itself and also for money, competition and reproduction. These are all extensively covered in our books. For, as Kincaid is aware, there is a difference between the order of abstraction (movement from simple and more abstract to complex and more concrete, value to price for example), the order (and nature) of causation (production prior to exchange), the order of presentation (must we always start with the money form?), and the order of investigation (something that does not appear explicitly in our deliberations because it is overwhelmingly contingent). Kincaid would appear to conflate these and move freely between them in his assessment of our work or, at least, not to recognise that priority to production in abstraction does not necessarily entail a secondary and uniform status to everything else in all other respects.

In short, our original sin in not beginning, like Marx, with a full exposition of money and the value-form is no such thing but, we would suggest, rather a judicious analytical and expositional choice on our part. However, it serves for Kincaid as a symbol of our ‘productivist’ bias. This does raise the issue of two different criteria for assessing our (and Kincaid’s) contributions – by appeal to Marx and by appeal to strength of argument. As an exposition of Marx, our intention is that the two should coincide, and much the same would appear to be true of Kincaid, and so our differences with him can run along parallel lines of interpreting Marx as well. He wishes to drive a wedge between Marx and ourselves by the charge against us of ‘productivism’. In doing so, he is guilty of

9. For an extraordinary neglect of value-form in pursuit of a political theory of value, see Knafo 2007 where money and exchange-value scarcely appear at all.
misinterpreting both Marx and ourselves. In part, he caricatures a ‘productivist’ position and imposes it on our work even though it does not fit and involves ignoring major parts of our work to make it appear as if it does fit. For money, for example, he sees us as relying upon orthodox theory for its functions, whereas we accept that money is the form and measure of value as a social relation under capitalism, but that this is not incorporated into orthodox accounts of the functions of money, and cannot be.

In this and other respects, Kincaid interprets Marx himself from his own ‘circulationist’ bias. Possibly as oversight, he suggests, ‘[t]he substance of value is abstract-labour, measured in units of socially-necessary labour-time’. This is simply wrong. Value is socially-necessary labour-time and it is *measured* by money (although only after intervention of processes of distribution and exchange) as every value-form theorist knows. His circulationist bias is apparent in what can only be described as an astonishing departure from Marx in Kincaid’s interpretation of value. Our view, and Marx’s, pure and simple, is that value is created and determined in production under the control of capitalists (although value can also be created by non-capitalist forms of commodity production). Value-production is certainly conditioned by other factors, ranging from capitalist circulation through to the weather. These are analytically derivative and secondary in practice, and they should be examined for their impact upon the accumulation of capital and the concrete forms through which it materialises and is affected. If this means undue priority to production, we plead guilty (although not to the charge that ‘realisation processes are not discussed in any detail’).11

In contrast, Kincaid argues that value is not created in production alone. For him, ‘Unless commodities are transformed into money, the labour expended into making them has created no value’. Lest this be considered an isolated, accidental or ambiguous view on the source of value, Kincaid asserts that, ‘it makes no sense to ask whether value is created in the production or the circulation phase of capital reproduction’. Further, we are told that,

(b)oth use-values and abstract value are created during the phase of production. But which of these use values are to count as value, and for how much value, depends on processes of social validation which take effect during the exchange phases of the circuit of capital.14

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This position on value lies at the core of difference between Kincaid and ourselves, as is apparent from the following critical observations. First, it is ironic that Kincaid should reject underconsumptionism for it at least accepts that (surplus-) value is created in production but is constrained from being realised in exchange (a logical and practical possibility, as demonstrated by Marx’s schema of reproduction, but not a necessity). By contrast, Kincaid suggests that (surplus-) value has not even been produced if it fails to be realised! He claims that

until realisation takes place as commodities are transformed into money it is not clear which firms have produced value and in what amounts… Unless commodities are transformed into money, the labour expended into making them has created no value. Until the point of realisation by sale, value has no more than a virtual quality.15

This is unadulterated value-form theory, and it is also plain wrong.16

Despite his protestations to the contrary, much of Kincaid’s discussion of exchange, money and circulation does have an underconsumptionist flavour. This is true of his partially exchange-based definition of value. And it emerges in his claim that ‘profits depend not just on surplus-value extraction (as productivist doctrine tends to argue) but on adequate levels of effective market demand to ensure the realisation of value by the conversion of commodities into money’. This is little more than a tautology inspired by Keynesianism – realisation of value depends upon effective demand but with no account of how effective demand is determined. And, in passing, Kincaid seems to accept inconsistently that (surplus-) value may be extracted (created) but not realised (and not thereby created for lack of ‘social validation’), which is destructive for a theory of exploitation under capitalism.

Second, then, this does not allow for crises to be interpreted as the short and sharp *destruction* of value as such crises would, for him, represent a failure to have created that value in the first place. However, for Marx, this is very different from a situation in which an isolated individual commodity producer fails to produce a socially desired use-value for whatever reason – precisely the focus of Kincaid’s attention (and that of value-form theory).

Third, Kincaid’s wish both to accept the significance of production and to allow value to be created in exchange is an obstacle to further progress of the Marxist project for political economy of examining how forces and relations

16. For a detailed refutation of this approach, on the grounds of both internal inconsistency and inconsistency with Marx, see Saad-Filho 2002, Chapter 2.
of capitalist production are both realised through and affected by exchange. We are unable to read his preferred text of Marxist political economy, but he has to accept that it is disappointing when it comes to 'the account it offers of the market and non-market processes which influence the rate of profit'. And Kincaid himself concludes that as far as he is concerned for the analysis of contemporary capitalism, 'I concede that such a value theory is still very much of a site under construction'. In our view, that is how it will always remain, since Kincaid’s value-form approach will always hop between the two spheres of production and exchange and seek to hold them together through the deployment of Hegelian incantations where necessary, rather than constructing one out of the other. This is only too evident in his treatment of an exchange-rate devaluation, itself taken as an unexplained 'hit' with the effect that values are suddenly less in some countries and more in others. Currency movements are seen to determine values rather than vice-versa (albeit through a complex chain of causation from conditions of production to conditions of international exchange that Kincaid has simply bypassed). If the US dollar devalues by ten per cent, does this mean ten per cent of the value of commodities produced in the US has been wiped out as Kincaid suggests or, in our view, that value has been redistributed?

Fourth, as in this instance and more generally, it is ironic again that Kincaid's understanding of value should both incorporate a determining influence of exchange in its creation and be accompanied by a discourse on the dialectics around essence and appearance. For the idea of failure to ratify value as a result of failure to sell is the precise position not only of the vast majority of capitalists, but also of bourgeois political economy, with neoliberalism as its most perfect expression. Value is what you command on the market, a methodological and theoretical stance with which Marx was determined to break in his critique of classical political economy.

Fifth, Kincaid’s insistence on the importance of exchange for the creation of value is overtly inspired by the work of I.I. Rubin. Rubin’s writings were rediscovered by Marxists in the early seventies as part of their reaction against the excesses of neo-Ricardianism. Unfortunately, in some cases, this reaction went too far, partly because Rubin’s writings tend to be pitched at an excessively high level of abstraction which emphasises the commodity features of capitalism

19. Kincaid 2007, p. 158. With his favoured Rosdolsky also not having got too far on this particular site.
20. For an explicit account of the inversion of essence and appearance in debate over falling profitability, see Fine 1982.
(for example, decentralisation at the point of production) at the expense of specifically capitalist relations of production, especially wage-labour.\textsuperscript{21} This emphasis leads Rubin to affirm that labour becomes social through exchange, rather than through its subsumption by capitalist relations. For example, he claims that

the labor of every commodity producer becomes social only because his product is equalized with the products of all other producers.\ldots \textit{Abstract labor} \ldots \textit{is} labor which was made equal through the all round equation of all the products of labor, but the equation of all the products of labor is not possible except through the assimilation of each one of them with a universal equivalent.\ldots \textit{The} equalization of labor may take place, but only mentally and in anticipation, in the process of direct production, \textit{before} the act of exchange. But in reality, it takes place through the act of exchange, through the equalization (even though it is mentally anticipated) of the product of the given labor with a definite sum of money.\textsuperscript{22}

In this approach to value, money is critically important as measure and substance of value, while the social relations of production which distinguish capitalism from other modes of production are veiled by exchange (sale). This is \textit{precisely} Kincaid’s mistake and, in this sense, his interpretation belongs within the Rubin tradition even though he claims to be attempting to explain ‘the highly financialised capitalism of today’.\textsuperscript{23} It is impossible to do so through the contemplation of exchange: Marxists have always known that the edifice of financial speculation rests upon processes of extraction and realisation of (surplus-) value, which generate the resources that are continuously needed to fulfill the commitments of debtors and speculators, reward the brokers, and pay dividends to the shareholders. These are transfers of value created in \textit{production} – establishment of this claim is the primary objective of Volume 1 of \textit{Capital}, and our books mirror Marx’s own emphasis on the real (and, therefore, analytical) primacy of production.

These comments indicate the extent to which Kincaid’s own approach diverges from our own (and, dare we say it, Marx’s). But Kincaid’s contribution is marred, over and beyond this, by a blatant misreading of our work that is incomprehensible unless possibly a result of force-fitting our contributions into an invented ‘productivist’ frame wherever possible and ignoring them otherwise. This is most obvious in his account of our treatment of the falling rate of profit. He suggests that our view is little more than that the organic

\textsuperscript{21} For a detailed review, see Saad-Filho 2002, Chapter 2.

\textsuperscript{22} Rubin 1975, pp. 96–7, 142.

\textsuperscript{23} Kincaid 2007, p. 146.
composition of capital rises as a result of capitalist accumulation, and this depresses the rate of profit as it is a law of production as opposed to being attached to exchange. Such an account is to be found in a single paragraph in our book. 24 But it is immediately followed by the bald statement in the next paragraph that ‘however, this interpretation is incorrect’, 25 and a totally different interpretation is offered with the following elements. First, the law is not an empirical law (making predictions about the rate of profit) but is concerned with the tensions created within production and between it and exchange during the course of capital accumulation. Second, whilst the law and its counteracting tendencies are at different levels of abstraction (with the counteracting tendencies addressing the consequences through exchange of the accumulation of capital in production), they are of equal causal significance, so it is not a matter of one predominating over the other but of how the tendency and the counter-tendencies interact with one another to give rise to more complex and concrete outcomes (including crises). Third, this interpretation of the law is shown to be consistent with Marx’s treatment of a range of issues across Capital, each of which has usually been seen as controversial but separate from the others. These include the so-called transformation problem and the theory of rent. What they share in common is a particular understanding of the composition of capital in Marx, to which we now turn, as it is extensively addressed by Kincaid himself.

Kincaid criticises our emphasis on the importance of the composition of capital for the explanation of accumulation, the transformation of values into prices, the law of the tendency of the rate of profit to fall and the theory of rent, and our distinction between the organic and value compositions of capital (OCC and VCC). These are sweeping claims, but they are not supported adequately. For example, Kincaid never explains why our emphasis on the composition of capital is misplaced. Instead, he immediately drifts into a conceptual argument about the OCC and the VCC, while ignoring completely their relationship with the technical composition (TCC). Kincaid’s claim that our treatment of the composition of capital is unsatisfactory deserves a more detailed answer than can be offered here. However, two issues should be clarified: the measurement of the TCC, OCC and VCC; and the significance of the distinction between the compositions of capital for Marxian analysis.

The TCC is the ratio between the mass of material inputs and the living labour necessary to transform them into the output. This concept is essential

25. Kincaid’s interpretation of us as ‘productivist’ is indistinguishable from our own critique of what was termed ‘fundamentalist’ in Fine and Harris 1976. From this and other relevant work over the intervening period, it is incomprehensible that our approach could be so designated.
for the definition of labour productivity and, therefore, for studies of technical change and accumulation. Since the TCC is the ratio between a heterogeneous bundle of use-values and concrete labour, it cannot be measured directly. However, Marx explains that it can be assessed through the OCC, or the value of the means of production (including depreciating fixed capital and circulating constant capital) that absorb one hour of living labour (whether paid or unpaid) in a given firm, industry or economy. Although the OCC is intuitively clear, it can differ across sectors or change over time for two reasons: differences or changes in the TCC (for example, differences or changes in the labour productivity in this industry), or differences or changes in the value of the means of production used up (that reflect the circumstances in other industries). In spite of this, for Marx, there was no ambiguity. The OCC is a value-reflex of the TCC, and it does not change if the TCC is held constant, whatever happens to the value of the elements of capital.\footnote{‘[I]f one assumes that the organic composition of capitals is given and likewise the differences which arise from the differences in their organic composition, then the value ratio can change although the technological composition remains the same. . . . The organic changes and those brought about by changes of value can have a similar effect on the rate of profit in certain circumstances. They differ however in the following way. If the latter are not due simply to fluctuations of market prices and are therefore not temporary, they are invariably caused by an organic change in the spheres that provide the elements of constant or of variable capital.’ (Marx 1991, pp. 383–6.)} In order to distinguish clearly between different technologies and the use of inputs with distinct values, Marx introduces the VCC, or the ratio between the value of the circulating part of the constant capital (including the depreciation of fixed capital) and the variable capital (paid labour) necessary to produce the output (c/v).

A static contrast between the OCC and the VCC is useful to distinguish between technical and value differences across production processes. For example, if two firms use identical technologies to produce different products using inputs with distinct value (for example, copper and silver jewellery), their TCCs – and, therefore, OCCs – are identical. However, their VCCs are different (in this case, because silver is more expensive than copper). In other words, value differences between the constant and variable capital consumed in distinct industries are captured by the VCC but not the OCC. In contrast, differences in the technologies of production affect the OCC but they may not be accurately reflected by the VCC.

Having cleared the conceptual ground, we can examine the process of accumulation of capital. Technical change is usually introduced in individual firms, which raises their TCCs and, consequently, their OCCs and VCCs (although the three compositions change simultaneously in real time, in logical terms the TCC changes first, and this shift is reflected by the OCC and,
subsequently, the VCC). For capital in general, its TCC and OCC tend to rise with technical progress and, all else constant, commodity values tend to fall. However, because of the conflicting forces of competition, including mechanisation and declining commodity values, the VCC of capital in general can either rise or fall through time. The outcome depends upon the sectors affected by technical change, the speed of the diffusion of innovations, the structure of the systems of provision of commodities, and so on. However, in general the values at the beginning of the circuit (‘earlier values’), at which the inputs are purchased, are higher than those at which the output is sold (‘later values’). Marx argues that the OCC reflects the TCC at the initial (higher) values of the component parts of capital, before the new technologies affect the value of the output, in which case the social OCC rises in tandem with the social TCC. In contrast, the VCC reflects the TCC at the final (lower) value of the elements of constant and variable capital, determined by the modified conditions of production and newly established in exchange. Marx argues that the OCC reflects the TCC at the initial (higher) values of the component parts of capital, before the new technologies affect the value of the output, in which case the social OCC rises in tandem with the social TCC. In contrast, the VCC reflects the TCC at the final (lower) value of the elements of constant and variable capital, determined by the modified conditions of production and newly established in exchange. In other words, the OCC is measured at the time of production, while the VCC is determined in exchange and calculated on the basis of the values newly established by the currently predominant technologies. It was in this context that Marx examined the law of the tendency of the rate of profit to fall.

The distinction between TCC, OCC and VCC helps to illuminate the potential implications of accumulation. Technical change raises the TCC, the OCC and total input values (because the output increases). However, the VCC, unit-output values and future input prices tend to fall. How the actual process of adjustment happens – especially for large blocks of fixed capital – is crucial, because the sudden devaluation of large masses of capital can lead to financial upheaval and crises. Marx’s analysis does not impose immediate or necessary outcomes, but it indicates that the process of accumulation synthesises the contradictions of capital both in production and exchange, and it offers the conceptual tools for the analysis of concrete processes of accumulation and crisis.

Related to the previous point, Kincaid also charges us for neglecting fixed capital and turnover time. His view is that the latter has been decreased considerably recently, and this serves as a counteracting tendency to the falling rate of profit. Our neglect of fixed capital is entirely due to space constraints (and, as part of constant capital, dependent on account of the latter as logically prior). Our approach conforms to that offered by Weeks (and known of before its publication). We do not disagree with Kincaid but he is too one-sided in his treatment. Whether turnover time on average is increasing or decreasing is

an empirical question. But what are the forces underpinning these outcomes? Kincaid offers nothing other than a technologically-driven reduction to the benefit of profitability.\footnote{29} The circulation of fixed capital across a number of production periods is contradictory and not determined exclusively by technology (not least in a crisis when failure of effective demand brings circulation in some areas of the economy to a halt). For example, and at a relatively abstract level, there are two forces acting upon fixed capital: one is to circulate it as quickly as possible to accrue value prior to obsolescence or crisis; the other is to extend its life indefinitely in order that surplus-value can continue to accrue despite its own value already having been replaced through passage through sufficient production periods. This is nothing other than the contradiction between value and use-value, respectively, attached to the specificity of fixed capital and its circulation and reproduction. The outcome of these tensions is not technologically determined but is dependent upon the rhythm of accumulation and competition. This can only be investigated empirically but it cannot be reduced to a property of fixed capital alone.

In a sense, this is a specific application of the law of the tendency of the rate of profit to fall,\footnote{30} and of its counteracting tendencies (one of which is for large masses of fixed capital to earn a lower rate of profit – not to maintain the rate of profit elsewhere as such but to sustain the accumulation of capital as a whole). The tendency to an increasing use and faster turnover time of fixed capital is part and parcel of the rising organic composition of capital, OCC.\footnote{31}

Despite this treatment of the composition of capital, in which the VCC is the competitive form of realisation of the OCC, reflecting competitive accumulation between capitals, Kincaid suggests we treat competition as secondary and are

\footnote{29. Although, of course, interpreted in these terms, Brenner’s overhang hypothesis is the opposite, with low investment and prolonged turnover time mutually conditioning low productivity and profitability.}

\footnote{30. For a discussion see Fine 1991.}

\footnote{31. In his appendix, Kincaid claims that we measure constant and variable capital in labour-time rather than money (we do not; see, for example Fine and Saad-Filho 2004, pp. 104, 107), and that we ‘seem’ to get the definitions of constant capital and rate of profit wrong by ignoring fixed capital (we do not; see Fine and Saad-Filho 2004, p. 138). These points aside, Kincaid does himself get the definition of profit rate quite wrong by insisting that it should include the entire stock of fixed capital as capital advanced, rather than that this should reduce with the value of fixed capital transfers to the output. For, should a capitalist advance £1m in fixed capital, which depreciates uniformly over ten years, then the £1m will have been returned in its entirety by the end of the decade, one-tenth in each year circulating as constant capital. The average advance will only have been half a million. Of course, the discussion here highlights the tensions involved in this circulation and piecemeal return of fixed capital and that these are focused on turnover time.}
weak on it. At one level, this involves him in being inconsistent since he specifically highlights the contribution of *The Value of Marx* for distinguishing homogenisation, normalisation and synchronisation of value even though these are explicitly concerned with how competition within and between sectors is essential to the formation of values.

Kincaid’s own take on competition is through appeal to the ‘law of value’, as if invoking this law is a substitute for theory, or a frame in and of itself for incorporating more complex economic moments on an unsystematic (or circulationist) basis. In our view, the law of value concerns rooting more complex outcomes in value relations. In this respect, it is ironic that Kincaid should deplore our neglect of restructuring and crisis. Fine’s work from the 1970s onwards focused on the competitive, nation-state-driven internationalisation of capital (and the British economy); Fine and Harris brought the idea of such restructuring to the fore in the literature, and the work a significant impetus, not an adjunct, to simultaneous theoretical work of which Marx’s *Capital* (and *The Value of Marx*) is a part. Significantly, Kincaid’s own text offers no mention of the state, monopoly and world economy in his own account of competition, the latter a pre-condition for world money that he would himself take as a logically prior starting point for an account of value!

Despite these differences, we are grateful to Kincaid for his constructive engagement with our books. Despite our significant disagreements, explained above, we admire Kincaid’s commitment to value theory, and welcome the opportunity to revisit and explain in further detail our argument in *Historical Materialism*. We share Kincaid’s interest in the development of a Marxian value theory that engages with contemporary capitalism, and our books have offered avenues for doing so.

References


32. Fine and Harris 1985; but see also analyses in early issues of the *Bulletin of the Conference of Socialist Economists*.
Production versus Capital in Motion:  
A Reply to Fine and Saad-Filho

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Abstract
A further critique of Fine and Saad-Filho’s reading of Marxist political economy: (a) it neglects the monetary dimension of Marx’s analysis; (b) it focuses too much on production, and on the organic composition of capital, treated in isolation from the overall circuit of capital. An alternative theorisation is proposed, stressing what will now be called emergence patterns in Marx’s value theory (his term was laws of tendency), and giving due weight to circulation, realisation, competition and capital allocation.

Keywords
Marxist political economy, Ben Fine, Alfredo Saad-Filho, value, emergence, surplus-value, money, rate of profit, composition of capital, circuit of capital, realisation, capital allocation

‘Capital can be understood only as motion, not as a thing at rest’.1

The reply by Fine and Saad-Filho to my critique of their books is a model of how Marxist controversy should be conducted – comradely in tone but uncompromising in substance. Clearly, we agree on many of the basics of method and conceptualisation in value theory. But they confirm my own view that the specific issues which divide us are not just scholastic quibbles, but relevant to the future of value theory as a research programme. The debate is about what conceptual moves and emphases are required to strengthen value theory as a paradigm for understanding and combating capitalism as it evolves under the intense pressures of competitive restructuring, financialisation, ecological limits, and new centres of accumulation. I believe that, to do this, we need to develop value theory in some innovative ways, and that the creative moves required may be a little less difficult to find if we adopt the theoretical angle of vision on Marx’s Capital which I am advocating.2

2. Thanks to Pete Green for much discussion of the themes of this article, though we disagree.
The differences under discussion can be summarised as follows:

1) I argue that it is of the essence of capitalism that it is a monetary economy, and that any introduction to Marx’s *Capital* should try to explain why Marx thought it crucial to explain the nature of money in capitalism as a basic element in his exploration of fundamentals at the start of *Capital*, Volume 1. Thus my position is a variant of the value-form approach. Fine and Saad-Filho think that Marx’s account of the nature of money in capitalism need not be covered in an introductory text and that it is adequate to deal at any length with money only in the form of a discussion of banking capital and the theory of interest which appears in Chapter 12, that is, near the end of their book, and after the chapters on crisis and on the rate of profit.

2) In their account of the circuit of capital, they privilege the production of value and surplus-value as the most crucial and distinctive element in Marx’s political economy. The competitive processes of circulation are accorded much less attention. In addition, they place enormous explanatory weight on the composition of capital – that is, the ratio of constant capital (machinery, raw materials and so on) to labour in the production process. I agree that value is created only in production. But I argue that production and circulation need to be treated as deeply interconnected. Thus, there needs to be much more stress on:

(a) the processes of realisation which occur in circulation – that is, that value, though not produced during the circulation sequence, remains only potential or virtual until commodities are sold and capital transformed back into money form.

(b) the fact that competition remains an under-theorised theme in much recent value theory, and also in Fine and Saad-Filho’s introduction to *Capital*. What is needed is much greater use of Marx’s detailed analysis of the circuits of production and reproduction of capital which fills much of *Capital*, Volume 2. We need to follow Marx in patiently tracing the successive transformations of value into and out of the forms of money-capital, then means of production, then commodities, then money again. Repeatedly in *Capital*, he returns to the competitive struggle which drives the circulation of capital as well as its exploitation of labour. And an adequate account of competition needs to about some of its specific arguments. To Ben Fine I owe a long-standing debt. When I first studied *Capital* in the 1970s there was limited guidance available to help us navigate the unfamiliar dialectical landscape of *Capital*. Ben Fine’s pioneering commentaries on Marx’s political economy (many written jointly with Laurence Harris) were consistently illuminating, and remain a source of inspiration from that formative period of my working life, along with the writings of Michael Kidron, Anwar Shaikh and (above all) Roman Rosdolsky.
consider not just the battle to increase productivity by raising the ratio of constant capital to labour. It requires an angle of vision which foregrounds competition at every stage in the circuit of production and reproduction. This includes the competition of firms seeking workers in the labour market, competition in the markets for interest-bearing capital to secure money to finance production, the battle to cut overhead costs in every phase of the circuit of reproduction, the many forms of broader competition which take effect as firms are subjected to processes of natural selection (especially in periods of crisis), and thus the restructuring of capital which results from the battle between capitals to survive, eliminate competitors and sustain profitability.3

In parts of Marx’s discussion about circulation, what he focuses on is the exchange of property titles as commodities are bought and sold. Clearly, this creates no value. But my account stresses other processes which are at work as capital circulates, and which are closely linked to the processes of value creation: for example, the assembly and financial structuring of blocks of capital for investment in future production; the monitoring of past use of capital and labour; the regulation of the way these are to be used in the next phase of production. Marx’s theory of finance and of capital markets is constructed from the circuits of productive capital, not just directly from production itself – and the huge recent increase in the financialisation of the system means that finance has to be an ever more vital element in value theory.

In their defence, Fine and Saad-Filho point out that their book, Marx’s ‘Capital’, contains sections in which they provide commentary about financial markets, crises, the state and globalisation. And it is true that, at particular points, the usefulness of the book is greatly enhanced by shrewd and

3. The change in conceptual angle of vision that I am suggesting was not the product of theoretical meditation, but emerged during research which explored how Marx’s value theory could be developed to explain the causes and consequences of the South-Korean crisis of 1997. The Korean crisis foregrounded two crucial sets of issues: (1) the political economy of exchange rates and what is involved when the value of a local currency (such as the Korean won), abruptly plummets as a result of capital flight into the dollar (i.e. Marx’s world money); (2) patterns and régimes of capital formation and allocation and thus the structure of capital ownership and control. Analysis of the Korean economy had to focus heavily on the chaebol, and the distinctive relationship which had been constructed between these extraordinary companies and the Korean state. Phenomena of circulation such as exchange rates and capital allocation were too central to the fate of industrialising economies such as Korea to be treated as marginal extras in political economy, and seemed to require some rethinking of the concepts and dialectical methodology of value theory. The experimental work which resulted was written up as Kincaid 2002. So far, only parts of this text have been revised and published, but I can email a copy of the original thesis to anyone interested.
illuminating observations on these themes. What is questionable, however, is the gap which separates such empirical material from the underlying value argument. In this book, as elsewhere in much of the current value-theory literature, there are a number of crucial disconnections between abstract theory and concrete commentary.

**Production and realisation**

The main objection which Fine and Saad-Filho raise against my position is that, in stressing the importance of realisation, I blur the crucial distinction between production and circulation. My incorrectness on this point leads, in their view, to a lengthy charge-sheet which includes offences such as: underconsumptionism; neoliberalism; Keynesianism; the denial that value gets destroyed in crisis; and Hegelian incantation. Much of this is just the rhetorical small change of mild insult which, hallowed by long tradition, gets thrown about when Marxists debate. I will focus here on the core point at issue which is the interdependence of value creation and realisation. I argued that, ‘unless commodities are transformed into money, the labour expended into making them has created no value’. And, further, that, ‘both use-values and abstract value are created during the phase of production. But which of these use-values are to count as value, and for how much value, depends on processes of social validation which take effect during the exchange phases of the circuit of capital’.4

There is no disagreement that value is created only in production.5 However, I argue that whether value has been created in production depends in part on what happens in circulation. Fine and Saad-Filho, it seems, would prefer to say that, if a commodity does not sell, value was nevertheless created in production, and in determinate quantities, and then was destroyed. They write:

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4. Kincaid 2007a, pp. 144–5. Fine and Saad-Filho also quote a sentence in which I wrote ‘it makes no sense to ask whether value is created in the production or the circulation phase of capital reproduction’. This was poorly phrased, and they are right to criticise it. I was trying to say only that value is not fully and finally produced until commodities are transformed into money in circulation, so, in this sense, production and circulation are just two phases of a single process. But the sentence can be read as if I thought that value is created in circulation, which is not my position.

5. Note, however, that Marx, correctly, includes transport to the point of sale as part of the production process. Thus the production of a can of beans is only completed when it is placed on the supermarket shelves.
Our view, and Marx’s, pure and simple, is that value is created and determined in production under the control of capitalists (although value can also be created by non-capitalist forms of commodity production). Value production is certainly conditioned by other factors, ranging from capitalist circulation through to the weather. These are analytically derivative and secondary in practice, and they should be examined for their impact upon the accumulation of capital and the concrete forms through which it materialises and is affected. If this means undue priority to production, we plead guilty.

The nub of our disagreement is here. They think that value is not just created, but \textit{determined} in production. What happens in circulation, they say, is only ‘secondary in practice’, comparable in its relevance to the weather.

These formulations drastically play down the significance of realisation. This is defended in his theoretical text by Saad-Filho who attributes to the value-form reading of Marx the position that labour is only made abstract as commodities are converted into money. Such a view, he argues, would only have plausibility in an economy of simple commodity production. Here, Saad-Filho misreads the value-theory tradition. From Rubin onwards, most value-form theorists have recognised that, when labour is subsumed under capital, then it is made abstract by being controlled by capital in the production process.\footnote{As Saad-Filho concedes in a footnote, Rubin explicitly denied that in capitalism ‘abstract labour originates only in exchange’. See Saad-Filho 2002, p. 121, and Rubin 1973, p. 144–51. For an outstanding account of abstract labour and capitalist domination of production, see Bellofiore 2004. Bellofiore has a distinctive value-form position on the basis of which he develops a remarkable and innovative discussion of the essentially monetary character of the circuit of capital. As in my own account, though with many differences in detailed development. Bellofiore stresses that ‘capital is a self-moving substance for which both money and commodities are mere forms’ (Bellofiore 2004, p. 193). The macro-monetary approach of Fred Moseley has some strong resonances with that of Bellofiore, and the current debate between these two and others on the capital-as-monetary-circulation paradigm is both fascinating and important. See, for example, Moseley 2004. There are valuable discussions of Marx’s conceptualisation of capital-in-motion in Arthur and Reuten (eds.) 1998.}

Capital, in Marx’s phrase, is ‘abstraction in action’, and competitive pressures force it to deal with workers as quantities of labour-power and variable capital.\footnote{The phrase is used in Marx 1978, p. 185.}

But the fact that labour is treated by capital as abstract does not in itself make it possible to calculate directly how much value is being created in specific workplaces or branches of production. It is not possible to measure directly how much value has been created, and by which capitals, until the commodities come to be sold. There are two main reasons.

(1) Only socially-necessary labour-time creates value. Actual labour-time is subject to an averaging process. Hours of labour involving greater skill or
intensity of work create larger amounts of value per hour. The labour producing the same commodities at different times and places must be averaged out. Modern methods of mass production, and target-based organisation of work processes play a role in the averaging process. But it is only in market competition, when commodities are sold, that the relative efficiency of firms in their use of labour is subject to final social evaluation.8 The standard of socially-necessary time is set within each branch of production separately, and by competition within that branch of production. Given a single selling price for each type of commodity, capitals producing with greater efficiency than the standard set by socially-necessary labour-time benefit from a transfer of value from capitals making less efficient use of their labour. As Marx concretises his account of these processes, the balance of supply and demand becomes a further influence in determining which hours of labour count as value-creating and which are wasted. For instance, if commodities are in short supply, relative to demand, prices rise and more hours of actual labour are counted as socially-necessary.9

(2) The socially-necessary concept applies also to constant capital. The textile-capitalist, Marx’s points out, is free to use spindles made of gold rather than steel but competition will dictate that will only the value of the steel spindles will be realised.10 But the value transferred by constant capital to the commodity produced is a proportion of the aggregate value transferred to all of the commodities produced as it depreciates over its working life. But how can this be known at any given point in time? As Marx recognises, the value of a machine may at any time, and unpredictably, be drastically reduced or destroyed if cheaper and better machines come into use.11 Saad-Filho himself notes that the possibility of technological change introduces an unavoidable indeterminacy into output values… due to the unknowable “true” values transferred by the fixed capital, which depends upon the implications of future technological change for the current value of the machines.12

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8. This is acknowledged by Saad-Filho in a well-argued discussion ‘more intense or complex labour and better educated and trained workers generally create more use-values and consequently more value per hour. The quantitative difference depends on the relationship between individual and social productivity in each branch of production, that is known precisely only \textit{ex post}, that is, when the commodities are sold. See Saad-Filho 2002, p. 57. Saad-Filho is thus inconsistent when, elsewhere in his work, he depicts production as a largely self-sufficient process.


12. Saad-Filho 2002, p. 65. However, Fine and Saad-Filho in their 2004 book use the organic composition of capital as if it were a precise and empirically determinable ratio. See Perelman 1999 for an especially clear explanation of why precise measurement of value of constant capital would require knowledge of an unknowable future of technical development.
But, if calculation of the precise value of commodities produced has to be deferred until commodities are valued by the price at which they sell, or, in the case of constant capital, cannot ever be done with precision, does this mean that no distinction can be drawn in practice between value and exchange-value? In which case, Marx’s attempt to maintain a concept of intrinsic value of a commodity determined in production is a confusing fiction. It seems to posit two separate accounting systems for measuring value – first in terms of labour-time, then in terms of money. Marx’s method for converting from one to the other – his transformation procedure – has been widely held to be inconsistent and fatally damaging to the scientific validity of his value theory.

Marx insists that a commodity has a value, expressed in money terms, by the time that the production process is complete, and that this differs from the eventual exchange-value, or selling price, of commodities. He strongly attacks the position of Samuel Bailey in which value is assimilated to exchange-value. Criticising Bailey’s ‘general misunderstanding according to which exchange-value equals value, and the form of value is value itself’, Marx writes ‘value functions as capital value or capital only in so far as it remains identical with itself and is compared with itself in the different phases on the circuit which... occur in succession.’

The distinction between value and exchange-value is indeed crucial. Kliman notes that, ‘Rubin was perhaps the first to note in print the conceptual breakthrough contained in Capital’s distinction between exchange-value and value’. Marx writes:

The comparison of value in one period with the value of the same commodities in a later period is no scholastic illusion, as Mr Bailey maintains, but rather forms the fundamental principle of the circulation process of capital.

But, Marx insists throughout Capital that commodities, as they exit from production, have a monetary value – but one which remains, as he puts it, no more than ‘ideal’ until the value of the commodity is realised by transformation into money at point of sale. There is, indeed, a major difficulty here, and one which has caused much anxiety and debate in the history of value theory.

15. Marx 1969, p. 495
Money and labour-time

We need, as Marx argued, a distinction between a measure of *value produced*, and the *selling price* of the commodities – their market price. But how to estimate the value of commodities as they emerge from the production process? A variety of solutions have been advanced. In recent years, a tendency within value theory has argued strongly that it is essential that value produced has to be specified in money terms, and not directly in terms of labour-time. In the temporal single-system interpretation [TSSI] the ‘single system’ element refers precisely to the requirement that value produced and selling price are both stated as sums of money. The alternative approach is the dual system in which value produced is measured in labour-time and related to selling price by a transformation procedure. But, in both approaches, the same problem arises. How can units of labour-time be converted into units of money? Three ways of carrying out the conversion have been explored in the literature, and all have a basis in Marx’s writings: (1) gold, (2) an empirical conversion formula, and (3) an aliquot or proportion method.

(1) In *Capital*, Marx writes that, ‘throughout this work, I assume that gold is the money commodity for the sake of simplicity’.\(^\text{16}\) The labour-time taken to produce a given amount of gold allows an equivalence with the socially-necessary labour-time required to produce a specifiable amount of commodities. Thus, quantities of gold are the direct incarnation and measure of socially-necessary labour-time. However, the demise of gold (and silver) as forms of commodity-money, broke the link between labour-time and money upon which Marx relied.\(^\text{17}\)

(2) There has been much discussion in the literature about how to calculate a monetary expression of labour-time [MELT]. The ‘new interpretation’ [NI] and the temporal single-system interpretation [TSSI], whatever their other differences, agree that labour-time can be directly converted into value terms specified as so much money.\(^\text{18}\) For example, Andrew Kliman, in his recent

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16. Marx 1976, p. 188.
17. What difference this makes to Marxist analyses of money in a post-bullion world has been the focus of much discussion. David Harvey, for example, argues that the basic function of gold as measure of value is displaced upward to the international area, and fulfilled, however inadequately, by the dollar (and now the euro) as forms of world money, and with US Treasury debt functioning as the ultimate store of value. See Harvey 1982, p. 295. Costas Lapavitsas argues that money must still be analysed by beginning from Marx’s own starting point, namely commodity-money. See Lapavitsas 2000.
18. The ‘new interpretation’ was inaugurated independently in the early 1980s by Duncan Foley and Gérard Duménil. See the discussion in Foley 2000. The temporal single-system interpretation has been developed by Alan Freeman, Andrew Kliman and others. See Freeman, Kliman and Wells (eds.) 2004.
book on Marx's value theory, declares that there is what he calls a simple conversion factor which allows hours of socially-necessary labour-time to be expressed as amounts of money, and vice versa. 'To measure value and price in the same units, a conversion factor is required.'

Such attempts in value theory to establish a direct conversion procedure have been convincingly criticised, not least in a strongly argued article written by Fine and Saad-Filho in collaboration with Costas Lapavitsas. They attack the view that value is directly and immediately represented by money, but discuss only one possible set of processes which help establish the money-labour time connection – namely, 'the real processes that establish the money form of value through hoarding, dishoarding, credit and so forth'. The reference here is to Marx's critique of the quantity-theory of money and his argument that (allowing for velocity of circulation) the quantity of money required to circulate commodities is determined by the total value, and therefore price, of those commodities. But this approach seems based on the prevalence of commodity forms of money such as gold. In a non-gold economy, Marx's thesis that the value of commodities determines an equivalent quantity of money would not seem to offer a solution to the problem of how labour-time gets converted into sums of money, and so into a monetary expression of value produced.

19. Kliman 2007, p. 25. Kliman adds that, in Capital, Volume 1, Chapter 7, Section 2, 'Marx frequently employed such a factor but did not give it a name'. But surely Marx did – he called it *gold*. Kliman also fails to offer a refutation of Marx's critique of labour-chit money (the form of money advocated by the Proudhonists) – that is, money in which there is just the same direct inconvertibility between money and labour-time which is the basis of Kliman's own approach. See Marx 1973, pp. 153–74 and Rosdolsky 1977, pp. 99–108. However, I do not believe that this failure is fatal to Kliman's main objective in his book. As I outline below, there are other, though less mathematically precise methods for establishing how a labour-time – money conversion is effected by the competitive processes of capitalist competition. Kliman has been successful in the primary aim of his book – that is, to rid Marx's work of the accusation of inconsistency. Kliman is right that there are not two separate accounting systems in capitalism: first, labour-time value, then money-value. Capitalism works only in terms of money-values. His argument on this point is weakened, but not fatally, by his use of a direct labour-time – money conversion factor, established by definitional fiat, and thus taking effect instantaneously, and not in a temporal process.

20. Fine et al. 2004. The attack here on the 'new interpretation' is also, by implication, directed against TSSI approaches since these also directly convert socially-necessary labour-time to units of money.

21. Fine et al. 2004, p. 10. My scepticism here refers only to the money/labour-time connection in a non-gold economy. The distinctive mode of operation of whatever monetary régime is in place is crucial in accounting for broader connections between the dynamics of a capitalist economy and the quantity and value of money. See Lapavitsas 2000 for a lucid discussion of this issue.
Finally, a number of commentators have explored Marx’s frequent attempts to equate labour-time and value by the use of an aliquot method. Bruce Roberts has an especially searching discussion. Marx starts with the assumption that total value is equal to total price. He then postulates that a given proportion of labour-time will be equal to the same proportion of total value. Roberts has ingeniously constructed an algebraic formalism which expresses Marx’s aliquot method. But he makes no claim that this equation could be directly used in empirical work. And he is careful to refer to Marx’s aliquot argument as no more than a metaphor. The problem is that the totals involved have no direct and measurable existence in the real world, except in monetary terms. Total hours of concrete labour could be calculated, but not socially-necessary value-creating labour-time. Marx himself is usually quite clear that the aggregate equalities identified by the aliquot method exist only as in ideal terms, and not directly in practice. However, the aliquot method is significant as a theoretical device, designed to indicate the implied end points of tendencies which Marx sees as active in the system and as created by pressures of exploitation and competition.

This contrast between what is specified in ideal theoretical terms, and what is implemented in practice in the capitalist economy is strategic in Marx’s handling of the connection between labour-time and money. Some kind of transposition from labour-time → money is a necessary process in capitalism. But, for Marx, the conversion is implemented in an untidy and tendential way through processes of competition. Capitals are under pressure to cut their costs of production. Often, this will involve reducing the labour-time taken to produce each commodity via an intensification of labour, or a reduction in the skill level required, and therefore a reduction in the extra value produced per hour of work. Or, by an increase in productivity, which also reduces labour-time per commodity. There is no automatic conversion of labour-time into units of money, but there are competitive pressures on capitalists to reduce production-time, and so bring labour-time, value and price towards a closer interconnection. Underlying this is a more fundamental process – as Marx once wrote, ‘economy of time, to this all economy ultimately reduces itself’. This insight is concretised in Capital in terms of imperatives of competition to shorten production- and circulation-time, and thus accelerate the speed of turnover of capital.

In dealing with the competitive processes involved, Marx often uses gravitational attraction as a metaphor. Competition to reduce costs results in

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22. Roberts 2005. Roberts uses the term ‘abstract labour’ throughout, even in contexts where the term ‘socially-necessary labour-time’ would usually be employed.
a gravitational pull, which tends to bring labour-time into alignment with money, and enables money to act as a form of expression of labour-time. Note, for example, in this passage,

the assumption that commodities from different spheres of production sell at their value naturally means no more than that this value is the centre of gravity around which price turns and at which its constant rise and fall is balanced out.24

Here, there are striking resonances between Marx’s dialectical account of the tendencies that assert themselves in practice in the capitalist economy and processes of emergence that in recent decades have become a focus of study in a wide range of natural sciences, from cosmology to molecular biology. In this paradigm, a large number of ‘agents’ responding to local pressures (for example, capitals battling in competition) generate tendencies for patterns of order to appear at a higher level in some kind of hierarchically organised pattern of stratification. There are analogies here with the emergence of the value categories in and through the processes which lead sequentially from socially necessary labour-time through to valuation in monetary terms, and on, through various stages of mediation, to the formation of the final market prices of commodities.25

The labour-time → money connection provides an outstanding example of Marx’s use of what might be called a proto-emergence approach – that is, identifying active forces of competition which create a tendency to move towards some kind of result which can also be specified in ideal theoretical terms.26 Here, Chapter 10 of Capital, Volume 3, merits careful study. Marx posits branches of production with average composition of capital – ‘a mean position which does not exist in reality’. Thus, here, he sets up a result in what he calls ‘ideal’ terms, then looks next at what processes in the capitalist economy might, of necessity, generate tendencies for a movement towards the ideal posited. He continues, ‘there prevails, and necessarily so, a tendency to make . . . equal amounts of capital, no matter how they are composed, receive

25. The broader epistemological and ontological implications of emergence for Marxist theory are magnificently discussed in Bensaïd 2002, especially Chapters 9 and 10. See also Callinicos 2006, pp. 170–3, and 212–16.
26. Marx’s analysis was handicapped by the type of mathematics available to him which dealt mainly with linear functions. Linear-type equations are still in general use in value theory, and have some validity is establishing ideal theoretical relationships in the capitalist economy. See the useful account in Zeleny 1980, Chapter 8. But a value theory stressing tendency and emergence could now draw on recent advances in non-linear mathematics to model the chaotic dynamics of capitalist reality.
equal share (aliquot parts) of the total of surplus-value produced by the total social capital’.  
Then, he asks how one can establish the necessity of this tendency, and the mechanisms whereby it is implemented? As he puts it, the really difficult question is how this happens – 'since this is evidently a result and cannot be a point of departure'.  
What processes create a tendency towards equalised profit rates on capitals of different compositions? Marx continues,

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\text{it is clear first of all that an assessment of commodity values in money, for example, can only be result of exchanging them... real exchanges of one commodity for another... \[W\]e assume a general rate of surplus-value... as a tendency, like all economic laws, and as a theoretical simplification.}
\]

Notice that, in these passages, the contrast between what is assumed as an abstract theoretical simplification, and the real processes of exchange and competition which operate in practice to create tendencies towards what has been posited in theory. But he is careful to avoid any implication of equilibrium, writing in the same chapter of processes which involve ‘the constant equalisation of ever-renewed inequalities’.

28. Ibid.  
29. Marx 1981, p. 275. In a path-breaking account, Farjoun and Machover 1983 argue that value theory should be recast using an approach derived from modern probability theory. The central variables of value and price, they suggest, should be seen as the result of processes which create a probability distribution of outcomes. The work of these scholars is certainly an advance on what is quite common in value theory – i.e. the treatment of theoretically posited quantities as if they existed empirically in some simple way. However the model of probability distribution which Farjoun and Machover use is the normal bell-shaped curve derived from statistical thermodynamics. Similar models are now widely used in the analysis of financial markets. The models assume that extremely large movements of prices of financial assets have a low probability – i.e. are at the thin end of either tail in a probability distribution. This assumption has been subject to radical attack, notably in a vivid and lucid book by Benoit Mandelbrot who uses insights derived from his work as the creator of fractal geometry to explain how the large role of speculative movements in financial markets means that extreme price movements are much more likely than the Gaussian probability model would suggest. In Mandelbrot 2005, he draws on a wide range of recent examples of financial crisis to substantiate this view. How far his conclusions apply to price movements in the productive economy as opposed to the financial markets remains an open question – but there must be considerable inflection in a Mandelbrot direction given the enormous increase in the financialisation of the capitalist economy and also the way globalisation amplifies the role of exchange rates in capitalist calculation.  
30. In another example, Marx investigates the ‘real inner laws of capitalist production’ on an assumption that supply and demand are equal; but ‘in actual fact supply and demand never coincide, or, if they do, it is only by chance and not to be taken into account for scientific purposes’. Marx 1981, p. 291.  
This last phrase suggests something similar to the processes which modern theories of emergence attempt to grasp and model. Tendencies which assert themselves through a great deal of contingent noise.

In the midst of the accidental and ever-fluctuating exchange relations between the products, the labour-time socially necessary to produce them asserts itself as a regulative law of nature. In the same way, the law of gravity asserts itself when a person’s house collapses on top of him.32

Lacking the emergence vocabulary of modern natural science, it was in Hegel that Marx founds a conceptual language for expressing the pattern of dialectical necessity implied in the term ‘asserts’.33

The modern scientific study of emergence deals with systems whose dynamic operation and change over time is determined (but not in a predictable way) by the operation of rules or laws.34 These rules can be quite simple, yet the structures which emerge from their operation endlessly complex. Emerging systems usually involve large numbers of agents (molecules, neurones, ants, investors, and so on) who act according to local rules, since there is no overall centre of control or planning of the system. The evolution of the system, its overall structure, how this changes over time, emerges from the actions of the agents, who respond only to immediate pressures and opportunities. Complex patterns of competition and co-operation develop between agents. Systems can move into phases of chaotic disorder which may end in catastrophe and collapse – but which may allow the creation of adaptive changes in the system which enable it to survive by evolving towards a more powerful and viable structure. Emergence is studied by generating mathematical models which trace the evolution of systems under given patterns of rules. Accurate quantitative prediction is generally impossible in emergent systems because their pattern of

33. ‘...notwendige Arbeitszeit als regelndes Naturgesetz gewaltsam durchsetz, wie etwa das Gesetz der Schwere, wenn einem das Haus über dem Kopf zusammenpurzelt’. One cannot, of course, simply see Marx as a theorist of emergence avant la lettre. Rather, Capital is marked by a deep struggle between: (1) a logic of tendencies and virtuality and; (2) a complex combination of both partial acceptance of, but also resistance to, the modes of empirical causality dominant in classical political economy. In Kincaid 2007b, pp. 394–400, I discuss the ways in which Marx adapted (and sometimes subverted) the moves of Hegel’s dialectical logic as he struggled to construct a scientific account of systemic causality in capitalism. For example, he uses the modalities of necessity in the Hegelian dialectic, as one of the ways of modelling the constraints imposed by competitive pressures in a capitalist economy.
34. The literature is enormous. I rely here on Holland 1998, a wonderfully lucid account by a leading researcher in emergence studies. The relevance of work in the natural sciences for political economy can only be approximate and by analogy since there is nothing like money in the non-human world.
change over time is highly sensitive to initial conditions at the start of any time period studied.

The basic rules which govern capitalism as a system are spelled out in *Capital*—Marx calls them laws. For instance, capitals will survive and grow if they maximise profitability by securing as large a share as they can of surplus-value extracted from productive workers. Workers have to sell their labour-power, but are in principle free to try and get the best pay and conditions that they can. Capitals compete by cutting costs of production and the overhead costs of realisation. If they cut costs by increasing productivity, there will be pressures built into the system for prices to fall and thus register the shortening of labour-time taken to make a given commodity. And thus a structure of first- and second-order rules is constructed, and procedures of dialectical necessity used to trace their consequences. When dealing at a more concrete level with capital as an operating and dynamically changing system of production and reproduction Marx refers to its *laws of motion*.

Marx was clear about some of the implications of a notion of scientific laws asserting themselves as *tendencies* only, and only *indirectly* in the competition between the many capitals. For example, he holds that value is created only in production, by socially-necessary labour-time. But which labour counts as socially-necessary only becomes clear in the competitive processes of realisation. The scientific measurement of the processes of value-creation in production can only be determined retrospectively, by working back from the monetary valuations established in the market. But, for Marx, the point of science was exactly to deal with a world in which surface phenomena have to be investigated to establish not just the underlying reality, but to explain why an underlying essence produces the surface appearances we experience. ‘All science would be superfluous if the form of appearance of things directly coincided with their essence.’\(^{35}\) He refers to the sphere of competition as one that

\[\text{is subject to accident in each individual case; i.e. where the inner law that prevails through the accidents and governs them is visible only when these accidents are combined in large numbers, so that it remains invisible and incomprehensible to the individual agents of production themselves.}\]^{36}

This means that value theory has to deal with temporality in a more complex way than is often the case. And this means using arguments based on inference and necessity. What exactly *must* have happened to explain the outcomes we see? The types of logic involved are in widespread use in the natural sciences,

and in philosophical discussion are referred to in various ways; for example, as quasi-transcendental arguments or modes of explanation based on natural necessity.\(^{37}\) Explanation has to be retroductive. Hegelians are accustomed to think of this in terms of the symbol of wisdom, the Owl of Minerva, which flies only at dusk. You find out exactly what happened, and why, only after the event, and by devising ways of projecting backwards from your knowledge of outcomes. It is as Kierkegaard said about life: it has to be lived forwards, but can only be understood backwards.\(^{38}\)

Given that value quantities are represented in money-form, there is no lack of precise economic data available for use in a scientific political economy. But a great deal of effort and creative resourcefulness are required to make use of the capitalist accountancy of governments and companies in ways that allow quantification of value categories, such as rates of exploitation and of profit, or the amounts of capital advanced. What is vital is to accept that it is an inherent inconvenience of the capitalist system that it conceals the operation of value-processes and does not make them directly available for empirical measurement.

**Competition**

In establishing the interconnections between production and circulation Marx returns again and again to the question of competition. In my critique of Fine and Saad-Filho, I had suggested that Marx’s law of value, and thus his account of competition, are not adequately incorporated by them into the account which they give of *Capital*. They dismiss this point in a brief paragraph, the second last in their article. Here, they say only that I, appeal to the ‘law of value’ as if invoking this law is a substitute for theory, or a framework in and of itself for incorporating more complex economic moments on an unsystematic (or circulationist) basis. In our view, the law of value concerns rooting more complex outcomes in value relations.

This would seem to suggest a sequence in theory construction in which, *first*, value relations are established, *then* competition is introduced to allow us to analyse more complex aspects of the capitalist economy. This is not adequate. Competition is of the essence of capitalism, no less than exploitation. Marx certainly left any detailed exploration of competition till *Capital*, Volume 3,


\(^{38}\) For a brilliant exploration of the wider complexities of temporality which Marxist value theory has to find ways of incorporating, see Bensaïd 2002, Chapter 3.
but competition is implicit at every point in the theoretical narrative of *Capital* from the very start. He also had the hope of dealing in a more comprehensive way with ‘competition on the world market’ in a projected follow-up volume to *Capital*. What is needed is a development of Marx's theory of competition in ways which do justice to the many dimensions and scales at which it operates. And, similarly, we need to study the many ways in which competition and monopoly interrelate. In this process, we cannot confine attention only to competition *between* capitals. In an outstanding article, Dick Bryan reviews Marx's argument that abstract competition constitutes the inner nature of capital. Bryan correctly insists that, if rigorously used, the category of abstract competition implies that the competitive processes that determine capital allocation *within* large enterprises play a major role, along with competition between firms, in the equalisation of rates of profit. Bryan writes that,

> the unifying role of competition is to secure the rate at which value is transferred between different forms of capital. . . . It is only by an abstract notion of competition that it is possible to conceptualise equivalence between the money form, the productive form and the commodity form of value. 40

In this way, Bryan asserts the centrality of competition in the tension-ridden processes which operate to create some degree of commensurability between the various forms taken by capital as it is driven through the circuits of production and reproduction. The question of commensurability has been central in the outstanding series of studies which Bryan has published on capital as value-in-motion. And, throughout this work, he has insisted that the role of exchange rates in the valuation of capital must figure as a crucial element in Marxist value theory.

### Exchange rates and value theory

In my critique of Fine and Saad-Filho, I had mentioned exchange-rate changes as a phenomenon of circulation that would affect the valuation of capital in production. In reply they write,

> Kincaid’s value-form approach will always hop between the two spheres of production and exchange and seek to hold them together through the deployment of Hegelian incantations where necessary, rather than constructing one out of the other. This is only too evident in his treatment of an exchange-rate devaluation,

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40. Bryan 1985, pp. 77 and 83.
itself taken as an unexplained ‘hit’ with the effect that values are suddenly less in some countries and more in others. Currency movements are seen to determine values rather than vice-versa (albeit through a complex chain of causation from conditions of production to conditions of international exchange that Kincaid has simply bypassed). If the US dollar devalues by ten per cent does this mean ten per cent of the value of commodities produced in the US has been wiped out as Kincaid suggests or, in our view, that value has been redistributed?

Here, only a one-way chain of causation is invoked – from conditions of production to conditions of international exchange – as required by productionist\textsuperscript{41} doctrine. I did not, of course, make the elementary error of suggesting that a ten per cent devaluation of the dollar means that a dollar will buy ten per cent fewer commodities produced in the US. Obviously, what happens is that the price of US commodities has fallen by ten per cent for holders of the currencies against which the dollar exchanges, and the price of non-dollar commodities has risen correspondingly for holders of dollars. But Fine and Saad-Filho’s argument leaves unspecified what else is involved. They note that there has been a redistribution of what they call ‘the value of commodities’ as changes in relative prices affect the relative purchasing power of currencies. But concrete analysis has to deal with \textit{capital} valued in a given currency, and whose international value is altered by exchange-rate changes. As currencies rise and fall against each other, the \textit{valuation of capital itself} is altered. The South-Korean exchange rate against the dollar crashed by twenty four per cent after the Korean government was forced on 27 November 1997 to allow the won to float against the US dollar. This meant that the value of Korean productive capital was devalued in relation to equivalent capital valued in dollar terms. Korean capital was also devalued relative to its own past value, to the extent that its productive operations depended on imports from abroad. A similar devaluation had an impact on Korean financial capital. Even the ratios of constant capital to labour would be affected, given that there would be a change in the Korean organic composition of capital relative to the OCCs in the rest of the world.

In the above quotation, Fine and Saad-Filho write rather airily of deriving currency movements from conditions of production. But some recent and determined efforts to theorise the linkages suggest the difficulties involved. For example, Dick Bryan has intensively studied the movement of capital through \textit{international} circuits of production and reproduction. He argues that Marx’s law of competition, the law of value, must include an assumption that mechanisms are available to determine the commensurability of capital values

\textsuperscript{41.} As I prefer to call it now, it having been pointed out to me that ‘productivism’ summons up quite inappropriate associations.
situated in different national spaces—and thus attention must be given to exchange rates. He suggests however that,

to cast the role of the exchange rate in terms of sustaining the value of capital across currencies is a Marxist equivalent to the mainstream economic conception of a purchasing power parity theory of exchange rates.42

And as he is highly critical of the purchasing-power-parity (PPP) concept, he concludes that, ‘exchange rates must be recognised as largely beyond explanation, in value theory as well as in the economic orthodoxy’.43

There is in addition, the obvious fact that the movement of exchange rates is highly influenced by speculation and by state intervention. It is well-known that the volume of money crossing the international exchanges each year equals many times the value of international trade. This same difficulty plagues Guglielmo Carchedi’s meticulous attempt to build a theory of exchange rates from the fundamentals of value theory.44 What Carchedi has attempted is to use an internationalised variant of Marx’s prices of production as a basis for a theory of exchange-rate determination. Carchedi treats movements of money capital as extraneous to the determination of what he calls tendential exchange rates. He argues that beneath the empirical surface of realised exchange rates is the gravitational pull of the tendency of exchange rates to move to parities which equalise profit rates as between countries.45 There are two main difficulties with Carchedi’s thesis. It would seem to be valid only to the extent that different countries or currency zones have the same branches of production. Also, competitive processes within and between branches of production can

42. Bryan 1995, p. 79.
43. Ibid. Bryan does stress that, in much of the world system, capitalist economic calculation is now based on international input and output prices rather than solely those of the domestic economy. In a later series of studies, Bryan, together with Michael Rafferty, argues that the spread of derivatives allows firms, via forward operations, to offset the effect of future exchange- and inflation-rate changes affecting their operations. Bryan and Rafferty conclude that the price stabilisation thus effected means that derivatives perform some of the functions of gold in nineteenth-century economies, i.e. as a store of value, and world-money equivalent of gold. Critics have pointed out that with $2 million of derivatives and $2 you can buy a cup of coffee—i.e. that derivatives cannot be considered money, because they do not function as a general equivalent. But this criticism does not address the point that in value terms, individual capitals have found a mechanism for reducing instability in the valuation of capital-in-motion arising from movements in exchange and inflation rates. But recent crises in the financial markets suggest that though derivative markets may be stabilising for individual firms, they can generate systemic instability when competition in the financial sector leads to a large-scale underpricing of risk. See Bryan and Rafferty 2006. Credit derivatives have hugely deepened the 2008 crisis.
only affect exchange rates directly if they register quite precise effects on the demand for foreign currencies. The movements in commodity prices which are central in his argument are too weak to have the necessary effect. The impact of commodity trade on exchange rates is swamped by the movements of money capital. Despite these criticisms, Carchedi’s work is significant. His analysis is defective as a law of exchange-rate determination. But what Carchedi’s approach does effectively is to suggest criteria of price competitiveness which we can use to judge the level of overvaluation or undervaluation of capital, commodities and labour in different currency zones.46

What we cannot avoid, as Dick Bryan persuasively argues, is the necessity to allow for exchange-rate levels and changes in estimating the size of quantities of capital in motion round the circuits of production and realisation. Firms with a capital structure involving cross-national ownership, or engaged in transnational operations, are capitalised in a spectrum of different currencies – and the extent to which their capital accumulates or is devalued over time is affected by changes in relative currency values.

Conclusion

I have been arguing for a strong emphasis in value theory on quantities of capital passing through the circuits of production, realisation and capital formation. Also, that, in such an approach, processes of capital valuation are vital. Some of the most challenging and politically energising work in and around contemporary political economy would seem to call for just such a double inflection in value theory. In the mainstream value tradition, the sources of capital accumulation are sought primarily in the surplus-value extracted from productive workers. But a powerful current of research has stressed accumulation by dispossession; privatisation; the commodification of nature, of the resources of non-capitalist societies and of the personal and cultural spaces and products of the life-world.47 A broad quantitative concept of capital in motion can register processes of capital accumulation as derived both from exploitation or dispossession, and also integrate an account of the forms of surplus-value acquisition which are studied in commodity-chain analysis.

The all-too-easy assumption that value can be defined in a simple way as equal to labour-time has been compellingly challenged by a now large literature

47. See for example Harvey 2003, Chapter 4, and De Angelis 2007.
exploring such categories as immaterial labour, caring labour, cultural or cognitive capitalism. Renewed attention has been focussed on Marx’s own thesis that value is created by collective teams of workers which may include scientists, engineers, designers, administrators, and so on. It is essential to have a vision which sees capital as struggling to impose its own processes of valuation over productive work of all kinds, and to see the deeper reasons why capitalist exploitation of cultural, caring, or cognitive labour involves a ceaseless quest to find ways of subordinating them to quantitative disciplines of elapsed time and target dates.

We cannot deal adequately with the circuits of productive capital by simply counterposing production and realisation, and still less by reducing circulation to the subordinate status of registering the changes which occur in what is assumed to be the decisive sphere, namely production. Marx writes that ‘circulation is just as necessary for commodity production as is production itself’. 48

Capital, as self-valorising value, does not just comprise class relations, a definite social character that depends on the existence of labour as wage-labour. It is a movement, a circulatory process through different stages, which itself includes three different forms of the circulatory process. Hence it can only be grasped as a movement, and not as a static thing. Those who consider the autonomisation [Verselbständigung] of value as a mere abstraction forget that the movement of industrial capital is this abstraction in action. 49

Marx holds that productive labour is the only source of surplus-value. However, he also insists that, ‘the transformation of surplus-value into profit is... just as much determined by the circulation process as by the process of production’. 50 But calculation of profit rates depends fundamentally on the estimation of rates of surplus-value. I have stressed the empirical difficulties of measuring surplus-value directly. But the reality of exploitation in a capitalist economy is not in any way undermined by recognition that its scientific study can only be conducted at concrete levels of analysis, after the event, and by using inferential logics to identify central tendencies in and through the statistical noise of capitalist accountancy.

50. Marx 1981, p. 967. The quote continues, ‘Surplus-value in the form of profit is no longer related to the portion of capital laid out on labour, which is where it is derived from, but rather to the total capital’. On the previous page, he makes the further point, that in addition to the amount of surplus-value, ‘a second determining element intervenes here besides labour-time, i.e. the circulation time’. 
A final word about Fine and Saad-Filho’s ‘Introduction’ to Marx’s ‘Capital’, which has figured in this debate as a sort of microcosm of the conceptual topology and emphases of much contemporary value theory. I expect and hope that the book will attract a wide readership. It summarises very well what could be called the current mainstream in value theory, and (despite the limitations I have been complaining about) is a readable and lively account which does ample justice to the fundamental strength and coherence of Marx’s value theory.

However, I have been arguing that to provide an adequate account of current mutations in global capitalism requires a change in the conceptual angle of vision of the currently dominant version of value theory. The question of the composition of capital and its effect on rates of profit is important. But there are many other elements in the broad range of forces which have been driving the very rapid rates of global accumulation in the global economy in recent years. Levels of profitability have been high in much of the world. Total world GDP rose by one quarter in the five years up to the end of 2007. There has been a huge increase in the speed of capital turnover and in the sheer scale of productive capital currently employed in the world system – and both of these were in part due to an explosion in the availability of low-cost finance for productive investment. Financial assets as a proportion of world GDP have tripled since 1980. The global labour-force, directly employed by capital, or available to it as a reserve army of labour, has more than doubled in the same period. Rates of exploitation have soared, so have rates of accumulation by dispossession. Ecological constraints are tightening.

Value theory will be better placed to provide a scientific account of these developments if it focuses centrally: (1) on the forces and logics which determine the changing size and speed of turnover of quantities of value-as-capital; and (2) on how capital in motion is driven through the repeated circuits of production and realisation by the imperatives of competition, exploitation and profitability.

51. The implication of my discussion is that the machinery of the OCC/VCC distinction is somewhat clunky and cannot sufficiently register either the fluency of the circuit of productive capital or the impediments which interrupt that fluency. These ratios should be seen as emergent phenomena, not as measurable in a precise and stable way in a positivistic scheme. Fine and Saad-Filho correct me on one point, which is that a rate of profit at any point in time is calculated not on the capital originally advanced (as I seemed to imply) but on capital net of the flow of profits already realised. However, I still consider that their account of profit rates is too focused on circulating capital, and especially raw materials; in reply to this point they refer the reader to p. 138 of their 2004 book. But page 138 deals only with merchants’ capital not with productive capital.
References


Review Articles


For a couple of decades now, the wind of restoration has been blowing through the historiography of revolutions. The celebrations of the bicentennial of 1789 consecrated the hegemony of the school created by the French historian François Furet. Rejecting the notion of ‘bourgeois revolution’, the latter had found his inspiration in two conservative forerunners. First, and above all, in Tocqueville, who helped him to define the French Revolution as an avoidable and unlucky explosion of violence: ‘even if it had not taken place, the old social structure would none the less have been shattered everywhere, here sooner, there later. The only difference would have been that instead of collapsing with such brutal suddenness it would have crumbled bit by bit’.¹ Then in Auguste Cochin, who, a century ago, had condemned the French Revolution as a product of revolutionary ideology, fanaticism and passion.² The bicentennial had not yet ended when the fall of the Berlin Wall, and then the implosion of the USSR, nourished a new conservative wave. With a swing of the pendulum, social history was abandoned for the sake of rediscovering the old interpretations of Communism that had dominated the 1950s, at the beginning of the Cold War. In the United States, Richard Pipes depicted the Russian Revolution as a kind of virus propagated by the Russian intelligentsia (the homologue of the Enlightenment philosophers) and Martin Malia denounced a totalitarian régime engendered by a pernicious ideology.³ Just before his death, Furet presented a new, more sophisticated variant of those commonplaces in his last book, The Passing of an Illusion.⁴ It was an intellectual testament exalting the insuperable virtues of classical liberalism as well as a definitive condemnation of all revolutionary attempts, viewed as inevitably producing totalitarian effects. But the breach was opened and a troop of zealous disciples quickly rushed into it, sometimes reducing Communism to a criminal parenthesis in the history of the twentieth century (Stéphane Courtois) and sometimes interpreting the war in the Vendée as the first modern genocide (Alain Gérard, Patrice Guenniffey).⁵

With The Furies, we hear a very different music. Arno J. Mayer’s latest, very ambitious work troubles the pervasive conformism and disturbs the conservative chorus, introducing a dissonant voice. But it goes far beyond simply acting as a salutary spoilsport, because

¹. Tocqueville 1961, p. 81.
². Furet 1981; notably his last chapter is devoted to Cochin.
Mayer renews the historiography through the magnitude of his perspective and the originality of his approach. Though he strongly criticises the conservative wave, he does not defend the old historical schools. In fact, he shares something with Tocqueville and Furet: not, of course, the condemnation of the revolutionary outbreak; what he shares with them is the attempt to grasp it as a process in the long view. On the other hand, he shares with Albert Mathiez the idea of a fundamental analogy – in their aims, forms and means – between the French and Russian Revolutions. The latter had been experienced by its actors if not as a simple repetition of 1789 then, at least, as a radical transformation of society the understanding and mastering of which might find a useful paradigm in its French forebear. Such an analogy explains the choice of a comparative approach. The result is a great historical fresco that some critics have compared, for the breadth of its horizon, to a Delacroix painting. But Mayer does not resort to epic narrative and his book is built on a solid conceptual framework, surveying some great collective representations. Rather than Michelet, Trotsky or Deutscher, the models of this book are Marx, Quinet and Weber.

Mayer rejects the traditional historiography that distinguishes between ‘good’ and ‘bad’ revolutions. For classical liberalism, the former should be bearers of individual liberties, the liberal state, markets and capitalism – like the English ‘Glorious Revolution’ or the American Revolution – while the others, the great majority, would be inspired by ideology and fanaticism and result in violence. This approach always separates, within the same revolution, a ‘constructive’ step from its totalitarian derailing: 1789 against 1793, February against October 1917 (but there is also a Marxist version of this approach, distinguishing between the Jacobin dictatorship and Thermidor, the Leninist dictatorship and Stalinism). Mayer does not focus on these dichotomies. He considers the revolutions as ‘furies’ in which terror is an unavoidable, substantial and structuring moment.

Let us summarise, in its main outlines, the definition of revolution suggested by Mayer. Its paradigm is 1789, which, as he emphasises, renders obsolete the old vision – borrowed from astronomy – of the revolution as a return to an ancient order through a cyclical movement akin to terrestrial rotation (like the English ‘Glorious Revolution’ of 1668 which definitively restored the monarchy). Revolution is a rupture that creates a new order, carried out by a mass movement that seizes power (or occupies a vacant power) at the apex of a political crisis. Generally aware of its historical mission, the revolution affirms universal values and projects itself into the future. According to Mayer, Machiavelli already prefigured this definition at the beginning of sixteenth century, but one might add that it also recovers the Schmittian concept of ‘sovereign dictatorship’ and, more recently, Toni Negri’s idea of a ‘constituent power’, a subversive force creating its own legitimacy. Such a rupture presupposes the use of violence. There is no revolution without violence, a founding violence in the Marxian sense of ‘the midwife of every old society pregnant with a new one’. Such a revolutionary violence should not be confused with the counter-revolutionary kind, restorative of order and power, which was theorised by Hobbes and Bodin at the time of the wars of religion or by Schmitt and Weber after the First World War and the Russian Revolution. Every revolution, Mayer explains, is deeply linked to the counter-revolution:

they are ‘symbiotically’ intertwined and reciprocally nourish themselves in a spiral of radicalisation (p. 50).

If the concept of revolution experiences changes and metamorphoses before being codified in 1789, that of counter-revolution is unambiguous, to the extent that its content and use were initially defined by Edmund Burke and Joseph de Maistre, Luis de Bonald and René de Chateaubriand. In spite of its forerunners throughout the eighteenth century – the philosophers of the counter-Enlightenment – counter-revolution needs an enemy to fight against in order to define and build up its own identity as a political and ideological current. Counter-revolution does not simply carry on the tradition, old values and the restoration of the Old Régime since it mobilises crowds, makes claims on action and becomes in turn a subversive force. Its idealisation of the past is neither impotent nor resigned and its militant character pushes it to adopt the methods and *modus operandi* of the revolution itself.9 Once unburdened of its aristocratic traits, in the twentieth century the counterrevolution becomes a ‘conservative revolution’, then mutates into fascism, a modern political movement sometimes presented by its leaders as a ‘revolution against the revolution’.10

Terror is inscribed in this dialectic between revolution and counterrevolution. Born from the civil war generated by the fall of the Old Régime, terror arose from below before being canalised, framed and conceptualised by its leaders: Marat and Robespierre, Lenin and Trotsky. For two centuries, as Mayer emphasises, the historical debate has merely reproduced a cleavage born at the end of the eighteenth century. On the one hand, we have Kant and Hegel, who had justified the Jacobin terror as the arm of progress against the ‘Evil’; on the other, Goethe and Schiller, who had condemned it as a regression into ‘barbarity’ (p. 94). In the conflict opposing the ‘geneticists’, for whom the terror would descend from revolutionary ideology, to the ‘environmentalists’, for whom it would depend on circumstances (the civil war provoked by the counterrevolution and the need to wage it), Mayer is closer to the latter. He criticises the classical interpretations of terror as a product of the ideology as well as the psychology of its actors. But, above all, he rejects every kind of mono-causal explanation, recognising that, once it has arisen in a given context, terror can be radicalised by ideology, as well as oriented, halted or extended by the choices of its actors. One essential motor of revolutionary violence – Mayer adds in the wake of Georges Lefebvre – lies in fear and in the will to vengeance which often appears more as a ‘natural’ phenomenon than a social one, pushed by irrational impulses and aimed at the destruction of the enemy (p. 138).

As the founding act of a new order, revolution – therein lies its last basic trait – possesses the features of a ‘secular religion’. Just as the French revolutionaries had erected a cult of reason, the Bolsheviks infused the Russian Revolution with an almost religious aura that lent their power the strength of a faith. Revolutions create their own liturgy, made of public ceremonies, rituals and symbols, with the commemoration of their own martyrs and the worship of their own icons ( Lenin embalmed in a mausoleum). On the other hand, the introduction of a new calendar reveals the will to create a new temporality. In France and in Russia, the love for Humanity replaced the traditional belief in God and the revolution

secularised some old religious hopes; thus, both the Nation and Socialism took on a strong messianic and Promethean dimension. Lived as religions and defended by faith, revolutions inevitably tended to fight their enemies as renegades and to pursue the critics who had emerged from their own ranks as heretics.

The French and Russian experiences clearly illustrate the complex articulation that binds together the different elements of a revolutionary process. The Jacobin terror expressed a form of violence arisen from below. Marat, Danton and Robespierre tried to control it, circumscribing it with a legal framework. It was a ‘dictature de la détresse’, according to Lazare Carnot, leading to the levée en masse, when the Revolution was menaced by a foreign military coalition, as well as to the Committee of Public Safety, when reaction arose from within. Danton and Robespierre tried to replace popular vengeance, blind and unbound, by ‘the sword of the law’ (p. 196). Thus, following Edgar Quinet, Mayer interprets the Vendée rebellion as a civil war characterised by fanaticism and excess on both sides. Expressing the Catholic, royalist and peasant resistance to revolutionary transformations, it took the form of a military reaction that had to be destroyed by force. Current comparisons with genocide are not acceptable because the victims of this war were essentially soldiers, ‘not innocent non-combatants’ (p. 349). Jacobin furies were not directed against a people or an ethnic group but against the counter-revolution, in a region where 90 per cent of priests had refused to swear the oath to the nation and had organised a royalist army (p. 328). In fact, terror was transient. The specific feature of the French Revolution, according to Mayer, was its ‘externalisation’ by the Napoleonic wars, which propagated its social and political impact on a European scale. He summarises this tendency borrowing the words of Marx, for whom Napoleon ‘perfected the terror by substituting permanent war for permanent revolution’ (p. 11).11 Adopting such an approach, the French Revolution was concluded in 1815 with the restoration of the Old Regime. In spite of its transformations and changes, the latter would survive until its final fall in 1914. The modern Thirty Years War generated by this rupture will be concluded only in 1945, leaving Europe in ruins.12

In Russia, the terror was born in the middle of a civil war much more murderous and violent than the one waged in France in 1793. The Russian Civil War inscribed itself in continuity with a world war that had radicalised and brutalised social, political and national conflicts. Menaced by an international coalition and an internal counter-revolution acting on multiple military fronts, and entangled with national rebellions, the Soviet power was compelled to defend itself by adopting the model of the Jacobin dictatorship. Mayer does not neglect the importance of ideology in the Bolshevik terror – violence justified as the obligatory means for transition to a socialist order – but refuses to see it as its only source, and still less as its fundamental cause. In his eyes, Bolshevik violence can be explained only by considering its relationship with the violence of the counter-revolution. Just as in 1793–4, the Bolshevik dictatorship was generated by fear, sometimes panic, but also by a lot of improvisation and pragmatism which ideology could only retrospectively legitimate. In this context, the Cheka rapidly acquired considerable power – passing from 2,000 members in 1918 to 140,000 in 1921 – and was imposed as an extra-legal instrument of terror (therein lies its essential difference vis-à-vis the Jacobin dictatorship) running parallel with both ordinary law courts and revolutionary tribunals.

Arising at the end of a world war, the Russian Revolution did not spread through the continent. The end of the Civil War in the former Tsarist Empire corresponded with the defeat of the revolutionary attempts in Central Europe. After the catastrophic adventure of the march on Warsaw in 1920, the Bolshevik Revolution remained isolated and was obliged to establish diplomatic relationships with the other European states at Rapallo two years later. According to Mayer, this produced a process of ‘internalisation’ of its contradictions that led to Stalinism. Just as Napoleon had projected the revolution outside the frontiers of France through war, Stalin withdrew the revolution into Russia, at first proclaiming ‘socialism in one country’, then deciding on an extremely brutal and destructive policy of social modernisation. Mayer does not share the theories of ‘totalitarianism’ which interpret the Soviet régime as the Russian homologue of Nazi Germany and Fascist Italy. Using a formula that recalls Isaac Deutscher, he presents Stalinism as ‘an uneven and unstable amalgam of monumental achievements and monstrous crimes’ (p. 607). The ‘second revolution’ launched by Stalin in 1929 represented a terrible social war against Slav backwardness in which there merged Western influences, ideological imperatives and the old hostility of Russian Marxism toward the peasant world, as well as an authoritarian tendency inherited from the Tsarist past. Thus, the Civil War (1918–21), the collectivisation of agriculture (1929–31) and the political purges following the Moscow trials (1936–8) become the different steps of a single process of ‘internalisation’ of an isolated revolution that withdrew into itself. Like the Vendée war, the ‘liquidation of the kulaks’ was not genocide, because its aim was not the destruction of a people. Expropriations, confiscation of harvests and the generalised starvation that killed several million people were the result of a ‘revolution from above’ which was conceived and realised with authoritarian and bureaucratic methods, far more improvised than rigorously planned (with uncontrolled consequences). The most pertinent comparison, according to Mayer, is not Auschwitz but the great famine that decimated the Irish population in the middle of the nineteenth century (p. 639). In turn, the Gulag, which affected more than ten millions Soviet citizens and made a million and a half victims, played an essential economic role in this process of authoritarian modernisation. In short, Stalin was neither a providential leader, following the old mythology, nor a true Russian ‘Thermidorian’. If Mayer does not consider him as a ‘revolutionary’, at least he presents him as a ‘radical moderniser’ whose actions integrally belonged to the process opened by October 1917 (p. 662). Although different, the ‘furies’ of Stalinism would represent the prolongation of those borne by the Red Army during the Civil War, between 1918 and 1921, and their impetus would not be exhausted before 1945, at the end of the ‘patriotic war’ against the Nazi Germany. Thus, it is only in 1945, at the end of the modern Thirty Years War, that the Russian Revolution fulfils its trajectory, just as the French Revolution experienced its epilogue in 1815.

If the great force of this interpretation of revolutionary terror lies both in historicism (the long view) and comparativism (the parallel analysis of the French and Russian historical contexts), its main limit lies in its monolithic character. In other words, Mayer considers revolutions as compact blocs in which one might distinguish different stages, but not breaks. Thus the French Revolution would run from 1789 to 1815, including both Thermidor and Empire. In a similar way, the Russian Revolution would fulfil its cycle between 1917 and 1945, at the moment of the German defeat and the stabilisation of

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Soviet power. Adopting such an approach, Stalinism does not appear – following Trotsky's interpretation, strangely ignored by Mayer\textsuperscript{14} – as its post-Thermidor and Bonapartist phase, but as the highest point of the Terror. The affinities between this interpretation and those elaborated by several 'revisionist' historians of Soviet society, such as J. Arch Getty and Sheila Fitzpatrick, are clearly evident. In her introduction to \textit{The Russian Revolution}, the latter explains her vision of a substantial continuity between Lenin and Stalin:

As to the inclusion of Stalin's 'revolution from above' in the Russian Revolution, this is a question on which historians may legitimately differ. But the issue here is not whether 1917 and 1929 were alike, but whether they were part of the same process. Napoleon's revolutionary wars can be included in our general concept of the French Revolution, even if we do not regard them as an embodiment of the spirit of 1789; and a similar approach seems legitimate in the case of the Russian Revolution. In common-sense terms, a revolution is coterminous with the period of upheaval and instability between the fall of an old regime and the firm consolidation of a new one. In the late 1920s, the permanent contours of Russia's new regime had yet to emerge.\textsuperscript{15}

Fitzpatrick stops the Russian Revolution with the Moscow trials of 1938 and Mayer includes the Second World War (she has criticised him for this),\textsuperscript{16} but that is not the point. Quoting Hannah Arendt, Mayer distinguishes between two different terrors: the revolutionary terror of the Russian Civil War; and the totalitarian terror of Stalinism, coldly launched in a pacified country by a central power (p. 112).\textsuperscript{17} Unfortunately, he does not develop this marginal remark. Though he pertinently observes that revolutions do not descend from an ideology, he does not pay attention to the fact that they experience not only steps but also breaks in which actors take political choices and draw some lines of orientation. Of course, Stalin's 'revolution from above' is inscribed in the process opened by 1917, just as the civil code introduced by Napoleon's armies in Europe presupposed the rupture of 1789, but they were not ineluctable and automatic results. Other institutional forms and other modernising politics were possible. Mayer does not analyse the debates on the conceptions of democracy, social justice and equality that divided the Jacobins themselves, the Jacobins from the Girondins and also the Jacobins from the \textit{sans-culottes}.\textsuperscript{18} The social forces subtending those ideological conflicts – the heroes of Marxist historiography from Daniel Guérin to Albert Soboul\textsuperscript{19} – do not find an important place in Mayer's historical reconstruction. As he openly admitted in a debate on his book, for him, revolutions are much more a political phenomenon than a clash of social forces.\textsuperscript{20} Likewise, he neglects the controversies on the concepts of dictatorship, individual liberties and

\textsuperscript{14} Trotsy 1971 and 1973. According to Trotsky, the Russian 'Thermidor' took place in the middle of the 1920s. He regarded Stalinism as a kind of Soviet Bonapartism that both preserved and deformed the conquests of the October Revolution.

\textsuperscript{15} Fitzpatrick 1994, pp. 3–4.

\textsuperscript{16} See Fitzpatrick 2001, p. 585.

\textsuperscript{17} See Arendt 1970, p. 55.

\textsuperscript{18} These debates are examined in Bensaid 1989.

\textsuperscript{19} Guérin 1946; Soboul 1989.

\textsuperscript{20} Mayer 2001, p. 590.
political pluralism, as well as on the relationship between the soviets and the Bolshevik Party, the plan and democracy, national choices and internationalism which divided the Russian revolutionaries. Nevertheless, those conflicts were very sharp, between 1917 and 1922, the years in which a one-party political régime appeared in Russia, as well as between 1925 and 1929, when Stalin successively eliminated Trotsky's and Bukharin's oppositions within the Bolshevik Party. Mayer considers those conflicts only within his analytical framework, which defines Stalin as both the heir and the executor of the Revolution.

The debate between the Trotskyites and the Stalinites had some of the elements of the debate over war and peace between Girondins and Jacobins in 1791–92. Girondins and Trotskyites tended to argue the primacy of foreign policy, which presumed to raise the European revolution in support to the 'national' revolution; Jacobins and Stalinites stressed the primacy of domestic policy, and on this score Stalin bore resemblance to Robespierre before the Convention's peremptory rush into general war. (p. 624.)

On all these questions, The Furies reopens the debate. The enthralling force of its historical imagination and the magnitude of the landscape it paints cannot but arouse the reader's admiration, for its most original and convincing theses as well as for its most controversial interpretations. No historian can write on revolutions without carefully studying this book. In a remarkable text written as a response to his critics, Mayer recalls the essential elements of his method: contextualisation; historicism; comparativism; and multi-disciplinarity, ingredients to which he might have added a great erudition and a sizeable dose of non-conformism. With The Furies, Mayer has sketched an alternative to conservative historiography and at the same time introduced a powerful spur to further research in the field of revolutionary historiography.

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The Limits to Capital, David Harvey, London: Verso, 2006

The cover of this re-edition of David Harvey's book announces that it is 'new and fully updated'; in fact, aside from a short prefatory text, it is an unaltered reprinting of the original 1982 publication. Harvey has chosen not to rethink his ideas in response to the many assessments – generally extremely positive – of his work, to the flood of publications on Marx's Capital published in the last quarter century, or to economic and political developments during the same period. The new edition provides an opportunity, however, for a reconsideration of this text, which Bob Jessop already in 2004 proclaimed a 'classic' of Marxist writing and which Harvey himself describes in his new introduction as 'prescient' and 'even more relevant now' that twenty-five years have passed. Harvey's is an ambitious and altogether large-spirited book filled with interesting theoretical suggestions. I will not comment on most of these here, but will limit myself to the heart of Harvey's argument. As this takes the form of a direct confrontation with Capital, we can examine the adequacy of his understanding and critique of Marx's ideas by examining his treatment of three interrelated topics central to those ideas: the method of theory-construction employed in Capital; Marx's theory of value and its place in his analysis of capitalism; and the theory of crisis that Marx developed on the basis of that theory.

Marx achieves his theoretical goals, according to Harvey, through 'ruthless application of dialectical modes of reasoning – the principles of which are very different from but just as tough and rigorous as any mathematical formalism' (p. 38). As this comparison suggests, lurking in the background is a comparison of Marx's argument to the modes of analysis of modern mathematicised economics, and in fact – as we shall see – academic economics has importantly shaped Harvey's thinking. On the other hand, the 'rigour' of dialectics is never explained or illustrated. The general compliment coexists with constant specific criticism. With respect to the relation of values to prices, certainly a central question of Marx's theory, it seems that he only came 'close... to solving the problem', no doubt because of 'his extremely limited mathematical technique' (p. 67). Marx's miss, indeed, seems as good as a mile: his transformation procedure 'is incorrect' and his argument logically defective (p. 4). And with regard to the falling rate of profit, which Marx considered 'the most important law of modern political economy', his argument, in Harvey's eyes, 'is not particularly well-honed or rigorously defined' (p. 181). Indeed, although Marx's intention was to use this 'law' as the basis for a theory of crisis, Harvey concludes that crises have 'nothing directly to do with the supposed law of falling profits' (p. xxiii).

In fact, whatever the toughness of Marxian dialectics may consist in, Capital, according to Harvey, is far from having a rigorously logical structure in the ordinary sense: its first chapters 'are not firm and fixed building blocks upon which all subsequent chapters are erected' (p. xxxi). Harvey describes Marx's dialectic in conventional terms as proceeding by the discovery of 'contradictions' that, once resolved, give rise to new ones in an argument that spins 'onwards and upwards... to encompass every aspect of the capitalist mode of production' (p. xxxii). On the other hand, apparently much remains unencompassed: after seven chapters summarising and interpreting Marx's argument up to his theory of the falling profit rate, Harvey intends to use the same device of dialectical logic 'to extend Marx's argument on to less familiar terrain', demonstrating in particular that the conditions

of crisis generated by the system as Marx analyses it ‘can be absorbed by new forms of circulation’, only to reappear due to the ‘dynamics of technological change’ (p. xxxii).

According to Marx himself, the dialectical manner of exposition utilised on occasion in *Capital* was merely a ‘method of presentation’ of ideas worked out by the ordinary logical methods of scientific analysis, a ‘mode of expression’ chosen both to pay tribute to Hegel and because it reflects the nature of a society whose movement may be described as ‘full of contradictions’ in that its normal progress leads necessarily to crisis. On the other hand, the ‘dialectical method’ of *enquiry*, as Marx explains it in the ‘Postface’ to the second edition of *Capital*, Volume 1 approvingly quoting the first Russian reviewer of his book, is just the attempt to discover the law governing the variation of the phenomena of capitalism, ‘of their transition from one form into one another’; that is, ‘to show, by an exact scientific investigation, the necessity of successive determinate orders of social relations, and to establish, as impeccably as possible, the facts from which he [Marx] starts out and on which he depends’. Marx, in other words, stakes his claim to scientific rigour precisely on ordinary logic (for the good reason, though there is not space to argue it here, that there is no other kind).

Yet it is true that *Capital* does not have the simple form of a deduction of consequences from a set of initial premises. For instance – and most fundamentally – the analysis of the value-form begun at the start of the first volume is not really completed until the end of the third. There are two reasons for the complex structure of Marx’s argument. One is that his work is not simply a social theory but, as its subtitle proclaims, a critique of political economy and may be described as ‘dialectical’ (in addition to the two senses of that word mentioned above) in that it follows the Hegelian pattern of demonstrating that an historically dominant mode of thought in fact represents an inversion of the true state of affairs. Marx begins with the fact that capitalism appears – to the eyes of economic theorists and ordinary social actors alike – to be characterisable essentially as a market society, only to show that on this basis the production of profit, the goal of capitalist market exchange, is inexplicable. This opens the way to the demonstration that the class relation between capitalist and wage-labourer underlies the generalisation of market relations: only when the ability to work becomes a commodity must all goods become commodities. Profit-making – the exploitation of wage-labourers by capitalists – is prior to the generalisation of the market. The historical specificity of capitalism, however, remains hidden from the viewpoint of economics, which, taking market relations for granted, is unable to explain their origin or dynamics. Similarly, the conclusion of Marx’s text explains not only the mechanics of price formation but also how these obscure the class relation of production.

This systematic difference between the social relations and processes fundamental to capitalism and the way in which they appear to those involved in the system’s functioning is the second reason for the complexity of Marx’s analysis. Each capitalist believes that the returns to his investment are a function of the particular structure of his investments in labour and means of production, together with the market conditions governing the inputs and outputs of his process. But Marx claims to demonstrate that the centrality of market exchange to a social system based on wage-labour implies that the value of commodities

3. For fuller discussion, see Mattick 1993.
and the surplus-value they contain is determined by the relation of each capitalist entity to the total production system. This is, fundamentally, because the labour performed by workers in any individual enterprise counts as social labour only insofar as it is abstracted from its particular character by being exchanged against and so represented by money. The assignment of a value to a commodity in money terms makes that commodity comparable (as having a value) to every other commodity, thus integrating the processes producing the various goods into one society-wide system. This homogenising of productive activity by the equation of its products to quantities of money is experienced by each capital entity as the competitive pressure of markets for inputs and outputs. In particular, the surplus-value that comes into existence because the total consumption requirements of the working class are less than the total amount of value it produces appears as if produced unit-by-unit through entrepreneurial responses to market conditions.

Hence the challenge facing an analysis of the functioning of the social system is to do justice at once to the individual character of capitalist entities – the absence of any overall planning mechanism – and to the fact that they are constrained in their operations by their relation to the rest of the system. This Marx achieved, as he explained in the ‘Preface’ to the first edition of *Capital*, by utilising ‘the power of abstraction’. He begins by representing the system as made up of ‘aliquot parts,’ as a way of examining the features shared by all capitalist firms. Thus he abstracts from all the features that, in reality, differentiate firms – the ratio of investment in labour-power and means of production, the time needed to amortise capital investments, the productivity of labour, and so on. Further, in order to study the specifically capitalist features of modern society, he abstracts from such aspects as state activity, the existence and activity of classes other than those of capitalists and workers, and even the existence of separate nations. Throughout the first two volumes of his book, he abstracts also from the fact that different capital functions – notably, marketing and the management of money-capital – are realised in distinct kinds of firms, in order to focus on the production of value and surplus-value. Volume 3 introduces forms of capital specialising in the circulation of goods and money and other economic forms not based on production, notably rent. Here, too, in order to study the way in which the abstract laws initially established operate in the real world of capitalist firms, Marx considers the effects, visible in competition, of the differences between firms from which he abstracted at the start.

As is well known, it was Marx’s original intention to continue his work with further volumes analysing the aspects of capitalism left out in his study of capital: the economic specifics of wage-labour and landed property; the complexities of finance; the interplay of national economies in the world market; the ways in which the abstract tendencies towards systemic breakdown that he worked out in the first part of his study manifest themselves in economic history. Harvey’s extension of Marx’s argument can therefore be seen as an attempt to carry out the original programme. This is certainly an objective that is more than worthwhile: it is necessary, if Marx’s work is to function, as he wished it to, as the core of a living tradition of scientific investigation.

Harvey’s achievement, however, is limited by two features of his work. First, he tries to do too much in too short a space; the result is a profusion of theoretical schemata and suggestions without sufficient empirical grounding. For example, analysing crisis, he constructs a model of an ‘accumulation cycle’, ascribing it to Marx on the basis of a number of quotations from *Capital*, and then asserts that ‘the historical evolution of capitalism… [is] accomplished over the course of successive accumulation cycles’ (p. 326), all without
any reference to the actual history of cyclical phenomena. The second, paradoxically, is
a sort of over-empiricism, with the result that Harvey’s book reminds one of Marx’s
judgement on The Wealth of Nations, that Adam Smith vacillates between the theoretical
and empirical categories of surplus-value and profit in a way that creates inconsistencies in
his theorising. The root of the problem is Harvey’s lack of clarity with respect to the different
levels of abstraction operative in different phases of Marx’s analysis. This results both in
misunderstandings of Marx and in confusion about the logical relationship of his own
ideas to Marx’s. The chief example of this difficulty – which we will examine in some detail
below – is Harvey’s treatment of Marx’s crisis theory, based on the prediction of a tendential
fall of the rate of profit. But it is visible throughout his book.

For example, discussing the theory of surplus-value advanced in Volume 1 of Capital,
Harvey observes that Marx excludes from his account of the determination of the value of
labour-power such matters as ‘changes in the physical standards of living, changes in the
labor process in the household, changes in the role of women in the family, forms of class
struggle, and so on’. He thinks Marx should not be blamed for this, because ‘these are
difficult and complex questions’ (p. 162). He does, however, fault him for not undertaking
‘any systematic study of the processes governing the production and reproduction of labor
power’, calling this ‘one of the most serious gaps in Marx’s own theory’ (p. 163). Actually,
none of these matters are directly relevant to the task Marx undertakes in Capital, which is,
let us remember, not a general account of the evolution of capitalist society but an analysis
of capital – that is, of the production and accumulation of surplus-value (this is why Marx
reserved a discussion of wage-labour for the projected but unwritten Book 2 of the opus of
which Capital would have been Book 1). It is not because changes in household labour are
complex and difficult to understand that Marx abstracts from them, but because they are
irrelevant to the question of how capital investment in labour-power makes possible the
generation of new and enlarged value. It is equally irrelevant to Marx’s purposes whether
the expansion of the labour force proceeds by population growth, the incorporation of
non-capitalist populations into the expanding system, or the drawing of previously
unemployed members of the working class (like children or housewives) into wage-labour.
It is enough for him to show that the tendency towards mechanisation tendentially produces
a surplus labour-force that is available when enlarged employment is necessary.

This confusion about levels of abstraction impedes Harvey’s understanding of the most
basic concept of Marx’s theorising, value itself. As he observes in his first chapter, this
concept as Marx uses it rests on the distinction between abstract and concrete labour. He
also understands that it is ‘the commensurability of commodities achieved through
exchange’ that ‘renders the labour embodied in them equally commensurable’ (p. 14), and
that this is accomplished specifically by exchange against money. A chapter later, he
approaches the same question again, under the heading of ‘the reduction of skilled to simple
labour’, a special case of the reduction of concrete to abstract labour. Marx must, he says,
find ‘some satisfactory way to reduce the manifest heterogeneity of concrete human labour,
with all of its diversity as to skill and the like, to units of simple abstract labour’ (p. 57). He
finds Marx’s treatment of this problem, unfortunately, ‘ambivalent and cryptic’, since Marx
‘simply states that “experience shows” that the reduction is “constantly being made” by a
“social process that goes on behind the backs of the producers”, without bothering to
explain what this process is (ibid.). Unsatisfied by various academics’ attempts to solve this
problem, Harvey provides a solution of his own: the idea that the mechanisation of labour
processes, which deskills workers, actually transforms labour into something abstract in the sense that it is not tied to specific skills and applications but can be shifted freely from one area of production to another. Far from going on ‘behind the backs’ of social actors, the ‘reduction from skilled to simple labour is . . . a real and observable process’ (p. 59).

This is not only to take the opposite of Marx’s view of the question under discussion, although Harvey claims Marxian authority for his view on the basis of some passages from the Grundrisse: Harvey’s view is nonsensical as an explication of the concept of value. First of all, the process of mechanisation and deskilling – which, in fact, always involves the acquisition of new skills by some workers, even if others are losing old skills – leaves untouched the heterogeneity of concrete labour, which derives from the heterogeneity of use-values and the distinct technical methods of production used to make them. If a redundant steel worker is set to work in a computer monitor assembly plant, even on the (unlikely) assumption that neither kind of work requires specialised skills, ‘socially-necessary labour-time’ is defined differently for the two fields of production, so that an hour of one kind of labour cannot be treated as an equivalent quantity of abstract labour to an hour of the other kind. Second, mechanisation is a process that has progressed throughout the history of capitalism. But commodity exchange and the modern use of money as incarnation of value are constant features of the system. Harvey’s suggestion would make the value theory at best tendentially applicable to capitalism. Once again, what begins with a celebration of Marx’s genius leads to doubt about his theoretical enterprise: ‘what credence can we place upon a theory of value that presupposes that such a reduction [of skilled to simple labour] has occurred?’ (p. 118) Given that Marx’s entire theoretical edifice is based on the value theory, this doubt would amount to a dismissal of the whole of Capital, had Harvey not, in his view, solved the problem.

If, as Marx argues in the passages from the Grundrisse Harvey quotes, the concept of abstract labour tends to acquire a material equivalent in the growing mobility of the labour-force from one occupation to another, this is, from Marx’s point of view, a consequence rather than the origin of the domination of production by value and the reduction of concrete to abstract labour. And Marx’s conception of how this reduction is accomplished is no more cryptic than it is ambiguous. It is just the process of exchange against money that Harvey has explained so well twenty pages earlier: the reduction of skilled to ‘simple’ labour is only an aspect of the general homogenisation of concrete labour effected in the exchange process. Harvey has confused an historical process, the tendency to replace labour by machines — due at once to the eternal requirement to decrease costs so as to increase profits and to the opportunity inherent in the wage-labour form to transform labour into a flexible ‘human resource’ — with the most abstract feature of capitalism, the socialisation of privately controlled labour by monetary exchange.

The ill effects of Harvey’s confused grasp of Marx’s value theory are particularly evident in his discussion of fixed capital (capital which, invested in long-lasting plant and equipment, is replaced only over several production cycles). This form of capital raises interesting questions, as Harvey notes: the value of fixed capital, transferred piecemeal to produced commodities, circulates while the means of production, as a use-value, remains in place; because a particular means of production may come to be produced more efficiently before it is replaced, lowering its value, it may come to transfer less value to the product than it possessed at the time of purchase. Meanwhile, changing prices of final goods may produce a situation in which the money recovered for replacement of fixed capital is less than its
actual cost. To these, Harvey adds the thought that the profitability of a business employing a particular means of production will affect the price at which that means of production can be sold or rented. He concludes that there

seem to be, therefore, three ways in which the ‘value’ of fixed capital can be determined: by initial purchase price, by the surplus value it helps to produce through productive consumption, or by its replacement value. (pp. 209–10.)

Assuming that what he means by ‘initial purchase price’ is (as in the abstract analysis of Volume 1) the value at the time of purchase, this is, in Marx’s conception, subordinated to ‘replacement value’: as with all commodities, the value is defined at any moment as the ‘socially-necessary labour-time’ at that moment (Harvey himself recognises this on p. 215, though without noticing that it obviates his earlier argument). The surplus-value a machine helps to produce is, of course, an abstract theoretical quantity unknown to the capitalist, and even on the most abstract level it is not conceptually the same as the profit which the capitalist claims. But, while the profitability of an enterprise employing a machine may have an effect on its price, it does not determine its value. So it is quite incorrect to assert that ‘the value of the machine at any one moment is a simultaneous determination of all three circumstances’ (p. 210), whatever this might mean. Here, we see the relation between misunderstanding of the value theory and confusion between different levels of abstraction (price and value, profit and surplus-value).

In an attempt to resolve some of the difficulties his own off-kilter account has created Harvey seizes upon the idea, favoured by some neo-Ricardians, of ‘joint production’ – treating ‘the residual value of the fixed capital . . . as one of the outputs of the production process’ (p. 213). But this – which amounts to the elimination of the concept of fixed capital – is quite impossible within the terms of Marx’s theory, in which the output of the production process derives its value from the transfer of labour embodied in means of production and the new labour expended in using them. It is no help to observe, again leaping between levels of abstraction, that ‘second-hand markets for machines do exist’ (p. 213): selling a machine is not the same as producing it.

Harvey’s book is pervaded by such misunderstandings. But the central example of his confusion of levels of abstraction in Marxian theory is, appropriately, his conception of the relation between Marx’s abstract crisis theory and the actual phenomena of crises as they have been experienced throughout the history of capitalism. In Harvey’s estimation, Capital, Volume 3’s ‘exposition of the law of falling profits’ was meant only ‘as a “first-cut” statement of his theory of crisis formation’ because it fails ‘to integrate all of the insights from the first two volumes of Capital into a full statement of the mechanism of crisis’ (p. 191). For instance, in stating his law, Marx does not consider the role of finance, the intervention of the state in the economic mechanism, or the particularities of fixed capital. Considering such matters requires an adjustment of the ‘first-cut’ theory – an adjustment that Harvey claims to accomplish in his ‘second and third-cut’ theories of crisis. This is why the falling-profits law, while explaining ‘the underlying source of capitalism’s internal contradiction’ (p. 425) ‘has nothing directly to do’ with actual crises (and anyway is only a ‘supposed law’).

Aside from the question how a law that is only ‘supposed’ can be an ‘underlying source’, the problem here lies in the concept of ‘underlying source’ itself. What is the relationship
between Marx’s abstract law and the actual disturbances of capital accumulation that we call crises? From Marx’s point of view, it is the decline in the profitability of capital itself, aside from any indirect effects it may have, that produces the phenomena of crisis, such as financial panics, mass unemployment, and general gluts of goods on the market. On the other hand, the tendential decline in profitability that Marx predicts is not experienced as such by economic actors. This is because the rate of profit of which Marx’s law speaks is the ratio of the total surplus-value produced in society to the total capital invested. This surplus-value is distributed among the many firms that make up the total capital – both those that produce commodities and those that market them or that lend money to productive capitalists – and to non-capitalist actors as well, like the state and landowners, creating the empirical categories of interest, profit of enterprise, executive salaries, rent, state expenditures, and so on. The (Marxian) rate of profit thus sets a limit to the amount of money available at any time for investment. But even this limit is normally not experienced as such, because the profusion of credit instruments that mediate continuing expanded investment will normally represent sums of money (‘fictitious capital’) in excess of the actual value in existence. This may only become apparent in a crisis, when the need to repay loans cannot be met. It is then that, says Marx, the law of value makes itself felt ‘in the same way [that] the law of gravity asserts itself when a person’s house collapses on top of him’. The comparison suggests the kind of analysis Marx has in mind: while the force of gravity is a theoretical construct not to be identified with any of the observable phenomena of a collapsing house, it provides a causal explanation of the unfortunate events. So it is with Marx’s falling rate of profit.

The abstract character of Marx’s law is complicated by an additional feature: he emphasises that it can only be a tendency, as capitalism itself produces ‘counteracting influences… checking and cancelling the effect of the general law’. As a consequence, the effects of this law are only visible over time; it describes the consequences of features holding for the capitalist system as a whole, over the whole of its history. What that history demonstrates and, according to Marx, would continue in the future to demonstrate, is that the counteracting factors can only offset the tendency of the rate of profit to fall in the short run; over a long enough time, the tendency will assert itself. The decline in profit rates will eventually lead to a decline in accumulation, and this will produce the phenomena of crises, ‘violent eruptions that re-establish the disturbed balance’ between accumulation and the preservation of existing capital values ‘for the time being’. They do this by raising the rate of profit, primarily by producing a devaluation of capital as existing means of production are sold off at prices below their values, and also by forcing wages down, thus lowering the value of labour-power and increasing the rate of surplus-value (the ratio of surplus-value produced to the value of labour-power employed).

Harvey’s understanding of Marx’s law is this:

the capitalists’ necessary passion for surplus-value producing technological change, when coupled with the social imperative ‘accumulation for accumulation’s

sake’, produces a surplus of capital relative to opportunities to employ that capital. (p. 192.)

Marx does speak of the falling rate of profit as leading to an ‘overproduction of capital’, in the sense of the production of capital that cannot be profitably employed. Harvey’s formulation can be interpreted in accordance with Marx’s conception, according to which the tendency of the rate of profit to fall results from the tendency, inherent in capitalism, for a ‘relative decline in the relation of variable capital to constant, and hence also to the total capital set in motion’. Given the physical limit of the working day whose labour must be divided between the reproduction of the workforce and the production of surplus-value, this implies a declining production of surplus-value relative to the total capital. Although a declining rate of profit is harmless, according to Marx, so long as the mass of profit generated remains large enough to make continuing accumulation possible, at some point the mass will be insufficient, as the existing scale of accumulation sets a lower limit for further investment: ‘the development of the social productivity of labour . . . means that an ever-greater amount of capital is required in order to set the same quantity of labour-power in motion and to absorb the same quantity of surplus labour’. At this point, the decline in profitability has produced a surplus of capital relative to investment possibilities. That is, in Marx’s theory, an insufficiency of capital appears as a surplus; there seems to be nowhere to invest because the investment possibilities that exist are insufficiently profitable (hence the tendency to substitute speculation, gambling for large short-term gains, for productive investment).

Despite initial appearances, Harvey’s theory of crisis, as he develops it, turns out to be quite different from this. In fact, he is convinced that Marx was wrong to focus on the fall of the profit rate in his crisis theory, ascribing this to ‘his anxiety to straighten out the political economists’ of whose work Capital is a critique. This diverted Marx from the logic of his own argument to such a degree that what should have been a tangential proposition appears fundamental’ (p. 180). Following his usual pattern of general praise and specific criticism, Harvey finds that ‘Marx’s falling rate of profit argument’ is erroneous, in fact ‘not particularly well-honed or rigorously defined’ (p. 181), even while it ‘does manage to unmask what might well be the fundamental source of capitalist crises: the contradiction between the evolution of the forces of production on the one hand and the social relations upon which capitalist production are based on the other’ (p. 180). All of Marx’s work in his three volumes, which was to culminate in the statement of his great discovery, the ‘most important law’ of political economy, is a failure; only the vague generalisation about forces of production and social relations is of lasting value. It falls to Harvey to supply a theory adequate at once to capture ‘the inner logic of capitalism as a whole’ and ‘the concrete forms’ assumed “on the surface of society” (p. 182).

Marx’s failure, according to Harvey, results from not having integrated into his first-volume model of accumulation the insights achieved in the model of reproduction.

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10. For an explication of this idea, see Cogoy 1987, pp. 54–74.
constructed in Volume 2, and then from having refused ‘to take up the role of the credit system and the rate of interest in the second volume of Capital’ (p. 188). (This is another confusion of levels of abstraction: Harvey seems unaware that the categories of credit and interest have no place in Marx’s second volume, which, like the first, considers capital as consisting only of productive firms that advance their own capital and perform their own circulation tasks.) In his ‘first-cut’ theory of crisis, which claims to ‘minimize the damage and rescue at least a part of Marx’s argument’ (p. 188), Harvey sets Marx’s prediction of declining profitability against the conditions for ‘balanced harmonious growth’ that he takes the Volume 2 reproduction schemata to depict. His ‘second-cut’ theory ‘strives to integrate the financial and monetary aspect of affairs with the earlier analysis of the forces making for disequilibrium in production’ (p. 325). Finally, his ‘third-cut’ theory goes beyond Marx ‘to integrate the geography of uneven development into the theory of crisis’ (p. 425), following Marxist tradition in extending the theory in Capital into an account of imperialism.

Throughout, Harvey employs the concept of equilibrium, central to the mainstream of bourgeois economics since the nineteenth century, as a key notion in a Marxist critique of political economy as well. Thus Marx’s main (‘first-cut’) insight is described as the idea that

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\text{[i]f the amount of capital in circulation is to remain in balance with the limited capacity to realize that capital through production and exchange – a condition implied by the stabilization of the rate of profit – then a portion of the total capital must be eliminated. If equilibrium is to be re-established, then the tendency towards overaccumulation must be counterbalanced by processes that eliminate the surplus capital from circulation. (p. 193.)}
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Harvey holds that this is accomplished, in Marx’s view, by the devaluation of capital, both as means of production and as produced commodities, which serves ‘to equilibrate the total circulating capital with the potential capacity to produce and realize surplus value under capitalist relations of production’ (p. 202).

Marx does indeed, as noted above, speak of crisis as counteracting the fall of the profit rate by devaluing capital. But this cannot lead to the (re-)establishment of equilibrium, as this is not, in his eyes, a state the capitalist economy can be in, except by temporary accident. The problem is not, we recall, too much capital but too little, relative to the scale of accumulation, because of too low a level of profitability. The devaluation of capital, achieved through deflation of commodity prices, bankruptcies, and corporate consolidations, serves for Marx not – as Harvey would have it – to bring the amount of capital ‘in balance’ with investment opportunities but to raise the rate of profit. This means a new lease on life for capitalist accumulation, a process that, by its constant shifting of economic resources among fields of investment and by its constant reconfiguring of production methods, makes any tendency to equilibrium impossible. In the words of Henryk Grossmann, perhaps the best analyst of this aspect of Marxian theory,

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\text{the ‘normal course’, the ‘equilibrium state’, for Marx signifies not an ‘average’ or ‘typical’ or ‘most frequently occurring’ process but a purely imaginary disturbance-free}
\]
course of reproduction (under fictive conditions), which does not occur in reality and serves only as a methodological tool of analysis.\textsuperscript{12}

For Marx, therefore, it is not disequilibrium – capitalism’s normal state – that produces crisis, but the blockage of the constantly disequilibrating process of accumulation produced by insufficient profitability of capital. For Harvey, in contrast, it is ‘the errant behaviours of individual capitalists that are a primary source of disequilibrium in production’ (p. 325).

His ‘second-cut’ theory investigates the degree to which this disequilibrium can be counteracted by the credit system, which, acting through crisis itself, ‘rationalizes and restructures production’ and ‘lays the material basis for later phases of accumulation’ – an ‘aspect to speculation that Marx ignores’ (p. 326). Above all, the state’s utilisation of the credit mechanism can ‘bring productive forces and social relations back to some equilibrium position from whence the accumulation process can be renewed’ (p. 327). The version of Keynesian theory hinted at here is amplified and clarified in Harvey’s recent book, \textit{The New Imperialism}: suppose, he says, that the state and private financial institutions (he, apparently, sees no reason to distinguish between the economic character of these)

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\item create fictitious capital roughly equivalent to the excess capital locked into the production of… [commodities] and switch it into future-oriented projects in, say, highway construction or education, thereby reinvigorating the economy.\textsuperscript{13}
\end{itemize}

Such uses of finance solve the problem of ‘surplus capital’ by ‘absorbing it’, thus dealing with the crisis of overaccumulation. Oddly enough, there is no mention of Baran and Sweezy’s \textit{Monopoly Capital}, classic purveyors of what used to be called left Keynesianism and the inventors, so far as I know, of the phrase ‘surplus absorption’.\textsuperscript{14} In any case, Harvey shares with other leftist and liberal Keynesians the idea that if state expenditures on built environments or social improvements prove productive (i.e. facilitative of more efficient forms of capital accumulation later on) then the fictitious values are redeemed (either directly by retirement of debt or indirectly in the form of, say, higher tax returns to pay off state debt). (p. 114.)

From Marx’s perspective, of course, such ‘investment’ cannot be productive, at least in the capitalistically relevant sense of productive of surplus-value. In principle, future surplus-value produced by a renewed accumulation of capital could be used to pay off state or

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\item Grossmann 2007, p. 54. Harvey cites this work, but his description of it as dealing with Marx’s theory of capitalist breakdown suggests a confusion with Grossmann’s magnum opus, \textit{Das Akkumulations- und Zusammenbruchgesetz des kapitalistischen Systems} (Grossman 1929), which Harvey shows no signs of having read. The misreading of the Volume 2 reproduction schemata as proposing a model of equilibrated growth (p. 132), far from peculiar to Harvey, reflects a general tendency of contemporary writers to view Marx’s theorising through the lens of academic economics.
\item Harvey 2003, pp. 113–14.
\item See Baran and Sweezy 1966, e.g., p. 108. Curiously, Harvey cites Mario Cogoy’s 1973 critique of the Keynesian Left, cited above, but does not discuss it. Thus he neither considers how it might apply to his own ideas nor explains why he rejects it.
\end{itemize}
private debt invested in capitalistically nonproductive resources, but even this would represent a net deduction from the produced surplus-value. And, historically, it has not proved possible to pay down the debt incurred, on an accelerating scale, by the capitalist governments of the world since the Great Depression; hence the current bad odour of Keynesian theory even though governments are unable to abandon Keynesian practice on pain of economic catastrophe. Yet the Marxian idea of capitalism as a social system doomed to recurrent crisis, on a scale threatening its continued existence, remains hard to accept, so strongly does it fly in the face of all other views of the economy. While the work of Baran and Sweezy has lost its former prominent place in radical thinking, two of its central features – the effort to bridge the gap between Marxian and bourgeois theory and the belief in the possibility of state governance of the economy – are still alive and well in leftist economics. Perhaps their presence in Harvey's work partly explains the positive reception it has increasingly garnered in the decades since its original publication. He is certainly not alone in advocating 'the construction of a new "New Deal" led by the United States and Europe… to assuage the problems of overaccumulation' although he does not suggest where the money is to come from.

Meanwhile, he offers his 'third-cut' theory of crisis 'to integrate the geography of uneven development into the theory of crisis' (p. 425). It is, in his view, the very unevenness of development that makes possible temporary alleviation of the effects of overaccumulation as surplus-capital is moved to relatively undeveloped regions. This 'holds out the prospect for a restoration of equilibrium [in the global economy as a whole] through a reorganization of the regional parts' (p. 429). Yet, he insists, such solutions can only be temporary, as the forces leading to disequilibration are bound to reappear with continuing capitalistic development. Ultimately, Harvey suggests, the physical destructiveness of war is 'the only means that capitalism has at its disposal to achieve the levels of devaluation now required' (p. 445).

It is impossible not to agree with Harvey that if this be true there could be no better reason 'to declare that it is time for capitalism to be gone' (ibid.). Yet this analysis of war as the ultimate solution to the supposed problem of 'surplus absorption', sketched on one page, rests, as we have seen, on such a mass of confusions that it is hard to give intellectual assent where it is easy to feel emotional kinship. I am not suggesting, naturally, that Marx's theory must necessarily be accepted as the truth about capitalism. Harvey's attempt to provide a sympathetic critique of and alternative to the Marxian account is, however, fatally hampered both by his misunderstandings of that account and by his failure to develop a theory of his own that can stand up to Marx's critique of such fundamental concepts of bourgeois economics as 'equilibrium' or deal with the difficulties identified over the last decades in concepts like 'surplus absorption'.

The sources of this situation lie deeper than Harvey's particular strengths and limitations as an analyst of capitalism. In an essay published in 1997, Tony Smith proposed that Marx's theory can be understood as a 'research programme' in the Lakatosian sense. But although Marx's theoretical construction indeed has, as Smith argues, the richness and complexity of content and analytical apparatus required for an ongoing project of scientific theorising, Lakatos's concept does not really apply. There is an implicit sociological dimension to the

idea of ‘research programme’, involving the activity of researchers operating with a shared set of categories and procedures, that has been lacking from the set of divergent perspectives falling under the name of Marxism since Marx's own lifetime. To this day there is no general agreement among Marxists about such fundamental issues as the analysis of value (visible, for instance, in the continuing controversy over the so-called value-price transformation problem) or the significance of Marx’s purported law of the tendency of the rate of profit to fall. It is for this reason that progress in the analysis of the economic dimension of capitalist society continually requires renewed confrontation with Marx’s ideas, whether to use them as a basis for further work or to replace them with more adequate ones. From this point of view, the effort represented by Harvey’s book is more important than its insufficiencies.

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Little has happened since 1989 to challenge the view that aesthetically, ‘actually existing socialism’ was one enormous bread queue, its dowdily dressed denizens shivering dourly in front of a grey concrete building housing a state bureaucracy of some sort. To this Cold-War image has been added the peculiar commodity fetishes of *Ostalgie*, with the previously ridiculed attempts at consumer goods being put back into production. Judd Stitziel’s study of the East-German consumer economy acknowledges early on that the DDR never managed to create a distinctively socialist aesthetic – instead, via a series of misunderstandings and disavowed misappropriations of Western fashions and styles, there emerged such distinctive objects as the standardised dress, the *Plattenbauten* apartment block and the Trabant. Nonetheless, from the title on down, *Fashioning Socialism* makes associative points, or takes party sloganeering literally, to the effect that a Socialist style was considered necessary or at least possible. The unmentioned inverse – in terms of the intersection of the sartorial and the socialist – of the frumpy conformism of the Eastern Bloc is radical chic. That is, the moment in the late 60s and early 70s when images of Cuban or African-American revolutionaries adorned countless bed-sits and halls of residence. It is customary to take this phenomenon as having little more theoretical significance than the DDR’s politicised polyester. Radical chic, best encapsulated in the infatuation with the Black Panther Party, is usually seen as militaristic or romantic, a fetish disconnected from quotidian, non-spectacular politics.¹

A ‘complete Panther uniform – black beret, black slacks, black shoes, black pimp socks or regular socks, shined shoes, blue shirt, and a black turtleneck’,² in Bobby Seale’s description – was considered part of ‘armed propaganda’: something to make the Panthers identifiable on the street, adding the imposing force necessary for their ghetto police ‘patrols’.³ It could just as easily be associated, however, with their explicit project to radicalise the lumpenproletariat. This was the institution of a kind of revolutionary organisation of Stagolees, which aimed to make politics specifically aesthetically attractive to them, taking its cues from their jarring and ostentatious fashions (those ‘pimp socks’), rather than from the earth-toned ‘roots’ proselytised by ‘jive cultural nationalist intellectuals’. The vicarious thrills that the outfits might have given to their white and/or middle-class fellow soixante-huitards was irrelevant. Nonetheless, it is not altogether surprising that the party leadership felt the need after a couple of years to ban the wearing of the uniform at anything other than public functions, after it was used merely for posing or intimidation (or rather, as intimidation of the Panthers’ own constituency as opposed to the police). This was not to be an everyday outfit. Another, much earlier example of radical chic never had the time to percolate down into the culture industry at large, though it took the everyday directly as the

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¹. Most famously in Tom Wolfe’s arch depiction of Panther dress and demeanour as a way of both unnerving and exciting their *haute-bourgeois* sponsors: Wolfe 1970.

². Seale 1991, p. 367

³. Newton 1995, p. 143: ‘we were an unusual sight in Richmond or any other place, dressed in our black leather jackets, wearing black berets and gloves, and carrying shotguns over our shoulders. People would stop and call to us, asking what we were distributing… walking armed through (a mainly black area) was our propaganda’.
battleground for socialist aesthetics. I am referring to the projects in the early-mid 1920s by Soviet constructivists and productivists, from Vladimir Tatlin to Alexandra Exter, and particularly the LEF Group designers Popova and Stepanova, to rationalise the design of dress and dismantle the fashion system, while somehow retaining a certain aesthetic frisson from pattern and cut on body.

The constructivist engagement in fashion will be discussed later, as a possible example of a way in which to imagine a performative politics that would not automatically fall into the trap of exclusive countercultural consumption, avoiding the post-New-Left conundrum whereby the possession of the correct look stands in for thought and praxis. For all its laudable refusal to aestheticise one's politics, the alternative to such an engagement – in the form of asceticism or deliberate dressing-down – risks denuding politics of any hint of excitement or libidinal charge, leading precisely to the DDR situation of an easy and quick defeat by the commodity desires of consumer-capitalism. This was the trajectory dramatised by Garbo's Soviet apparatchik in the Billy-Wilder-scripted *Ninotchka*, exchanging her unisex boiler suit for a glittery frock and pearls at the first shimmering sight of Parisian couture.

These questions do not tend to be asked in fashion theory, nor should one especially expect them to be. Although it would be foolish to claim that this is not an area worthy of serious theoretical and political work, much of it seems stuck in a particular degeneration of Birmingham-school cultural studies. In the late 70s, the likes of Dick Hebdige's *Subculture* posited a 'resistance' through rituals, and specifically spectacularised dress – a response to particular changes in the socio-political conjuncture at the level of everyday life, affected no doubt by prejudices, deflections and so forth, but still in some way oppositional. What this has effectively become is a discourse where 'resistances' of a sort are still offered: through consumption, capitalist subjects resist paternalism, universalism, modernism and, of course, a Marxism that would 'totalise' them, link their practices to the economy, or most appalling of all, suggest that ideology or even 'false consciousness' might just underpin some of these 'choices'.

Accordingly, consumption becomes the definitive political act. A typical example, like Berg's anthology *Fashioning the Body Politic*, holds up shopping as the incommensurable force undermining all 'totalitarianisms'. An essay here on the sartorial politics of the Falange in Spain effectively explains Franco's eventual overthrow via the trickle-down effects of American consumer-capitalism's alleged unsettling of fascism's protectionist autarchy. The concluding passage runs:

> the way in which Falangist women were coming to use the language of clothes suggested an increasingly informed individual choice that subverted political, familial and religious structures in dress, and in so doing, subverted a great deal more.

What is coyly implied is that authority is not 'subverted' by such universalist or allegedly masculine acts as collective action, but by *individual choice*. Another essay in the collection, 4. Parkins (ed.) 2002.
5. An interesting contention, given that the US propped up this unpopular régime for thirty years.
on ‘The Black Shirt and the Fascist Body’, concentrates on the attempt to suppress ‘individualism’ and ‘bourgeois’ conduct, such as freedom and laxity in dress, as a fundamental component of a totalitarian aesthetic. For all its scrupulousness, a clear ideological picture eventually emerges from such an anthology; it is almost a shock when, in a study of contemporary Chinese ‘performance’ of individualism and collectivity, one comes across a dismissal of the carefully set up binary between emancipatory choice and collectivist oppression.7

Another Berg-published material culture study, Anne Massey’s Hollywood Behind the Screen, effects a similar sleight of hand. Principally a discussion of art-deco design and femininity in working-class and petit-bourgeois interwar Britain, it confronts us with the familiar situation whereby, although the proletariat is stripped of any sort of political agency, its particular consumer choices (for Oliver Hill and against Walter Gropius in this case) are a way of contesting class, namely by rejecting what the intellectual middle classes think is good for them. That is, by opting for Gemütlichkeit against Sachlichkeit, and glamour over geryness, the working-class female subject emancipates herself. Authenticity is always considered suspicious in such works, except at the store counter, where suddenly mediation seems to be stripped away. Any situation in which a leftist working class and leftist intellectuals might be in alliance is entirely unimaginable,8 as is a socialist aesthetic that could carry as much libidinal force as Hollywood.

One of the founding works of fashion theory was never as blithe and schematic. Elizabeth Wilson’s Adorned in Dreams is still enormously important in its refusal to either dismiss or valorise sartorial choice and public aesthetic performance. While the Frankfurt school are a ubiquitous punching bag, for Wilson, who walks a similar dialectical tightrope, critique cannot be sidestepped so easily. While sceptical of any attempt to ‘subvert dominant ideologies using the very mass consumption means that constitute or contribute to (those) ideologies’ there is still some sort of politised potential in dress and the sartorial spectacle: ‘because fashion, like capitalism itself, is so contradictory, it has at least the potential to challenge the ideologies in which it is itself enmeshed – as can all popular cultural forms, so long, that is, as we have some coherent political position from which to criticise’.9 There is, here, the possibility of an estranging cultural shock, not so much on the level of the ostentatious opposition of subcultures, but more akin to the suffragette smashing windows while bedecked in the height of Edwardian fashion.10

7. Specifically, in enabling the emergence of a ‘collectivity’ of the ostentatiously individualist, to wit the Chinese nouveaux riches: ‘the seeming juxtaposition between collective self and fashionable self is a false one, because it relies on the delusory arrogance of individualism in Western consumer performance’: Hemelryk-Donald 2002, p. 214.
8. Massey 2000. Hence the alignment of, say, the Tecton group of architects with working-class politics in London in the very period covered by Massey is of necessity absent, with ‘proper’ modernism being represented by peevish, haughty quotes from Maxwell Fry or Nikolaus Pevsner.
10. As cited in Parkins 2002, which characteristically sets up an opposition between fashionable suffragettes such as Emmeline and Christabel Pankhurst and those uninterested or opposed to fashionable dress, such as Sylvia – not by chance by far the most left-wing among the suffragette leadership. A truly extraordinary example of instant recuperation is also reproduced here: an advert in which suffragettes ‘chain themselves’ to a Kensington department store, placed in the movement’s own paper.
Meanwhile, the popular history has it that – presumably to the cheers of vindicated fashion theorists – consumer desire itself brought down the iron curtain, as mulleted and moustachioed Ossis leapt over the Berlin Wall and joyfully exercised their individual choices for The Scorpions and stonewashed denim. While it is never so crass, there are hints of this in Stitziel’s account, though, on the whole, this is a careful and serious work. Based on an impressively meticulous detailing of the particular pressures, contradictions and accommodations of the DDR’s economy, this would, in theory, satisfy the ideology-critics who are the retrospective bane of most fashion theorists: base first, superstructure second. However, Stitziel’s identification of East-German practice with a ‘Marxist-Leninist’ theory does not square with the nationalist, opportunist or, on occasion, outright desperate appeals to particular consumer desires that are outlined in his book.

As a ‘command economy’, the DDR should, in theory, have been entirely unsusceptible to fashion, with its mystique, its irrational cycles, and its satisfaction of non-productive desires. On the contrary, the East-German economy, which is painstakingly analysed in the book, is shown to have been subject to particular political pressures which virtually forced the governing Socialistische Einheitspartei to attempt various engagements with fashionable dress. First, until 1961, the DDR made increasingly forlorn attempts to compete directly with the West, especially with the heavily subsidised consumer enclave of West Berlin – centred as it was, by geographical luck as much as anything else, on the consumer thoroughfare of the Kurfürstendamm. Second, it had to avoid at any costs a repeat of the June 1953 workers’ uprising, and in the general fashion of ‘actually existing socialism’ (from the NEP to Kadar’s ‘goulash socialism’) social peace was to be achieved via an increased proletarian involvement in purchasing rather than the political process. And, third, after the Wall itself went up, leading to a brief attempt at autarchy, the DDR still had to convince those caught behind the Wall that they were not the ugly sisters of this Cold-War settlement by attempting to construct its own fashion, its own modernism, and its own glamour, in a continued sparring with their equivalents on the other side. However, one of the flaws of the DDR economy was its seeming ability to both over- and under-produce, so those desires that were courted remained mainly unsatisfied.

It is decidedly moot whether what are often described as the ideological underpinnings of East-German consumerism were in any way a serious expression of ‘Marxism-Leninism’, or a post-facto justification of entirely pragmatic policies. For instance, Stitziel’s discussion of the early attempts of the SED to create a sort of Protetkult fashion points out that the particular garment they settled upon – the Tyrolean dirndl – was precisely that which was fetishised by Nazism (pp. 51–3). This should not necessarily be a surprise, given that the town planners of the Stalinallee were borrowing ideas from Albert Speer at the time: it also chimed in with the widespread re-use of what had been left lying around, rather than the creation of new forms, which until late in the 1950s was left to the West. Certainly more unique to ‘actually existing socialism’ was the pantheon of heroes of labour, and a concomitant valorising of work clothing and particular working women, chiming in with the Stalinist disdain for ‘levelling’, encapsulated by the cult of the Stakhanovite.12

11. ‘For Germans in the West, the Wall became a mirror that told them, day in and day out, who was the fairest one of all’: Peter Schneider, quoted in Marcus 1995, p. 218.
12. See Buchli 2000, pp. 77–98, for a discussion of how Stalinism’s anti-modernism and anti-feminism explicitly called for a return to a combination of ‘feminine’ domesticity, peasant
Concurrent with this attempt to make a virtue of necessity, there was a marked disdain for Parisian haute couture which, irrespective of its having been shared by the Third Reich, is not necessarily dubious. It is not easy to imagine a socialist version of the dominant form of the time: Christian Dior’s ‘New Look’, with its deliberately sexualised and cumbersome return to glamour and the restriction of movement, a reaction to women’s wartime involvement in production.

Despite this, there was a conformist acceptance of what, in the 1920s, would have been regarded as bourgeois, leading DDR fashion to essentially become an inferior version of its western competitor. Stitziel points out that ‘officials emphasised the “timelessness” of good taste’, which meant, quoting the magazine Die Frau von Heute in 1946, an avoidance of ‘breath-taking extravagances and daring fashion stupidities’. The brief attempt at a Proletkult, for all its lumpenness, actually held out the possibility of a distinctively proletarian aesthetic, based on the clothing of production, as in the photographs reproduced in Fashioning Socialism of young women, hands on hips, in the ‘work clothes for women farmers’ developed in 1955. But this was soon superseded by a rapprochement with couture, symbolised in a DDR fashion show that ‘started with “female farmers” in work clothes and dirndls and ended with “working women” modelling chic suits and extravagant evening apparel’ (p. 55). So, by 1956, socialist haute couture was on the agenda. ‘Special stores’ were opened, something that Stitziel finds to be ideologically inconsistent, but which fits neatly into previous Stalinist practice. The first of these, the Sibylle boutique of 1958, was both a statement that the East could develop its own couture and, in the boutique’s architecture, its own modernism, reversing the earlier socialist-realist positions on both. The phrase ‘international style’ became a term of praise rather than a pejorative.

Yet again, these developments were utterly in hock to Western aesthetics. Sibylle was followed after 1961 by a series of ‘Exquisit’ stores, which were given French names such as ‘Yvonne’, ‘Chic’, ‘Jeanette’ (p. 127) and so forth. These exclusive emporia would purvey, no doubt mainly to the nomenklatura as well as the ‘heroes of labour’, mostly imported Western fashions, partly by way of reassurance that the building of the Wall would not affect consumption, and as a means of ‘siphoning off their money quite quickly’, according to a Berlin SED official. Soon enough they were nicknamed ‘Uwubus’, short for ‘Ulbricht’s Profiteering Huts’ (p. 134). The official justifications actually stressed exclusivity and individuality as the raison d’être of the Exquisit store: this is surely another example of necessity dictating ‘ideology’ rather than vice versa. Meanwhile, fashion for the working class, whose state this nominally was, would be limited to the DDR’s own production. This ranged from attempts at exclusive goods to the grim, faulty surpluses dumped in the short-lived BIWA (Billige Waren or Cheap Goods) stores from 1957–9, and in end-of-season sales. Again, this was merely a slightly shoddier version of Western practices.

simplicity and once ‘bourgeois’ ornamentation – via ustaw, the Russian equivalent of homeliness or Gemütlichkeit.

13. Here, as elsewhere, Stitziel’s time-frame is limited to the 1950s and early 60s. The peculiar aesthetic that can be found in books like Hadler 2004 and which forms the bulk of ‘Ostalgie’ fetish items entirely postdates this. A piquant example is the fashion photography of Günter Rubitzsch: the models indistinguishable from their Western equivalents, set in ‘Eastern’ environments like refineries or social housing. See Rubitzsch 2005.
However, in the architectural experiments of this period, the return to the international style actually created some structures instantly recognisable as ‘Eastern’, if perhaps not socialist. The early-60s work of architects like Josef Kaiser or Hermann Henselmann in East Berlin exhibited an intriguing misapplication of their high-modernist antecedents, with their patterns and murals following the Miesian grid. It would be interesting to know if, in fashion, a similar process occurred, yet Stitziel is quiet on this. There is one extraordinary illustration of a standardised dress and jacket plan, intended for mass production, along the lines of the Plattenbauten prefab construction techniques that were then being pioneered: Stitziel cites their Baukastenprinzip or ‘building blocks principle’ which was also operational in architecture (p. 71). The standard leaves room for all kinds of extraneous ideas to played out within the grid, and this odd alignment has perhaps some sort of socialistic potential – a mass form, accessible to all, with possibilities for ‘dotting the i’ as one commentator rather patronisingly had it. Also unsurprisingly absent from the account is a discussion of how DDR style actually had a currency in the post-punk West, when all things ‘Eastern Bloc’ and alienated were chic, its ‘greyness’ fetishised as a kind of parallel universe to Western consumerism. Joy Division, David Bowie’s Low, Joseph Beuys’s 1980 installation of DDR consumer goods, Economic Values:14 all of these rehearsed the recent Ostalgie vogue long before the DDR fell.

Whether the DDR was ever really able to compete with the more sexualised, diverse and politically charged clothes not infrequently sent over the border was a moot point.15 The fact the aesthetic gender politics of the DDR were as conformist as those in Adenauer’s BRD is unsurprising. Much was made for a time of Communist couturiers’ accommodation of the ‘stronger’ woman in their designs, rather than anathematising them as global capital’s aesthetic still does. Even this attempt at an egalitarian version of fashion was within the limits set by capitalist versions of consumption: ‘implicitly and often explicitly, the “normal” or “ideal” body remained thin, even under socialism. As suggested by mottoes like “full-figured, yet nevertheless chic”’ (p. 63). So the models for the ranges aimed at the Vollschlank were usually middle-aged and the clothes difficult to obtain, much to the protest of women who had been briefly convinced that the rhetoric was serious. The quotations Stitziel has unearthed are interesting, in that they record what he describes as a consumerist pseudo-public sphere: the encouragement of consumer feedback, comments and even dissension. On the one hand, this would serve to factor desire into a notoriously unresponsive mode of production, and, on the other, create a space into which, through consumer-choice, an otherwise foreclosed political subjectivity could be diverted. Irrespective of whether consumer discontent brought down the DDR, this was a discourse actively encouraged by the Party leadership.16

14. Something acknowledged in the major account of the period, Reynolds 2005: ‘Vic Godard of Subway Sect developed a crush on the Eastern Bloc, after a school trip to the Soviet Union. “My room was covered in Communist posters. We used to dye our clothes grey!” This infatuation with Communism was fundamentally aesthetic rather than political’. Reynolds 2005, p. 26.
15. The reliance on favours and Western contacts is exemplified in the popular verses cited by Stitziel: ‘In the Konsum store no Aunt, in the H.O store no relatives, from the West no package, and still you ask me how I’m doing’ (p. 152).
16. In a similar vein, see Reid 2000 (in Reid and Crowley (eds.) 2000, a book mainly devoted
Even the *Baukastenprinzip* had, for all its occasional uniqueness, as much potential for a quite astonishing lack of imagination (with unintentionally surreal results) as it did for the sartorially socialistic. After all, this was a country that responded to overproduction by establishing factories that produced nothing. A vulgarised theory of commodity fetishism enabled a straightforward puritanism, something that occasionally resembled the attempts under Brezhnev to try and purify the thing-world through the obliteration of objects – that is, the theory of *razveshchestvenie* or 'deartefactualisation'. What was missing was any conception of the possibility of a socialist object, something that, by chance, was the major preoccupation of theorists before nonconformity had been purged from 'Marxist-Leninist' aesthetics. The object or *veschch* was the major fixation of constructivists in their forays into industrial production. Perhaps the most successful of these were in fact the mid-1920s state-produced dress designs by the aforementioned Liubov Popova and Varvara Stepanova of LEF.

Their fabrics were as mass-produced and cheap as the DDR’s prefab couture and standardisation was made a virtue. Yet the designs were also jarring, bright, exciting and unlike anything being produced in the West at the time. And they were commercially successful: ‘without knowing it, all Moscow was wearing fabrics which Popova had designed’. Theoretically, this was opposed to fashion in the sense of mystique and irrationalism, but not in the sense of style. The more experimental designs that did not make it into production, meanwhile, stressed a sexualised androgyny in the cut, coexisting with the abstractions on the surface, and questioning all the certainties that lay behind the aesthetics of ‘actually existing socialism’. Christina Kiaer’s gloss on Stepanova’s fashion theories notes that ‘clothes would fall out of use, not because they start to look funny when the market generates novel fashions, but rather because the conditions of *byt* (everyday life) will have changed, necessitating new forms of clothing’. This is precisely why the DDR to the ‘thaw’ of the late 50s) on the 1958–9 Moscow exhibition for discussion of the encouragement and exploitation of popular response in the exhibition’s comments box.

17. ‘What writer of science fiction would have “imagined” this “reality” of East German factories-simulacra, factories that re-employ all the unemployed to fill all the roles and the posts of the traditional production process but that don’t produce anything, whose activity is consumed in a game of orders, of competition, of writing, of book-keeping, between one factory and another, inside a vast network? . . . [O]ne of these factories even “really” failed, putting its own unemployed out of work a second time’. Baudrillard 1994, p. 126.

18. See Buchli 2000, pp. 149–51. In fact, ‘deartefactualisation’, for all its political conformism, never became official policy, being dangerously reminiscent of the 1920s politicisation of everyday life. Buchli quotes the theorist A.B Riabushin in 1976: ‘herds of wooden Mastodons are released in the domestic sphere, where the consumer is humbled to the position of an observer in his own personal museum where he is no longer the master of his things’ – this is deeply akin to not only Mayakovsky’s depictions of vampiric *byt* (everyday life), but to Benjamin’s rapacious, over-ornamented bourgeois interiors in the essay ‘Dream Kitsch’ (Benjamin 2005) and elsewhere.

19. The chapter on ‘the Constructivist flapper dress’ in Christina Kiaer’s *Imagine no Possessions* (Kiaer 2005) is essential to any critical discussion of the intersections between socialism and fashion.


was unable to develop a socialist aesthetics and a socialist desire: because for it, 
byt had not 
fundamentally changed, and could not. Any Marxist theory of fashion must harness change 
not to the market’s meaningless cycles, but to transformation in its fullest, most disruptive 

sense.

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Fable


Fables are among the most widespread of narrative forms, appearing in virtually every culture and historical period. The two most disseminated and celebrated traditions are those from ancient India (Panchatantra) and Greece (Aesopian). The ‘oldest fable of the European tradition’ (Schmidt 1991, 201) occurs in Hesiod’s Works and Days: the fable (αἶνον) of the nightingale and the hawk, who speaks the language of violence both literally and in deeds, scorning the singing bird (201–7). The critique of domination contained in the fable is confirmed by the context in which the unjust regime of the ‘tribute-devourers’ (δωροφάγοι; 220) is denounced from the standpoint of practical work. – The very prevalence of the form does not exclude, however, the widest possible set of divergences concerning its reputed meanings, reception and significance. These range from its dismissive relegation to the idiom of children’s literature to its espousal as the epitome of folk wisdom, from its paedagogical use as an ideological apparatus in nineteenth-century European schoolbooks to its critical, even revolutionary potential as the allegorisation of social and political inequities. Fables are dismissed for being so manifestly untrue (beasts that talk, etc.) yet lauded for their exposition of some hidden truth in the guise of a lesson in life.

1. ‘Any fiction with which the poet associates a certain intention is called his fable’ writes Lessing in his Fabeln und Fabelabhandlungen (345), a definition repeated by Grimm, and much later by K. Doderer (1970, 7). This purely formal, aesthetic definition applies, of course, generally to virtually all speech (consistent with the etymological sense of fabula from Latin fari and Indo-European bha) as well as to the specific genre of the classic Aesopian fable or ‘instructive animal story’ (Kluge). At issue, though, is how a narrative form (such as a short tale featuring animal characters) articulates with a moral or lesson to make up the hybrid genre of the fable as an ‘instructive tale’ (ibid.), and how this genre is related to the comparable genres of the fairy tale and the parable.

While La Fontaine, in the preface to his Fables choisies mises en vers (1668), imagines the fable as an organic union of body (narrative) and soul (moral lesson), Hegel on the contrary refers to the inorganic of the genre, which is constituted through a ‘formal fissure’, which in its turn provides the key to its interpretative ‘lubricity’: the ‘fabula docet attached to Aesop’s fables in their present day form either makes the representation flat or has the effect that ‘many other better’ lessons can be drawn from it (Hegel, 385). Often, the explicit moral – above all, when it is ‘crude’ – does not agree with the action, which sometimes implies a varying or even opposite teaching. Despite his depreciatory judgment, Hegel thus comes upon a decisive semiological aspect of the fable, namely, ‘the tendency of the narrative material to split in two and to go in two different verbal or semiotic directions – on the one hand, into narrative proper, an anecdote, in which either human or animal characters are shown doing something (beasts that talk, etc.) and yet lauded for their exposition of some hidden truth in the guise of a lesson in life.
narrative and offered as the latter’s meaning or “lesson” (Jameson 1998, 105).

The fable is therefore often located between the lapidary wisdom of the proverb or the aphorism, on the one hand, and the ‘magical’ plot of the fairy tale, on the other. In this hybrid situation, fables most closely resemble parables, which likewise offer a narrative embodiment of some higher truth. In the parable, however, the lesson to be drawn remains implicit though regulated by a determined code of interpretation, such as that of the Christian mysteries in the case of the Gospel parables. But to the theoretical or even transcendental wisdom a reader is to draw from the parable, the lowly fable proposes a practical sense that betrays its roots in popular and peasant culture. Here, too, we may note a difference in register between the barnyard familiarity of the animals in fables and the marvellous or monstrous beasts of fairy tales. Lessing rightly suggest that it is not the miraculous but rather the stereotype of the fable animals that gives the key to the economy of presentation of the genre: ‘we only need to hear named [the animals] in order to know which is the weaker and which is the stronger’ (1759, 49). More exactly, this effect results from the dialectical relationship between story and moral, forcing (and thus enabling) the reader to take up a position, either agreeing with the explicitly presented teaching or rejecting or inverting it.

In its turn, this variability differentiates the fable from Holy Scriptures or the more general dimensions of allegory. ‘That which you call “fables”’, Günther Anders (1968, 101) has Aesop say to a listener wrongly amazed at him, ‘are inverted allegories’. While the allegorist tries to ‘translate insights into the language of images’, the fable ‘poet’ tries ‘to translate an image into an insight’. Like the sacred scriptures, the fable calls for a figural interpretation of its literal content, but unlike scripture or parable, the possible layers of interpretation remain indeterminate (or more accurately, are determined by the differing points of view of history and social or class position).

For example, we have the plebeian Rousseau’s scandalised explication in Emile of the fable about ‘The Crow and the Fox’, where he discovers the fable not to be teaching the moral dangers of vanity (from the vantage point of the crow) but the immoral value of deceit (the fox’s point of view). One could just as well transcode this opposition contra Rousseau into the necessary difference in life strategies between the have’s and the have not’s, i.e. those whose vanity dovetails with their having something to lose and those who must resort to ruse in order to survive. Interestingly, Lessing himself rewrites this fable to prevent such a revisionist understanding by having the crow hold poisoned meat in its beak rather than cheese. It is the fox who is punished for his deceitful flattery, then, and dies from eating the bad meat.

2. For Hegel, the prosaic quality of the fable is precisely where it betrays its social roots and for him consequent inferiority as an aesthetic genre: ‘In the slave, prose begins, and so this entire species is prosaic too; Aesop’s notions are only witty, without any energy of spirit or depth of insight and substantive vision, without poetry and philosophy. His views and doctrines prove indeed to be ingenious and clever, but there remains only, as it were, a subtle investigation of trifles . . . because Aesop does not dare to recite his doctrines openly but can only make them understood hidden as it were in a riddle which at the same time is always solved’ (Hegel 387).

It suffices to turn Hegel’s analysis on its head to reveal a dialectically materialist grasp of the fable as a genre that speaks indirectly the desires, fantasies and utopian aspirations of the oppressed while denouncing the brutality of rapacious elites who prey on the disempowered in a manner analogous to the unmerciful beasts portrayed in fables. Those beasts are thereby revealed to be but disguised humans (Blount 1975, 26) by a shorthand that signifies social character types through their association with received animal stereotypes (the industrious ant, the crafty fox, the innocent lamb, etc.). In the vision of the oppressed, the world is indeed a jungle or forest full of perils for the unsuspecting, a place ruled by brute force and where only trickery
and wit can save one from becoming just another victim. That the fable thus encodes social relations as encounters between beasts merely reinforces the genre’s lowly status in a culture where, as Adorno and Horkheimer note, ‘the idea of the human… is expressed in the way in which it is distinguished from the animal’ (245). As they further explain, the equation between humanity and rationality relegates all forms of ‘irrationality’ to the realm of beasts, including those human beings such as women (though Adorno and Horkheimer could have also added the ‘others’ of class or race) whose inferior social position is in direct function of their exclusion from the masculine elite of power and reason.

The legendary character of Aesop himself dramatises this voice of the other that speaks through the fable insofar as he is represented as a social and racialised other (an eloquent slave reputedly of either Phrygian or Ethiopian origin), physically deformed – it is said – to the point of approximating beastliness as well, yet whose storytelling wit earned him freedom and fame. In a strong sense, the world of the fable is that of oral and popular tradition, the world of Benjamin’s Storyteller or in Michel de Certeau’s less homely vision, that babbling realm before or outside professionalised systems of writing whose discourses are consequently marked by their ‘assimilation to the child, the woman, to the illiterate, to madness’ (24). This populist understanding of the fable is the one that prevails in such modern critics of the genre as Annabel Patterson (Fables of Power) and Louis Marin (Le récit est un piège, La parole mangée).

3. Caution should be taken, however, before applying this methodological point of view uncritically to the written archive of fables (Steinhöwel, Caxton, La Fontaine et al.), especially given the literary reception and paedagogical application of such anthologies as texts proper for the moral edification of school children. The use of fables as instructional texts in the 19th-century French schoolroom, for example, determines their reception and understanding, instantiating a specific ISA interpellating a particular reader (the schoolchild) to derive the timeless truths of bourgeois morality from otherwise frivolous tales. In this process of didacticising and dehistoricising fables, a task accomplished by the 19th-century work of careful anthologising and editing of fables, these were only good for children and only to the extent that their lessons were appropriate to their proper moral behaviour. Once again, it is Lessing who makes this clear both by his insistence on the necessary and logical fit between story and lesson (i.e. no room for interpretation in his ideal fable) and by his exclusion from the canon of morally unacceptable fables (even if included in the Aesopian corpus itself). Needless to say, this canonical deployment of the fable typical of emerging bourgeois society is also where the contradiction between story and lesson becomes most acute. La Fontaine’s poetic rendering of Aesop’s fables, for instance, became a pillar of the French education system in the nineteenth century, so closely intertwined with the universalising moralism of the Republic as utterly to obscure the specific political references of a writer disgraced and exiled in the wake of the Fouquet scandal at the dawn of Louis XIV’s reign. It may occur as a surprise to the modern reader to learn that La Fontaine was celebrated during the French Revolution as a radical ‘philosophe’ on an equal footing with Rousseau and Voltaire.

4. The fable obtains its most enduring meaning as political ‘allegory’, with Machiavelli’s fox/lion analogy in Il Principe, Hobbes’ development of homo homini lupus in Leviathan, and Mandeville’s compendious Fable of the Bees. With Mandeville, the fable turns from the representation of political ills and/or moral virtues to the philosophical exporation of social relations themselves. First published in 1705 as a short pamphlet containing a poem, ‘The Grumbling Hive’, with the paradoxical moral that ‘private vices’ have ‘publick benefits’, The Fable of the Bees grew in the course of its many editions over the next 28 years to the monumental, two-volume opus it is, as Mandeville added various ‘remarks’, essays, a ‘vindication of the book’, and a series of dialogues all in response to the savage polemics
aroused by the fable. The contradiction between story and lesson could hardly be made more manifest, especially when aggravated by a moral that is itself paradoxical: Mandeville can be read either as a cynical apologist for the capitalist exploitation of labour-power (anticipating Adam Smith and the liberal economics of laissez-faire) or as its most disillusioned critic.

Marx praises Mandeville for being ‘an honest, clear-headed man’ (MECW 35, 608); he nevertheless criticised him for overseeing the foundation of the dialectics of wealth and poverty. What Mandeville... had not yet seen, is that the mechanism of the process of accumulation itself increases, along with the increase of capital, the mass of “labouring poor”, i.e., the wage-labourers, who turn their labour-power into an increasing power of self-expansion of growing capital, and by so doing must even eternalize their dependent relation on their own product, as personified in the capitalists themselves’ (ibid.; trans. modified). In Theories of Surplus Value, Marx again praises Mandeville for his being ‘infinitely bolder and more honest than the philistine apologists of bourgeois society’ (MECW 34, 247 et sq.), this time for demonstrating ‘the productivity of every possible type of profession’, even that of outright criminality and evil. This is a crucial link in Marx’s critique of classical political economy, which would justify the capitalist’s particular exploitation by the general good he does society as a whole (through the accumulation of wealth) while condemning the unproductive and wasteful graft of the criminal. Thinking through the Fable of the Bees even beyond Mandeville, Marx is able to demonstrate the connection between capitalist production and forms of criminality by their common desire to extract as much surplus-value as possible from their activities.

Marx often uses the genre’s epistemological possibilities by exerting ‘dialectical pressure’ on the received moral of a fable. Consider, for instance, his repeated references to what he calls the ‘absurd fable of Menenius Agrippa... which makes man a mere fragment of his own body’ (MECW 35, 364). The fable, better known as that of ‘The Belly and the Members’, is traditionally ascribed to the Roman patrician named in the citation who would have declared it to quell a plebeian rebellion by depicting the elite in a corporeal analogy with the stomach, which if not properly fed by the subservient limbs would in turn starve the latter. Shakespeare put this scene on stage in Coriolanus, and Brecht developed it for his theatre as well. In the above mentioned passage from Capital, Marx turns the fable around to denounce the very atomisation not only of the body politic but also of the individual worker’s body under the pre-Taylorist conditions of industrial capital. In Value, Price and Profit, the same fable is used counter to its traditional lesson of social loyalty to argue instead the efficacy of collective action against capitalist exploitation: ‘Agrippa failed to show that you feed the members of one man by filling the belly of another’ (MECW 20, 104; cf. Bloch 1936, which contrasts the ‘social fable’ of Agrippa with that of Mandeville). In contrast to this revisionist use of particular fables to develop critical analogies, we also find the term ‘fable’ or ‘fabling’ used to designate the patent falsehoods by which capital obscures its material basis in social production, or used satirically as an instrument of political analysis (especially in the 18th Brumaire). The dialectical genre of the fable is thus itself dialectically deployed in Marx both as a critical tool of Marxist science and as the very exemplum of ideology in action. Lenin, Stalin and Trotsky, among others, are also able practitioners of fabling in this sense, and their political speeches and writings are rife both with admiring allusions to the folk wisdom of particular fables (in their case, typically taken from Krylov) and with denunciations of various forms of ideological aberration, calumny and opportunism as being themselves mere fables.

5. In the contemporary world, we see the continued ideological interpellation of children through fable in their mass-media derivations pioneered by Disney and imitated by countless others. Even more cynical are the campaigns of corporate advertisers targeting children as manipulable consumers. If nothing
else, these campaigns confirm the philosophical commonplace of the world as a fable (mundus est fabula) that dates back at least as far as the pre-Socratic contemporaries of Aesop and reaches its culmination with the nihilism of Nietzsche, Heidegger and various forms of postmodernism. If the world itself is declared to be a fable, the question of the relation to the world no longer plays a role and science becomes myth, truth becomes poetry. Fabula then has the epistemological sense of a talking. In other words, the moral of the fable would be then nothing more than the story itself and the pleasure of its retelling.

Alternatively, fabling can be understood less abstractly as being in a constant relation of deformation or figuration to what it recounts, as being in an allegorical relation to its referent, something first theorised by Fontenelle – far less patronising in his view of the genre than Hegel and less controlling than Lessing – in his ‘De l’origine des fables’ (1689) where he sees the fable not only as the earliest form of history but also as ‘the history of the errors of the human spirit’ (1790, 372). This history of human errors is indeed what fables both disclose and propagate, urging us to read their testimony of what Benjamin calls the ‘catastrophe’ of history in their seemingly childlike narration of the unforgiving power relations between beasts that are all too human.

Nevertheless, new media also give new opportunities for counterhegemonic and popular cultural expression. On the one hand, we see in the tradition of Joel Chandler Harris a renewed effort to collect, augment and disseminate subaltern fable traditions, such as those put together by G. Sylvain, J.-M. Awouma, W. Saroyan and V. Montejo of, respectively Haitian, Camerounian, Armenian and Mayan fables. And on the other hand, we find the simultaneously ironic and pedagogic appropriation of the fable form by dissident movements. Don Durito, the jungle beetle, created by Subcomandante Insurgente Marcos of the Zapatista Liberation Army, has become a veritable icon of postcolonial resistance, disseminated as his texts and images have been by fax and internet as well as by print. In ironised allusion to Don Quixote, Durito tilts at the windmills of state terror and multinational corporatism with his paperclip lance and riding atop his trusty steed, ‘Pegasus’, who is in actuality a lowly turtle. In the course of his humorous adventures, however, Durito offers trenchant lessons on the power ruses and perils of contemporary neoliberalism, not only as it affects Chiapas but the rest of the world. At the same time, and in accordance with the fable’s traditional deployment of animal characters as humans in disguise, Durito the bug also puts a human face on those whom state terror (here, that of Mexico) would deny any semblance of humanity and who therefore appear only in masked guise. As such, Durito emblematises the critical potential of the fable, even or especially in a postmodern climate of irony and cynicism. That potential comes from the ability of this formally dialectical genre to adapt itself to differing socio-historical contexts and to speak the story of those who (do not want to) hear it: de te fabula narratur! As Marx writes in the ‘Preface’ to the first edition of Capital.


Georges Van Den Abbeele

above/below, alienation, base-aesthetics, censor, comical, Enlightenment, domination, fairy tales, fantasy, fiction, humour, ideological state apparatus, ideology-critique, irony, joke, laughter, literary form, mass culture, myth, plebeian, popular culture, popularity, satire, stories, subalternity, subversive, upright gait, violence, wisdom, Zapatism.

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Article • Robert Bond on Speculating Histories: Walter Benjamin, Iain Sinclair • The Isaac and Tamara Deutscher Memorial Prize Lecture • Michael A. Lebowitz on The Politics of Assumption, the Assumption of Politics • Symposium: The Dark side of Marx’s ‘Capital’: On Michael Lebowitz’s
Marguerite Rosmer • Elena Isayev on Guy Bradley's Ancient Umbria • The Historical-Critical Dictionary of Marxism • Karen Ruoff Kramer on Jeans

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Articles • Alberto Toscano on From Pin Factories to Gold Farmers: Editorial Introduction to a Research Stream on Cognitive Capitalism, Immaterial Labour, and the General Intellect • Carlo Vercellone on From Formal Subsumption to General Intellect: Elements for a Marxist Reading of the Thesis of Cognitive Capitalism • Symposium: Ernest Mandel and the Historical Theory of Global Capitalism • Marcel van der Linden's and Jan Willem Stutje's Editorial Introduction • Jairus Banaji on Islam, the Mediterranean and the Rise of Capitalism • Patrick Karl O'Brien on Global Economic History as the Accumulation of Capital through a Process of Combined and Uneven Development. An Appreciation and Critique of Ernest Mandel • Michael R. Krätke on The History and Logic of Modern Capitalism. The Legacy of Ernest Mandel • Marcel van der Linden on The ‘Law’ of Uneven and Combined Development: Some Underdeveloped Thoughts • Jan-Willem Stutje on Concerning Der Spätkapitalismus: Mandel’s Quest for a Synthesis of Late Capitalism • Review Articles • Spencer Dimmock on Jane Whittle’s The Development of Agrarian Capitalism: Land and Labour in Norfolk, 1440–1580 • João Bernardo on Alessandro Orsini’s L’Eretico della sinistra. Bruno Rizzi ‘élitiste démocratique’ • Anthony Chase on the Leiden Journal of International Law’s ‘International Symposium on Marxism and International Law’ • Alan Thornton on Ralph Darlington’s and Dave Lyddon’s Glorious Summer: Class Struggle in Britain in 1972 • The Historical-Critical Dictionary of Marxism • Peter Thomas on Absolute Historicism

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Isaac and Tamara Deutscher Memorial Prize Lecture • Kevin Murphy on Can We Write the History of the Russian Revolution? A Belated Response to Eric Hobsbawm • Articles • David Camfield on The Multitude and the Kangaroo: A Critique of Hardt and Negri’s Theory of Immaterial Labour • Peter Thomas’ Editorial Introduction • Roberto Finelli on Abstraction versus contradiction: Observations on Chris Arthur’s The New Dialectic and Marx’s ‘Capital’ • Samuel Knafo on Political Marxism and Value Theory: Bridging the Gap between Theory and History • Jan Dumoly on The Political and Symbolic Economy of State Feudalism. The Case of Late Medieval Flanders • Archive • William S. Lewis’ Editorial Introduction • Louis Althusser’s Letter to Comrades on the PCF Central Committee • Review Articles • Jan Rehmann on Domenico Losurdo’s Nietzsche, il ribelle aristocratico. Biografia intellettuale e bilancio critico • Ian Birchall on Michel Surya’s La Révolution rêvée: Pour une histoire des intellectuels et des œuvres révolutionnaires 1944–1956 • Markar Melkonian on Richard Rorty’s Achieving Our Country: Leftist Thoughts in Twentieth-Century America, Philosophy and Social Hope, and Against Boses, Against Oligarchies • Pat Devine on Michael Albert’s Parecon: Life After Capitalism • Paulo L. dos Santos on Alfredo Saad-Filho’s The Value of Marx and Ben Fine’s and Alfredo Saad-Filho’s Marx’s ‘Capital’ • The Historical-Critical Dictionary of Marxism • Bob Jessop on Statism

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Articles • Paolo Virno on General Intellect • Axel Kicillof and Guido Starosta on Materiality and Social Form: A Political Critique of Rubin’s Value-Form Theory • Symposium: Ellen Meiksins Wood and Empire of Capital • Paul Blackledge’s Editorial Introduction • David Harvey on In What Ways Is the ‘New Imperialism’ Really New? • William I. Robinson on The Pitfalls of Realist Analysis of Global Capitalism: A Critique of Ellen Meiksins Wood’s Empire of Capital • Prasenjit Bose on ‘New’ Imperialism: On Globalisation and Nation-States • François Chesnais on The Economic Foundations and Needs of Contemporary Imperialism • Ellen Meiksins
Wood’s Reply to Critics • Intervention • Sam Moyo and Paris Yeros on The Zimbabwe Question and the Two Lefts • Review Articles • Wolfgang-Fritz Haug on Jan Rehmann’s Postmoderner Links-Nietzscheanismus. Deleuze & Foucault. Eine Dekonstruktion • Richie Nimmo on Marx and Wittgenstein: Knowledge, Morality and Politics, edited by Gavin Kitting and Nigel Pleasants • Alexander Gallas on Entfesselter Kapitalismus: Transformation des europäischen Sozialmodells und Klassen und soziale Bewegungen: Strukturen im Kapitalismus, edited by Joachim Bischoff, Paul Bocara, Robert Castel and Klaus Dörre • Daniel Gaido on Oliver Nachtwey’s Weltmarkt und Imperialismus: Zur Entstehungsgeschichte der klassischen marxistischen Imperialismustheorie • The Historical-Critical Dictionary of Marxism • John Bellamy Foster on Earth

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Articles • Helmut Reichelt on Marx’s Critique of Economic Categories: Reflections on the Problem of Validity in the Dialectical Method of Presentation in Capital • Roland Boer on The Perpetual Allure of the Bible for Marxism • Gavin Fridell on Fair-Trade Coffee and Commodity Fetishism: The Limits of Market-Driven Social Justice • Viren Swami on Evolutionary Psychology: ‘New Science of the Mind’ or ‘Darwinian Fundamentalism’? • Jim Kincaid on Production vs. Realisation: A Critique of Fine and Saad-Filho on Value Theory • Review Articles • Steve A. Smith on Kevin Murphy’s Revolution and Counterrevolution: Class Struggle in a Moscow Metal Factory • Samuel Knafo on Gérard Duménil’s and Dominique Lévy’s Capital Resurgent: Roots of the Neoliberal Revolution • Michael Heinrich on Karl Marx’s Das Kapital. Kritik der politischen Ökonomie, Dritter Band in Gesamtausgabe • The Historical-Critical Dictionary of Marxism • Jan Rehmann on Earth

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Articles • Giuseppe Tassone’s and Peter Thomas’s Editorial Introduction to Vittorio Morfinos Causa sui or Wechselwirkung: Engels between Spinoza and Hegel • Oliver Nachtwey & Tobias Ten Brink on Lost in Transition: the German World-Market Debate in the 1970s • Rakesh Bhandari on The Disguises of Wage-Labour: Juridical Illusions, Unfree Conditions and Novel Extensions • Intervention • Ana C. Dinerstein on Here Is the Rose, Dance Here! A Riposte to the Debate on the Argentinean Crisis • Archive • Paul Burkett & John Bellamy Foster on The Podolinsky Myth: An Obituary. Introduction to ‘Human Labour and Unity of Force’, by Sergei Podolinsky • Sergei Podolinsky’s Human Labour and Unity of Force • Review Articles • Chris Harman on Christopher Dyer’s An Age of Transition? Economy and Society in England in the Later Middle Ages and John Landers’s The Field and the Forge: Population, Production and Power in the Pre-Industrial West • Matthew G. Hannah on Peter Brückner’s Ulrike Meinhof und die deutsche Verhältnisse • Wolfgang Wicht on Bernd Blaschke’s Der ‘homo oeconomicus’ und sein Kredit bei Musil, Joyce, Svevo, Unamuno und Céline • Zoé Marriage on Georges Nzongola-Ntalaja’s The Congo from Leopold to Kabila: A People’s History, Reinventing Order in the Congo: How People Respond to State Failure in Kinshasa, edited by Theodore Trefon and The African Stakes of the Congo War edited by John F. Clark • The Historical-Critical Dictionary of Marxism • Peter Thomas on Immanence

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Isaac and Tamara Deutscher Memorial Prize Lecture • Chris Wickham on Productive Forces and the Economic Logic of the Feudal Mode of Production • Articles • Jefferey R. Webber on Rebellion to Reform in Bolivia. Part I: Domestic Class Structure, Latin-American ‘Trends, and Capitalist Imperialism • John Roberts on The ‘Returns to Religion’: Messianism, Christianity and the Revolutionary Tradition. Part I: ‘Wakefulness to the Future’ • David Kristjanson on Gural Postmodern Contributions to Marxist Economics: Theoretical Innovations and their Implications for Class Politics • Interventions • Greig Charnock on Competitiveness and
Critique: The Value of a New-Materialist Research Project • Alex Callinicos on Marxists, Muslims and Religion: Anglo-French Attitudes • Review Articles • Sharad Chari on Patrick Bond’s Elite Transition, Against Global Apartheid, Talk Left, Walk Right, and Unsustainable South Africa and Ashwin Desai’s Arise Ye Coolies, We Are the Poors and, with Vishnu Padayachee, Krish Reddy and Goolam Vahed, Blacks in Whites • Alexander Anievas on Martin Shaw’s Theory of the Global State: Globality as an Unfinished Revolution, and William I. Robinson’s A Theory of Global Capitalism: Production, Class, and the State in a Transnational World • Peter Green on Rick Kuhn’s Henryk Grossman and the Recovery of Marxism • Loren Glass on Jean Baudrillard’s The Spirit of Terrorism, Paul Virilio’s Ground Zero, Slavoj Žižek’s Welcome to the Desert of the Real, Jeffory A. Clymer’s in a New Age of War, and Susan Willis’s Portents of the Real: A Primer for Post-9/11 America • Owen Hatherley on Ilya Ilf’s and Evgeny Petrov’s Ilf and Petrov’s American Road Trip • The Historical-Critical Dictionary of Marxism • Lise Vogel on Domestic-Labour Debate

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