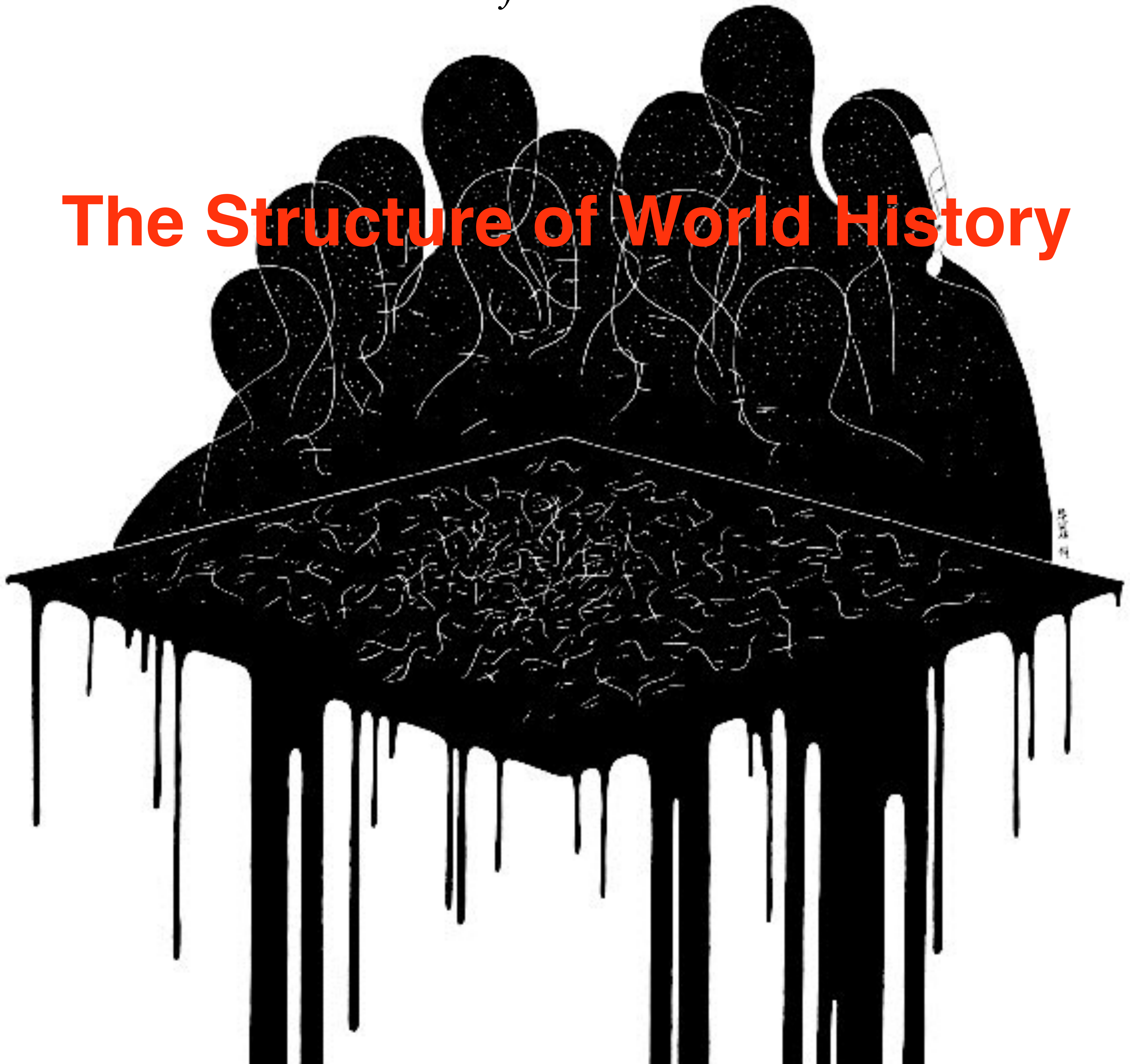
Reading
Kojin Karatani's

The Structure of World History



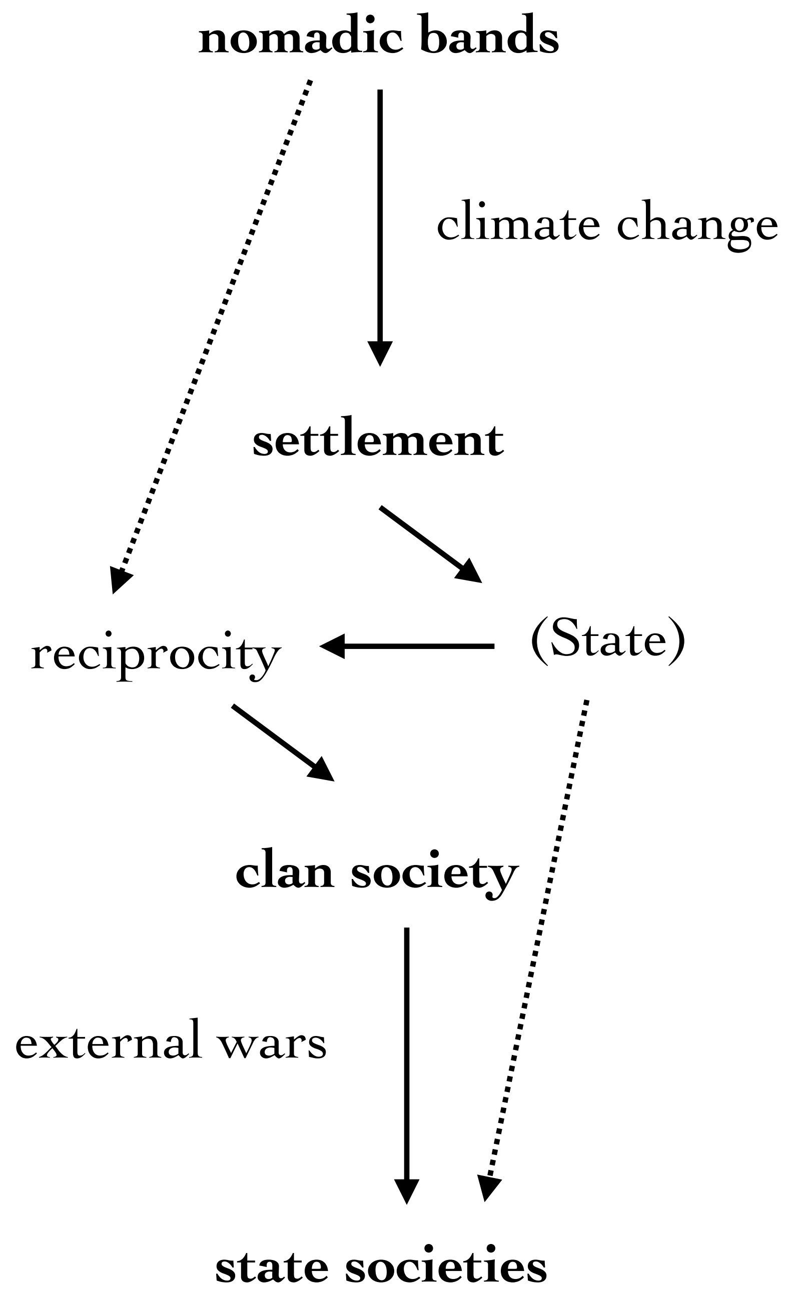
1. Mini World Systems
2. World Empires

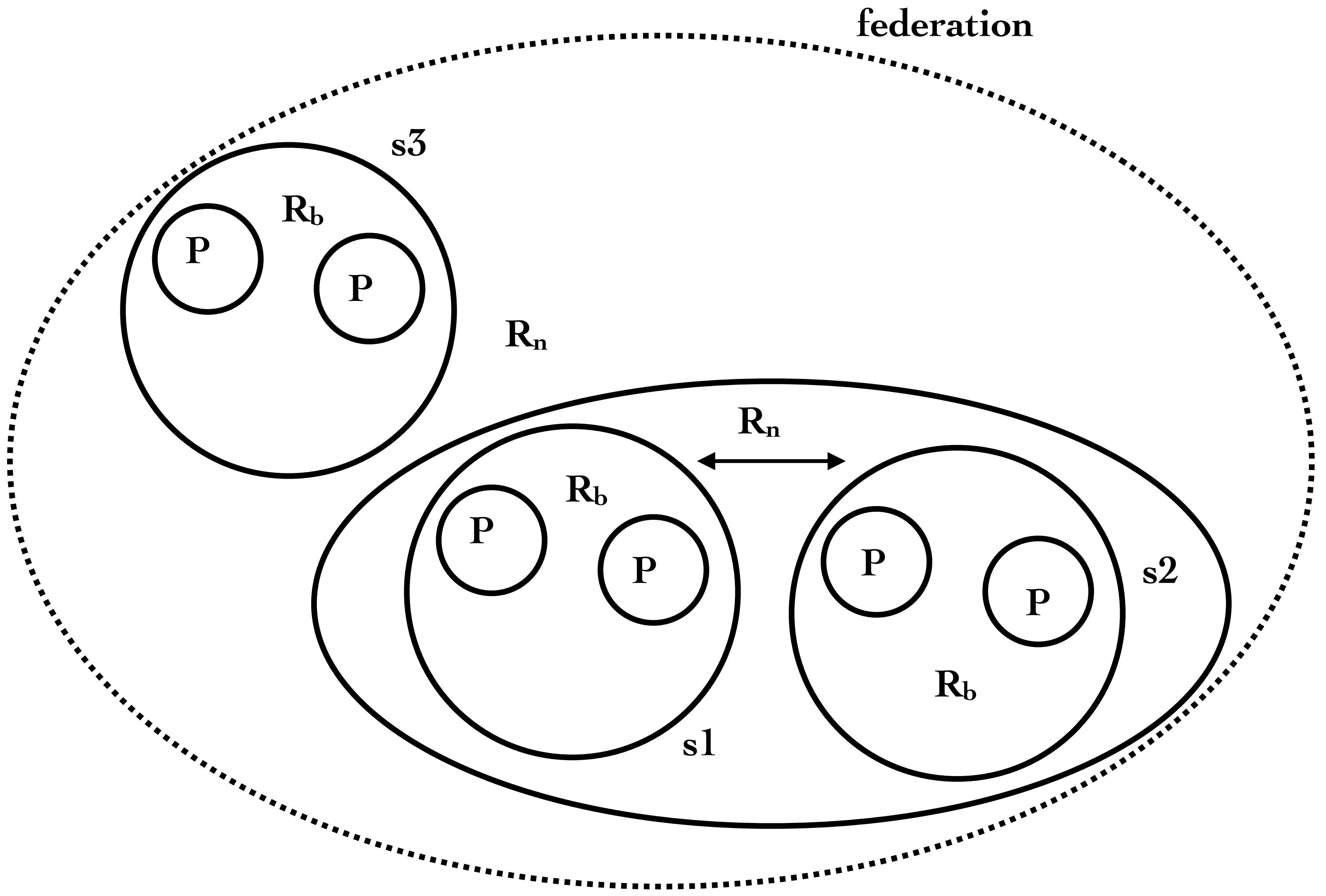
Questions:

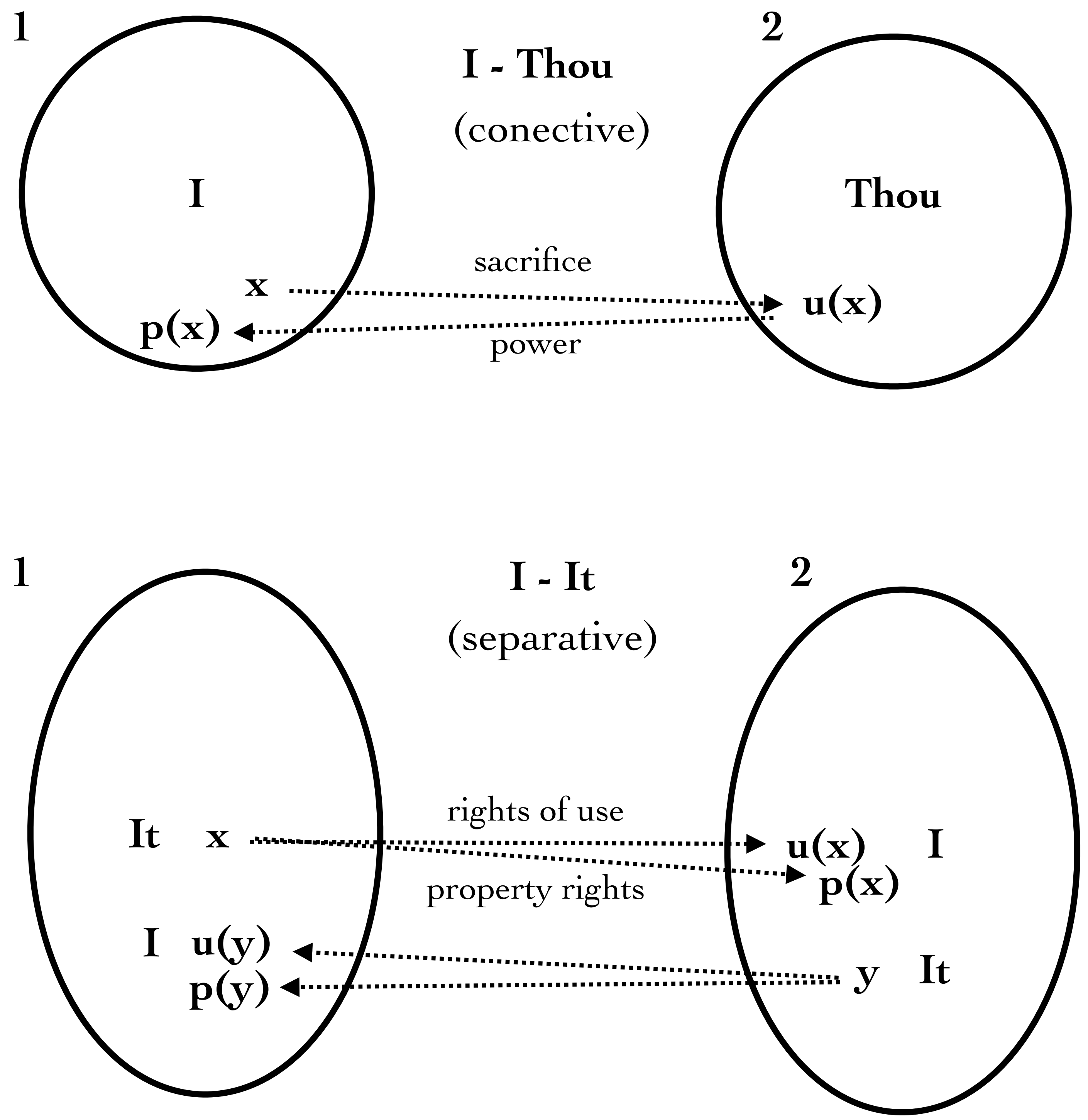
What is Karatani's conception of nature? We have seen how it influences the dynamics of mode C but what might a mode D relation to nature look like?

What are we to make of Karatani's insistence that workers are free under capitalism or more so his conception of freedom?

The idea of the interior of the state is critiqued - Karatani is saying that Marx understood that the state is in fact not to be seen as an interior power source that is determined by things like capital or class struggle. No, he argues the state is autonomous and dictated by mode B. But at what point in Marx's writings did this insight become clear for Marx, namely, that the state is autonomous as Karatani argues? Are there other thinkers, possibly Gramsci? Who also, in the history of political thought, saw the state from the standpoint of autonomy and not interiority?







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2. The Modern World System
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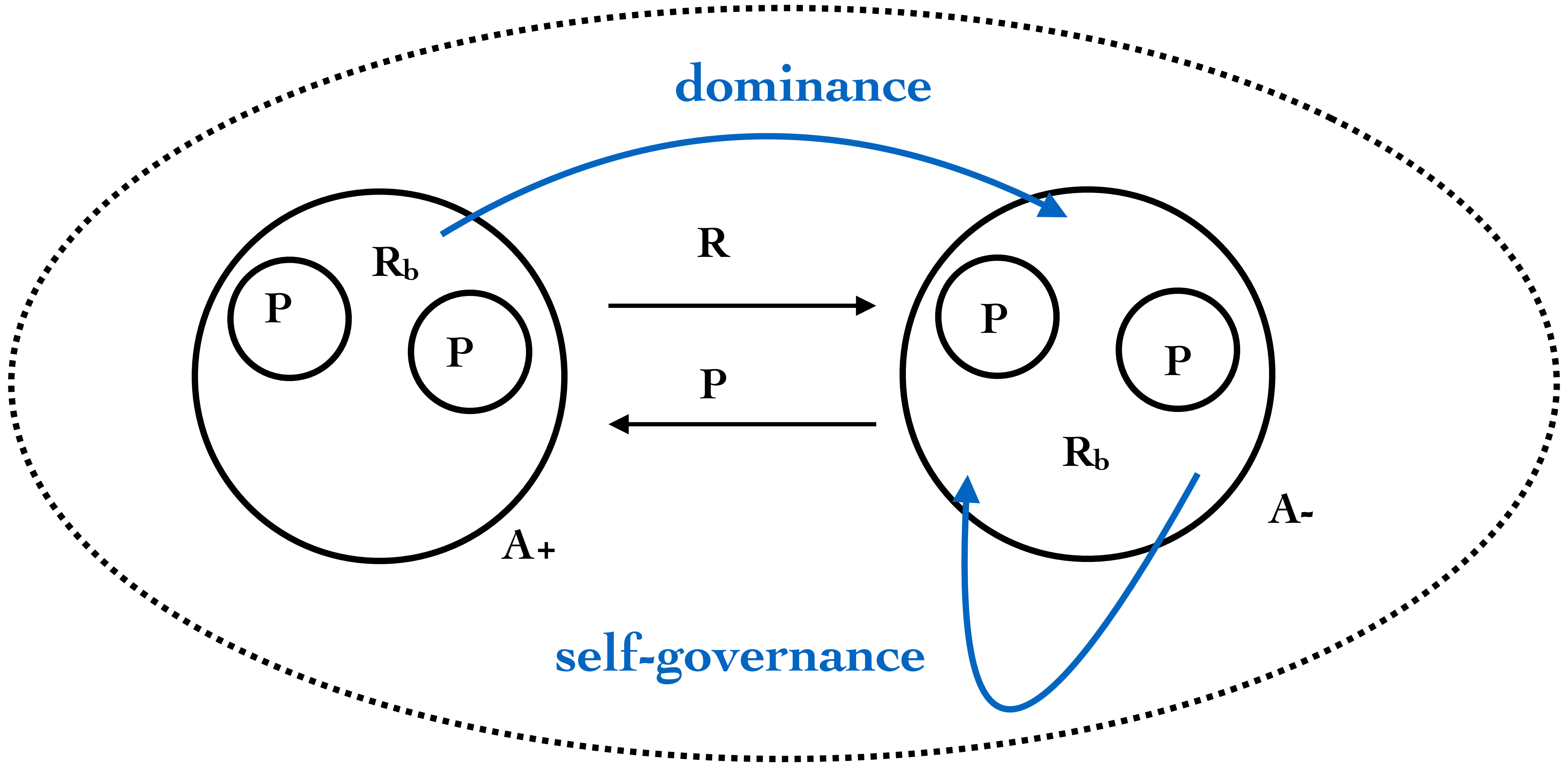
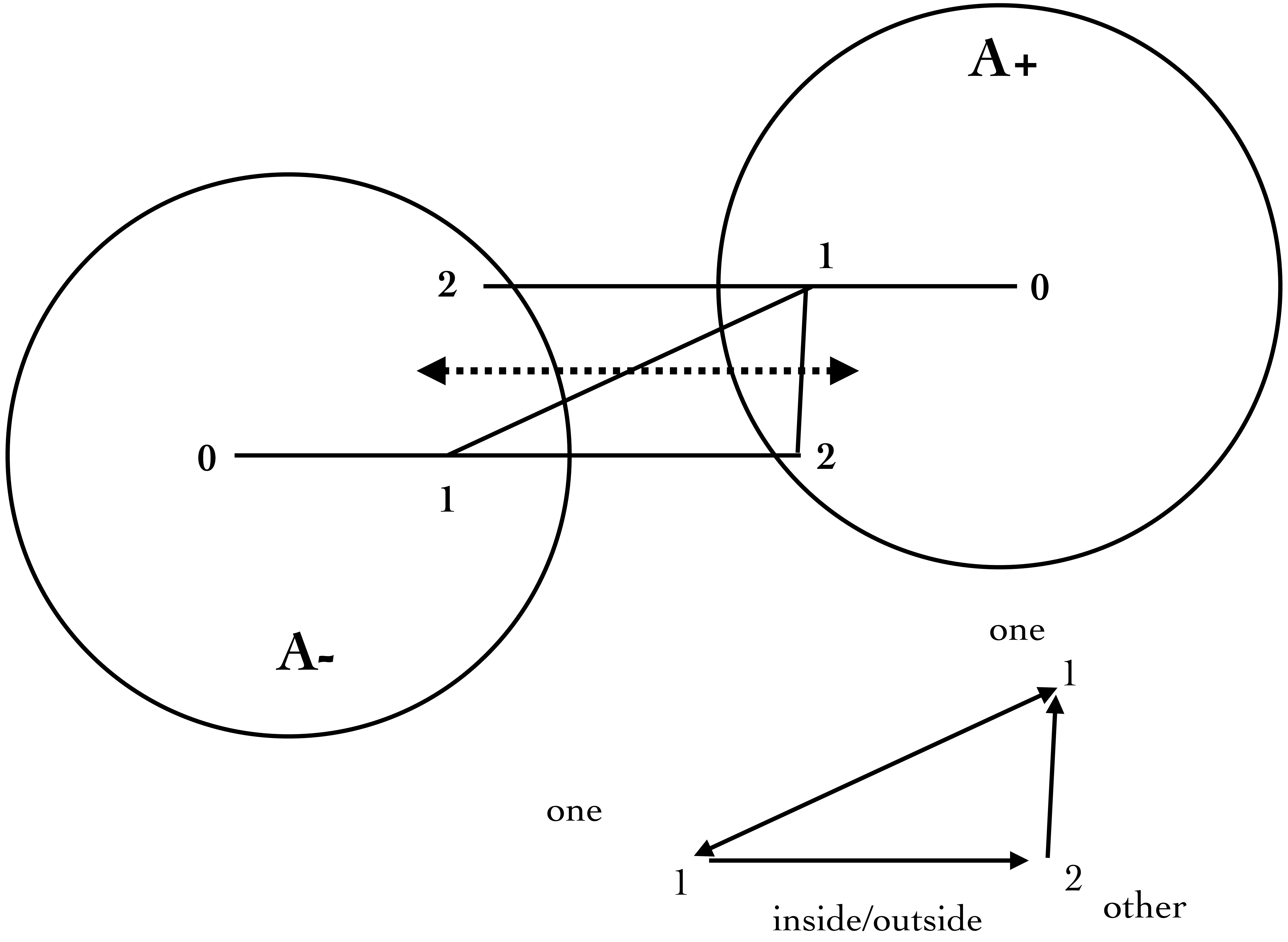
Mini World Systems





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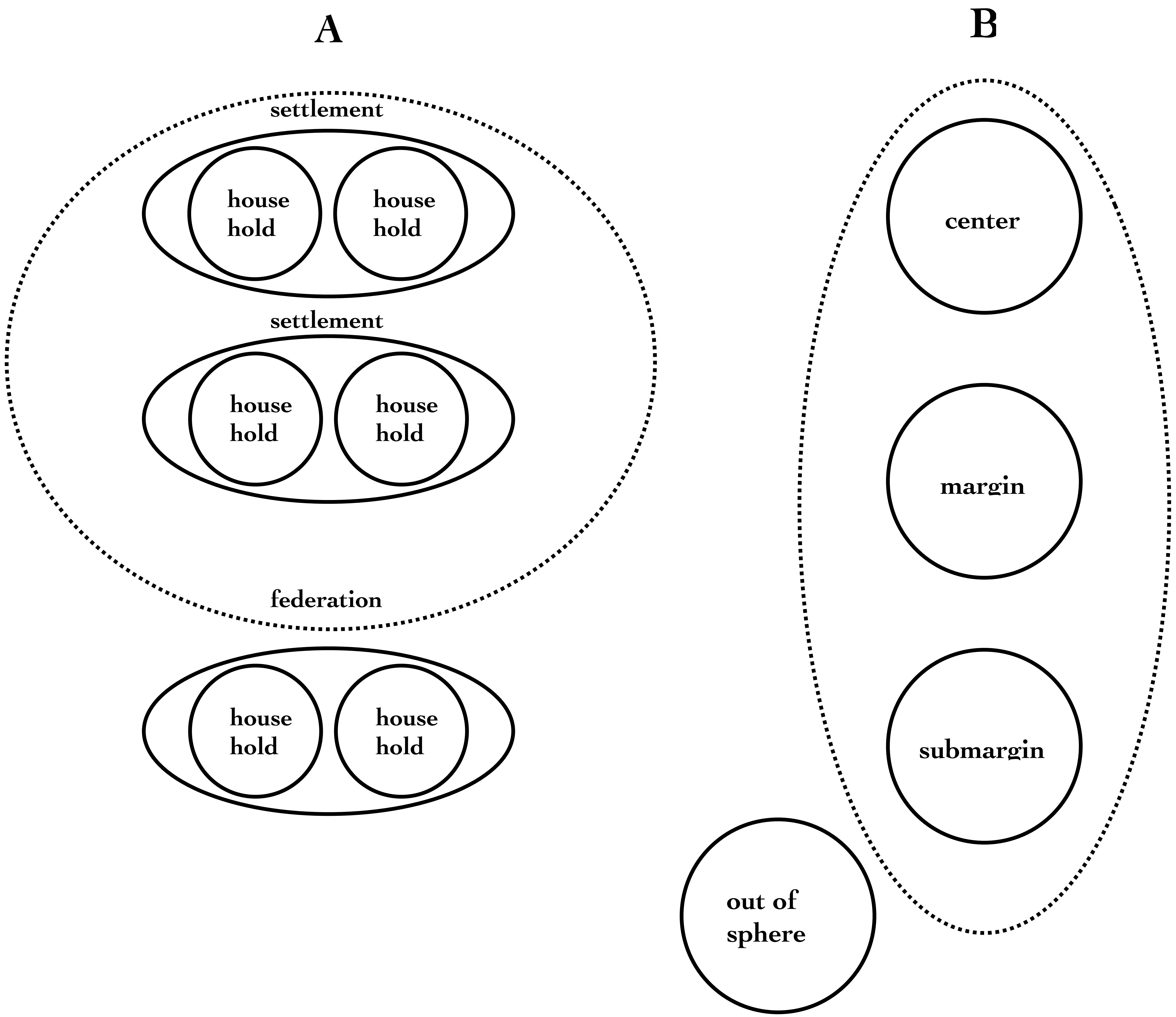
World Empires



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World Empires

Scale and information-processing thresholds in Holocene social evolution

Jaeweon Shin, Michael Holton Price, David H. Wolpert, Hajime Shimao, Brendan Tracey & Timothy A. Kohler

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Abstract

Throughout the Holocene, societies developed additional layers of administration and more information-rich instruments for managing and recording transactions and events as they grew in population and territory. Yet, while such increases seem inevitable, they are not. Here we use the Seshat database to investigate the development of hundreds of polities, from multiple continents, over thousands of years. We find that sociopolitical development is dominated first by growth in polity scale, then by improvements in information processing and economic systems, and then by further increases in scale. We thus define a Scale Threshold for societies, beyond which growth in information processing becomes paramount, and an Information Threshold, which once crossed facilitates additional growth in scale. Polities diverge in socio-political features below the Information Threshold, but reconverge beyond it. We suggest an explanation for the evolutionary divergence between Old and New World polities based on phased growth in scale and information processing. We also suggest a mechanism to help explain social collapses with no evident external causes.

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In the preceding chapters, I considered the features of social formations in which mode of exchange B is predominant. In part III I will take up social formations in which mode of exchange C dominates. First, though, there is one issue we must consider: how did mode of exchange C become dominant? Mode of exchange C—commodity exchange—had existed since ancient times, but no matter how extensively it was practiced, it was never able to topple the social formation in which mode of exchange B was dominant. Yet somehow this did in fact occur in Europe.

Marxists have debated this as the problem of the "transition from feudalism to capitalism."[1] Paul Sweezy stresses that capitalism emerged thanks to the development of trade that preceded it—especially the influx of silver from the Americas. Maurice Dobb, on the other hand, highlights the internal collapse of feudalism. What we have here is a disagreement between those who emphasize the role of the process of circulation (Sweezy) and those who emphasize the process of production (Dobb). We cannot resolve this conflict if we solely depend on the writings of Karl Marx, because Marx offered both perspectives.

But neither view is able to explain why a capitalist economy emerged in Europe. In terms of the view that stresses production, before we talk about the collapse of feudalism, we need to examine why and how the specific form of feudalism found in Europe arose—it is not sufficient merely to regard it is a simple variation of the tribute state system. In terms of the view that stresses circulation, we need to explain how and why world trade and the world market began from Europe. These were of a different nature from the trade carried out under earlier world-empires. These two problems are in fact not unrelated: the world trade that began from Europe cannot be understood separately from its feudalism.

The antinomy of the transition from feudalism to capitalism: production or circulation?

In taking up these questions, I would like to begin by distinguishing between world-empire and world-economy, following Fernand Braudel. The difference between these revolves around whether or not the state controls trade. In world-empires, state officials monopolize trade and regulate the price of foodstuffs and other goods. In contrast, a world-economy emerges when trade and local markets are integrated and there is no state control. In these terms, Wallerstein argues that the world-economy appeared in sixteenth-century Europe and proceeded to swallow up the existing world-empires around the globe, reorganizing the world into a structure of core, semiperiphery, and periphery.

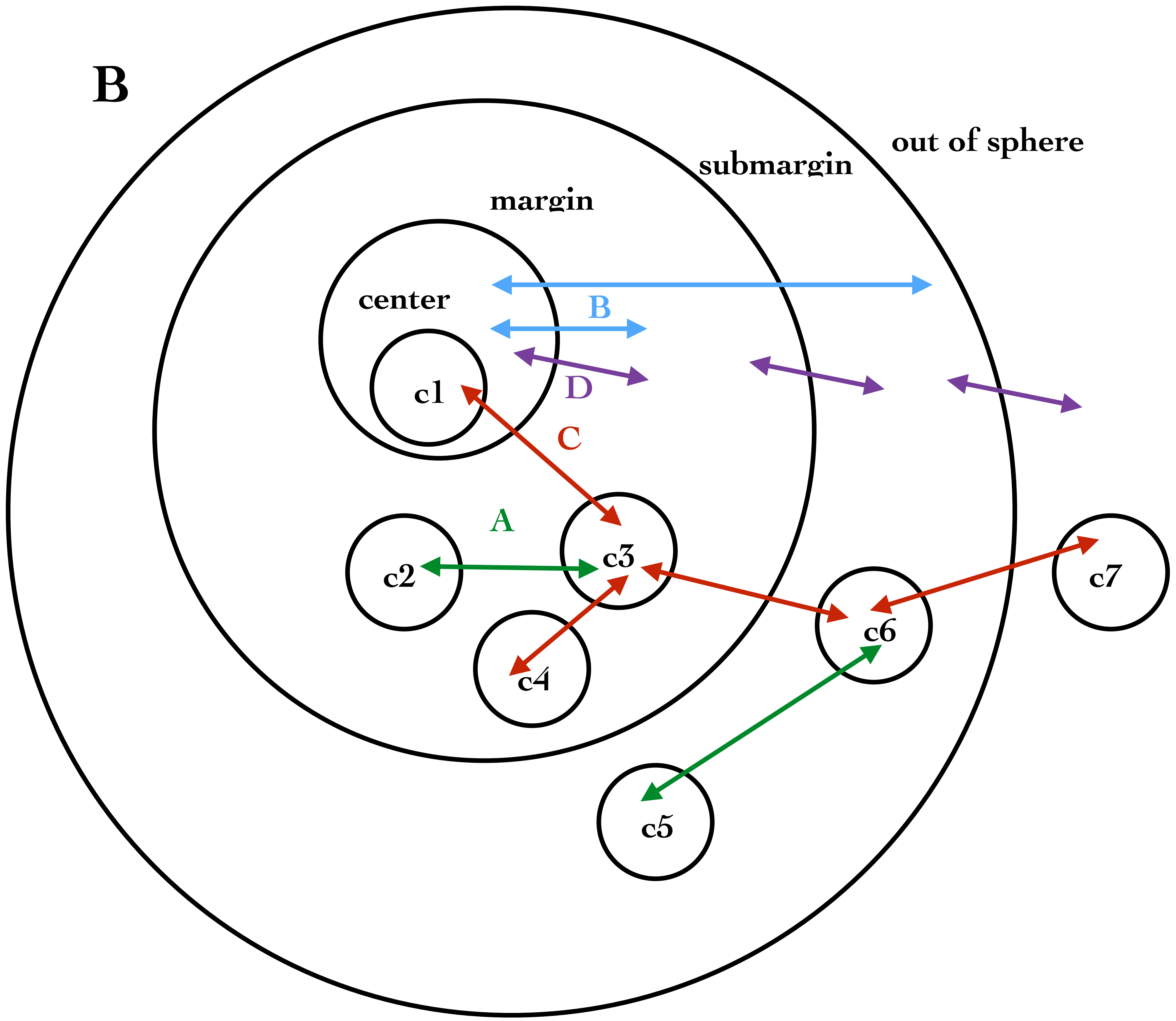
Braudel, however, rejects the idea that there was a "development" from world-empire to world-economy.[4] He argues that Europe was already a world-economy before the sixteenth century—and, moreover, that world-economy was not limited to Europe. As Karl Polanyi notes, Greece and Rome also had world-economies. Greece did not adopt the sort of bureaucratic structure needed to regulate the economy, leaving matters instead up to the market. This was not because Greece was an "advanced" civilization. To the contrary, it was due to the strong persistence of the traditions of clan autonomy, as well as to a geographical location that allowed Greece to fend off external interference even as it adopted elements from the civilization of a world-empire—that is, to its location on the submargin of a world-empire.

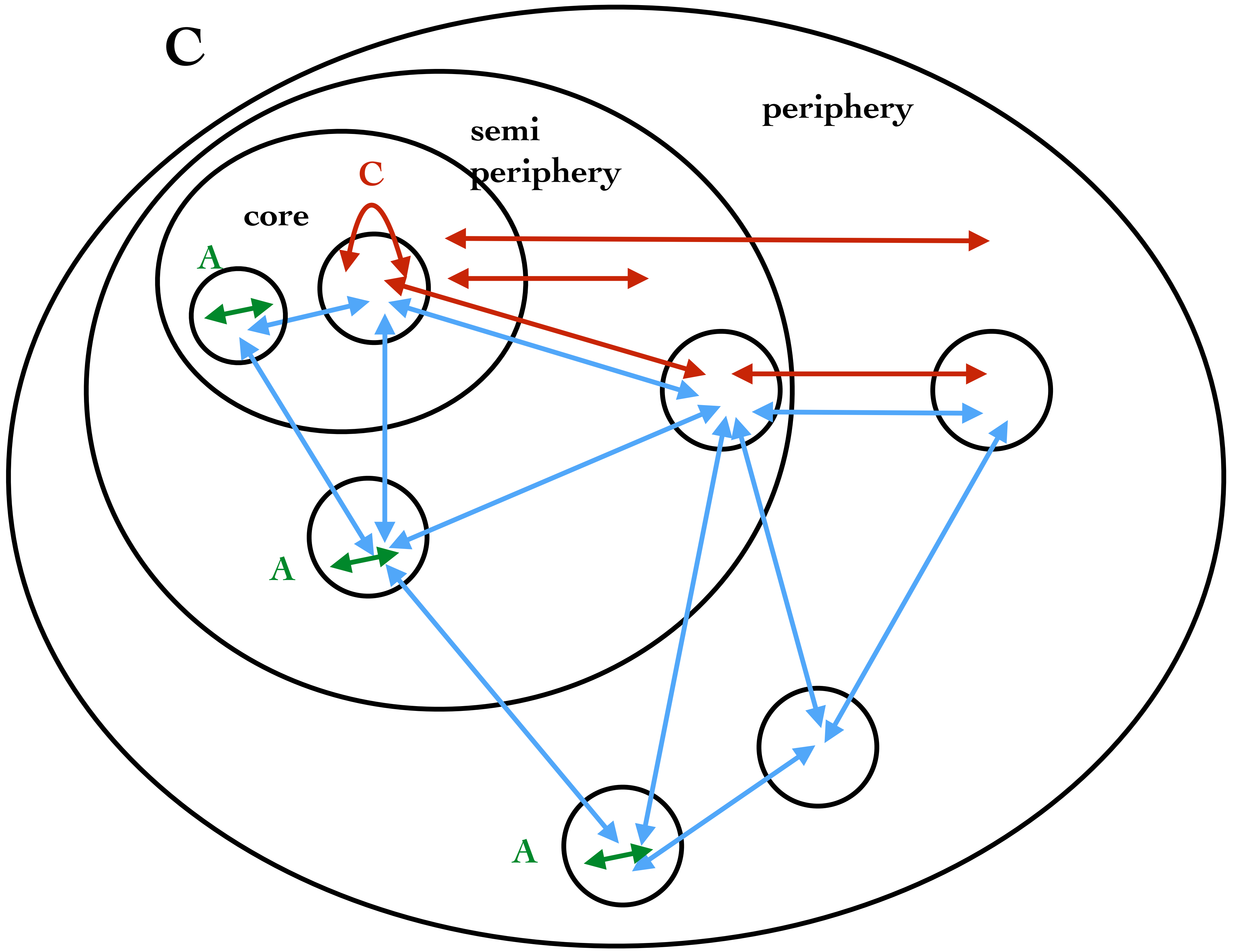
In the same way, a world-economy emerged in western Europe not because its civilization was advanced but rather because it was located on the submargin of the Roman Empire and its successor, the Arabian world-empire. There were attempts in Europe to establish a world-empire, but these ended in failure. A centralized state never emerged, and instead there was a state of perpetual conflict among the numerous kings and feudal lords. The flip side to this was that trade and markets were left free, without state control, which resulted in the establishment of a large number of free cities. For these reasons, we cannot treat European feudalism and world-embracing commerce as if they were unrelated to one another.

Braudel compares the various world-economies and extracts a conventional tendency that they share in common: in each world-economy, there tends to be one center, a central city (world-city). In a world-empire, one city serves as the political center. But in a world-economy, being the political center does not automatically make a city the central city. To the contrary, the tendency is for the city that is at the center of trade to become politically central as well. Moreover, in world-economies the center continually shifts from one location to another.

Braudel writes, "A world-economy always has an urban centre of gravity, a city, as the logistic heart of its activity. News, merchandise, capital, credit, people, instructions, correspondence all flow into and out of the city."[5] Multiple relay cities emerge in the distance surrounding this center. Because these compete with one another, the center is never permanently fixed but is always subject to relocation. We see this, for example, in the way the world-city has shifted from Antwerp to Amsterdam to London to New York. Of course, in world-empires the center is also located in a city and sometimes sees shifts, but these are usually due to political or military factors. In a world-economy, by contrast, the political center tends to move in tandem with shifts in the central city.

World-Empires and World-Economies
The birth of development out of backwardness





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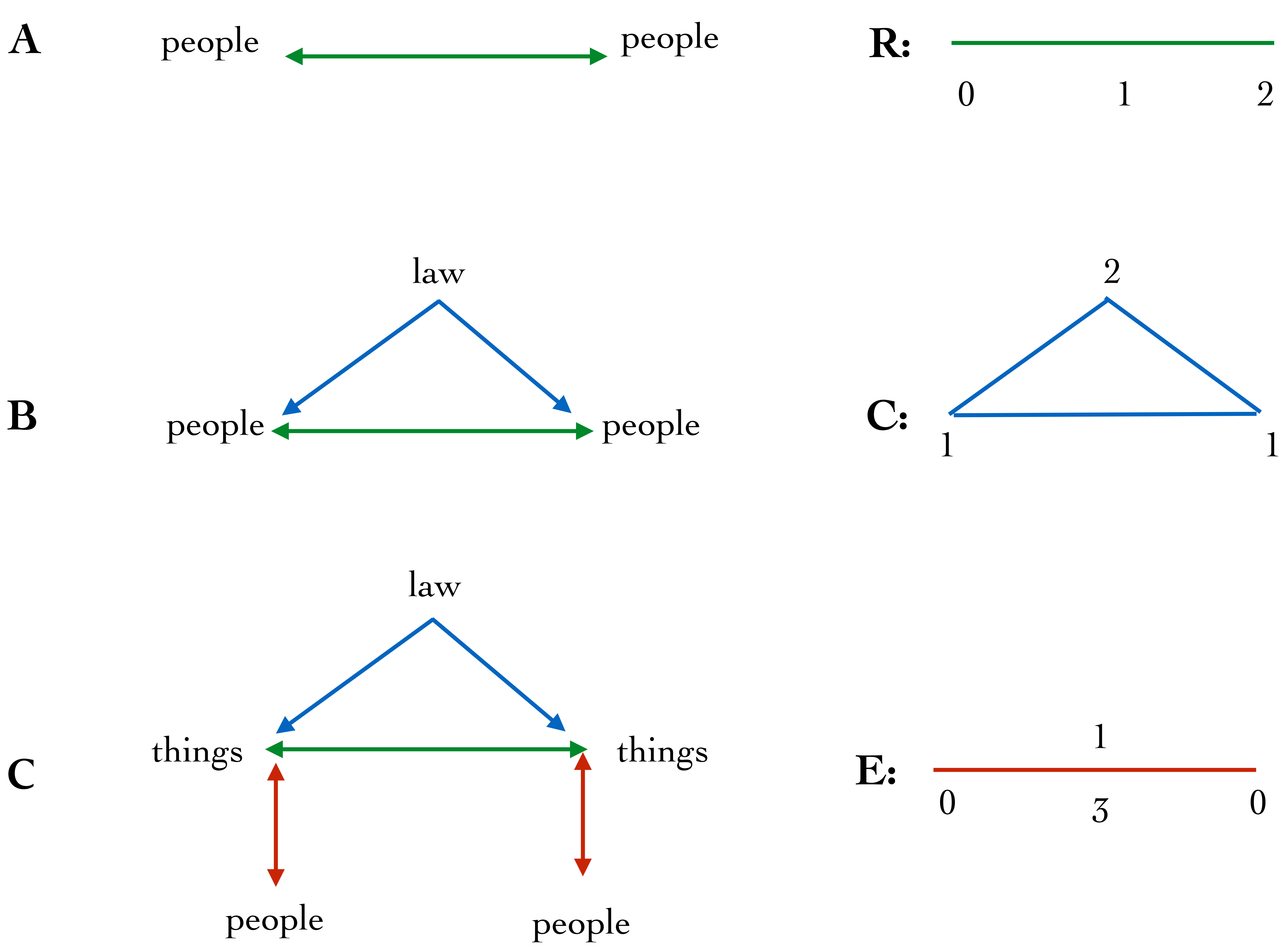
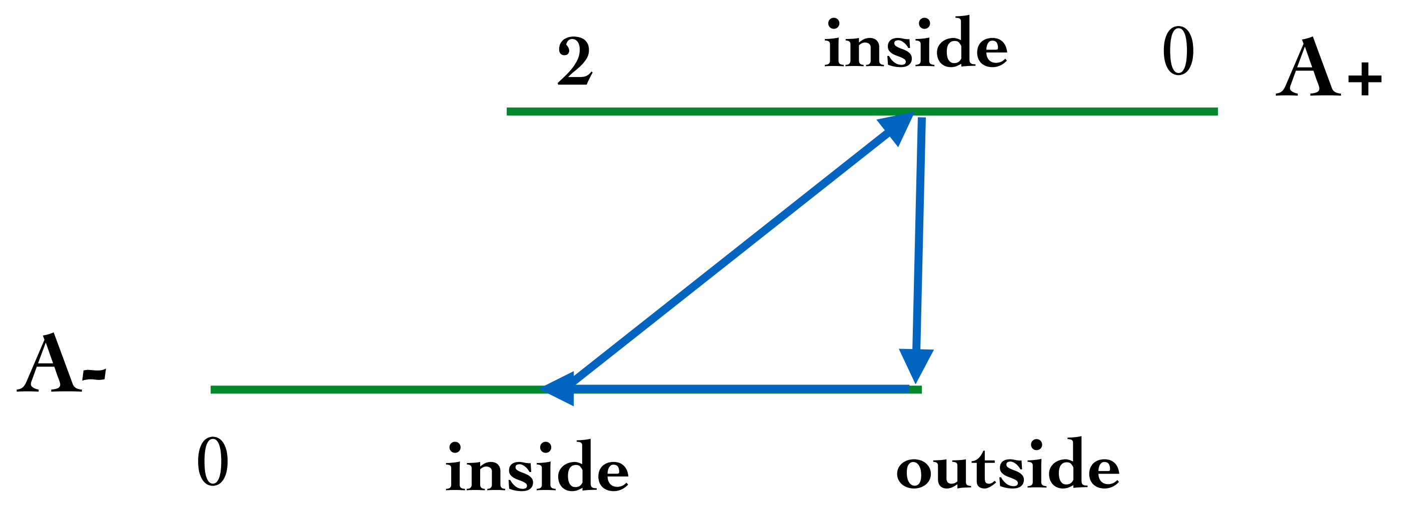
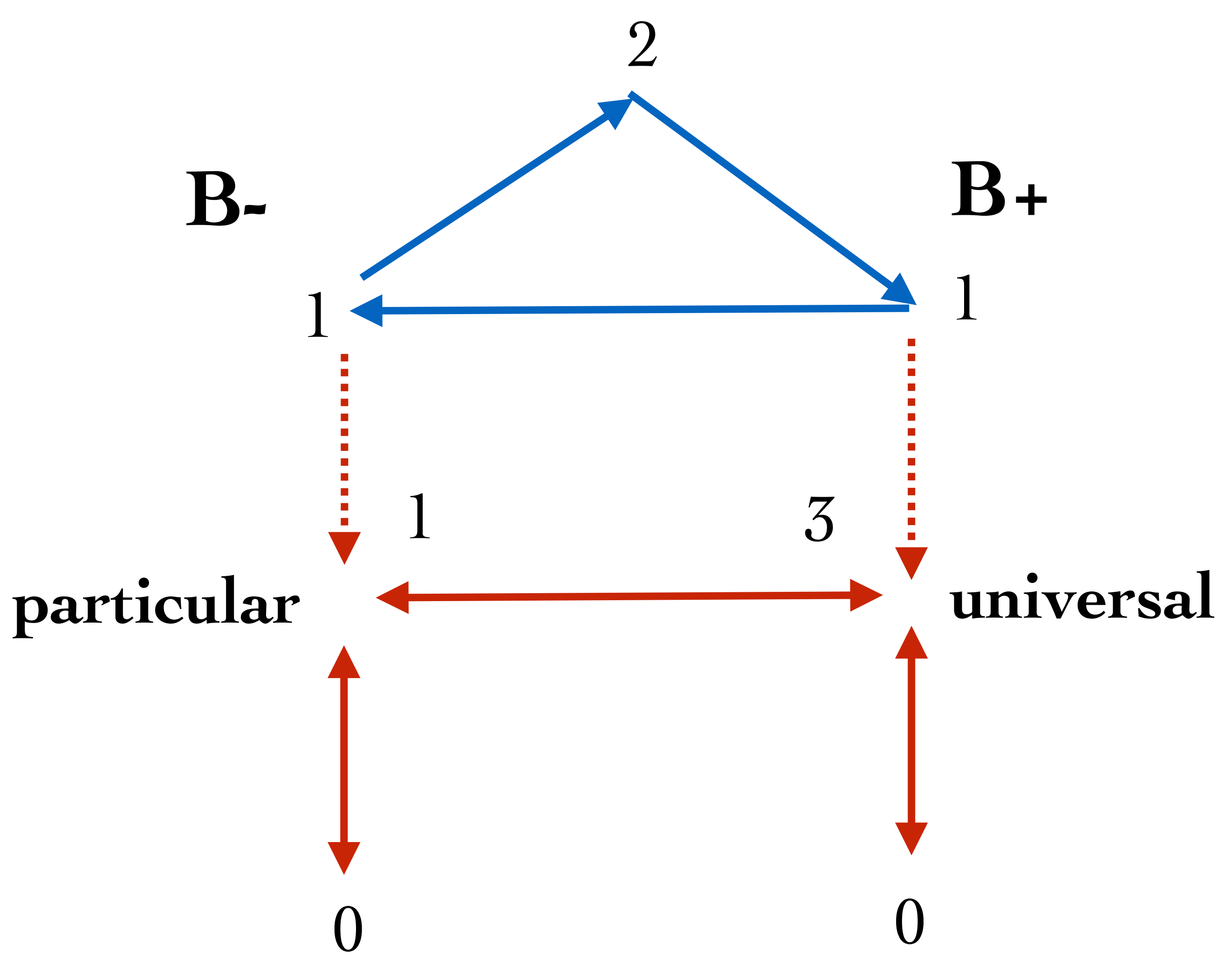




the space of the law out of reciprocal relations



the social contract of things out of the space of the law

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A

- A general reciprocity in household - balanced reciprocity - negative reciprocity
- B held in check
- C trade between communities
- D magic and animistic relations to the other

B

- A general reciprocity in household - balanced reciprocity within communities - negative reciprocity held in check
- B bureocratic apparatus in center - compulsory plunder and redistribution between center and margin - selective relations with submargin
- C market in city-states - trade between communities and states
- D world religion and monotheism

C

- A general reciprocity in household - imagined community inside nations
- B generalization of burocracy to private sphere - recognition between sovereign states - expansion towards non-sovereign spaces
- C formation of internal markets - logistical middleground in semiperiphery - overexploitation of periphery
- D world republic held in check

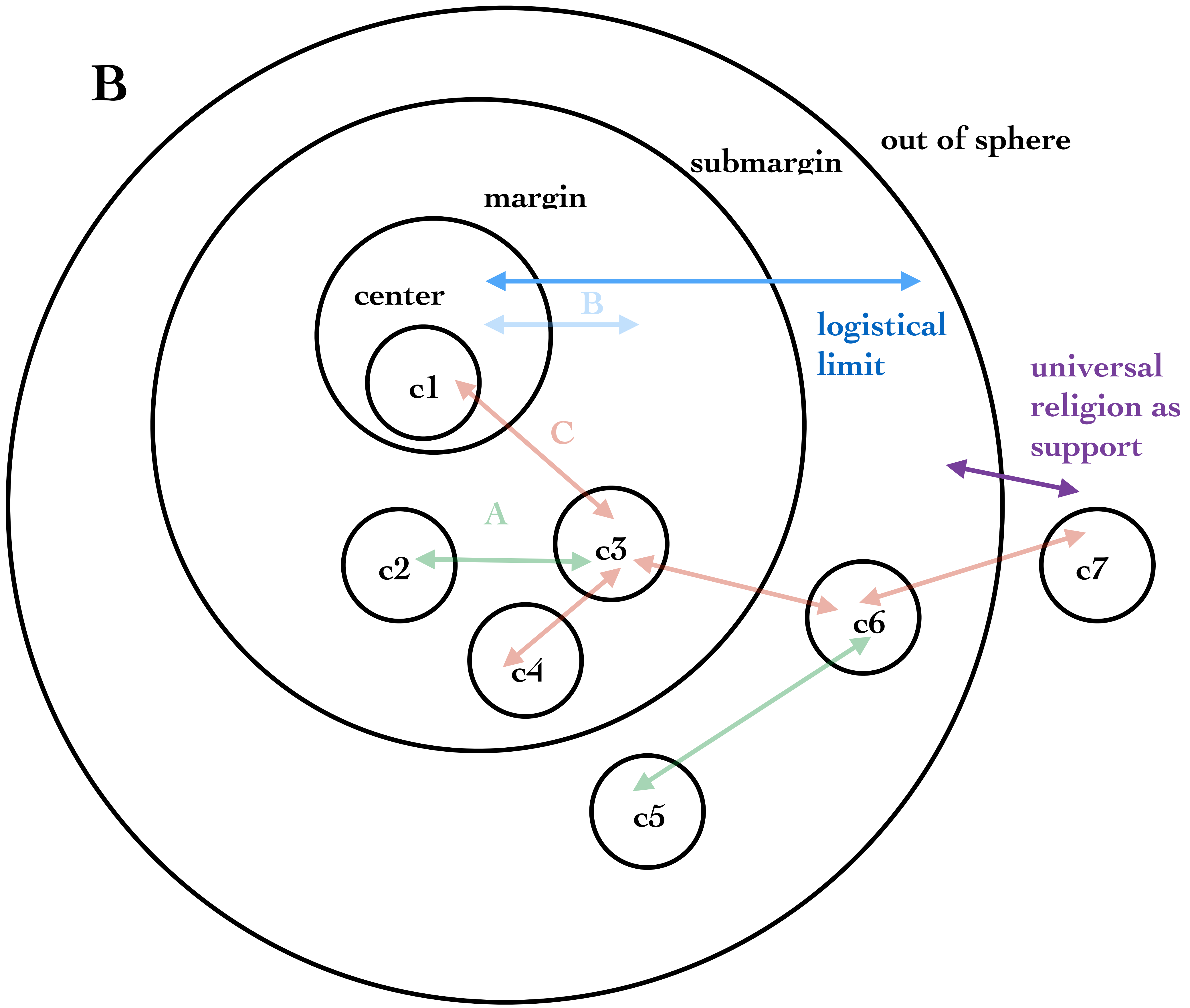
=

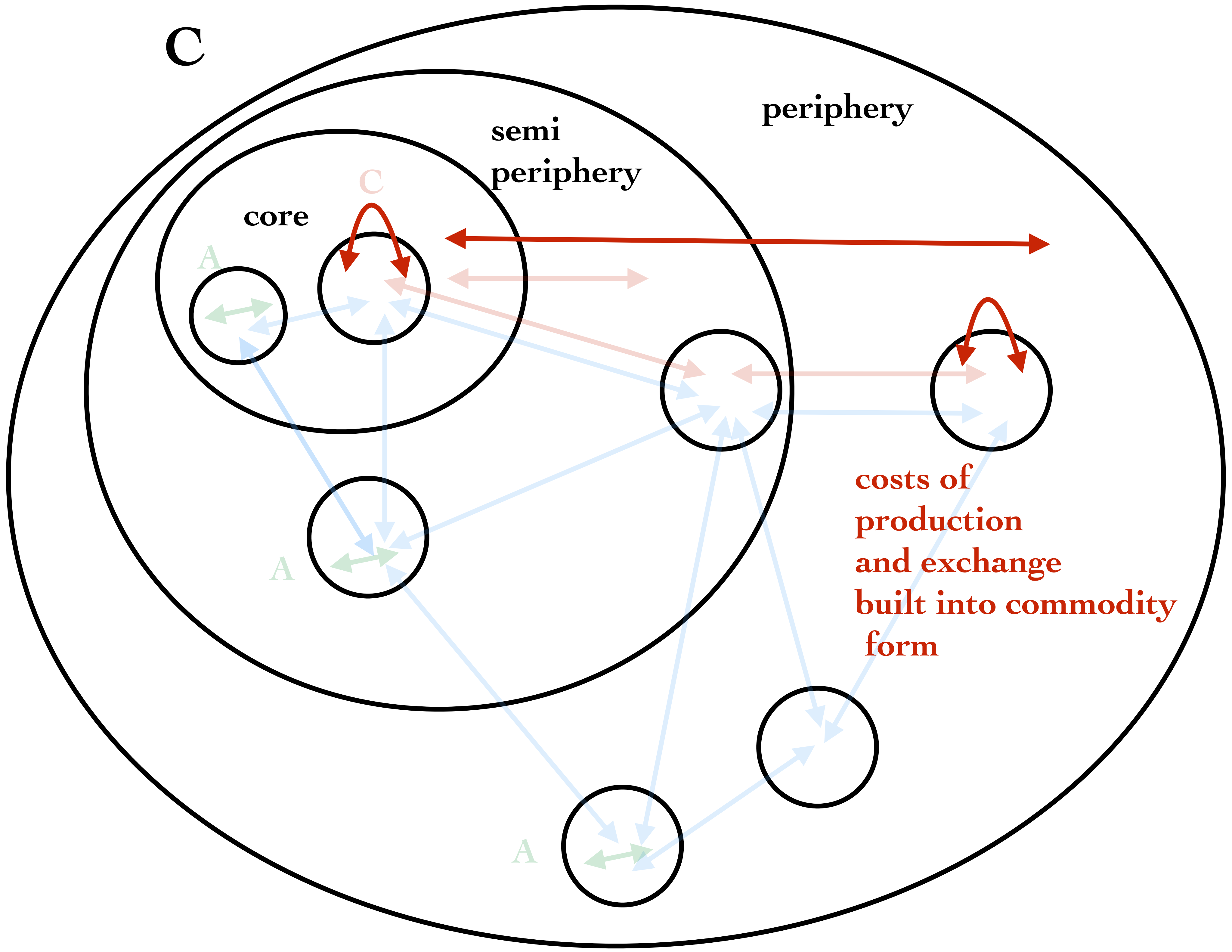
In a world-empire, the spatial structure of core and periphery is primarily established in accordance to the character of political and military power. The size of an empire is determined first of all logistically (i.e., by military supply and communications lines). If one wants to not simply conquer territory but also permanently control it, there are limits to how far one can extend oneself. Second, the size of an empire is determined by the ratio between the wealth it can obtain by expanding its boundaries and the cost of the army and bureaucratic structures needed to accomplish this. A world-economy, on the other hand, has no limit, because commodity exchanges can be expanded spatially without limit. Their existence requires, however, the legal and security guarantees provided by the state. For this reason, world-economies have historically tended to been toppled or annexed by world-empires. But the modern world-economy that spread from western Europe reversed this pattern: it swallowed up the existing world-empires.

The structure of world-empires consisted of core, margin, submargin, and the out of sphere. But once we reach a situation in which a world-economy has spread to cover the entire globe, world-empires are no longer able to exist as the core. This also means that margins and submargins no longer exist. On the other hand, even in a world-economy we find a geopolitical center and periphery structure. Andre Gunder Frank was the first to point this out, calling center and periphery "metropolis" and "satellite," respectively.[6] In his view, a world-economy is a system in which the center extracts surpluses from the periphery. As a result, the development of the core leads to underdevelopment in the periphery: it's not that the periphery was undeveloped from the start, but rather that it is subjected to underdevelopment through its relations with the core. Wallerstein added the concept of the semiperiphery to this. The semiperiphery can at times join the core, but at other times the semiperiphery can fall back into the periphery. In this way, the world-economy is structured around the core, semiperiphery, and periphery.

Under the structure of a world-economy, however, the core extracts surpluses from the periphery not so much by direct exploitation as through simple commodity exchange. Moreover, whereas in a world-empire the periphery manufactures raw materials into products that it ships to the core, under the structure of a world-economy, it is the periphery that supplies raw materials and the core that manufactures and processes these. In this international division of labor, the manufacturing side produces greater value. The core extracts surplus value by integrating the periphery into this international division of labor.

Spatial logic in WEmp and WEco





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Spatial logic in WEmp and WEco

First, while it is a fact that during the expansion of the world market and global capitalism, the previous world-empires were rendered peripheral, this took place not in the sixteen century but rather began in the nineteenth century—with the exceptions of the Aztec (Mexico) and Incan (Peru, Bolivia) empires. Nonetheless, the overwhelming superiority that Europe has enjoyed since the nineteenth century has distorted our image of what preceded it. During the period of expansion of the European world-economy starting in the sixteenth century, Asia was no longer ruled by the ancient empires; it was neither stagnant nor in decline. Following the collapse of the great Mongolian Empire, world-empires were reconstructed across Asia, including the Qing dynasty in China, the Mughal Empire in India, and the Ottoman Empire in Turkey. Each of these enjoyed considerable economic development. Frank writes that the empires of early modern Asia, in particular China, maintained economic superiority over Europe until the end of the eighteenth century.[7] The development of the world-economy in modern Europe was achieved by using the silver obtained in the Americas to enter into trade with China and Southeast Asia. Moreover, as Joseph Needham has demonstrated, China was far more advanced in scientific technology than the West up through the sixteenth century.[8]

Second, even in regions situated on the periphery of the global world-economy, geopolitical structural differences between the core, margin, submargin, and out of sphere of the older world-empires persist. For example, whereas the margin and out-of-sphere regions of the old empires were easily colonized by the European powers, their cores and submargins were not. Japan, located in a submarginal region, rapidly adapted itself to the world-economy and eventually even joined its core, while both Russia and China, cores of old world-empires, resisted their own marginalization within the world-economy, with each attempting to reconstruct a new world system. The socialist revolutions in Russia and China should be understood in these terms. Usually, world-empires were split up into multiple ethnicities—that is, into multiple nation-states. The ability of Russia and China to avoid this fate was due to their being ruled by Marxists, who saw problems of class as more fundamental than those of ethnicity. Marxists did not intend to resurrect empires though. In Marx's words, "They do this without being aware of it."[9]

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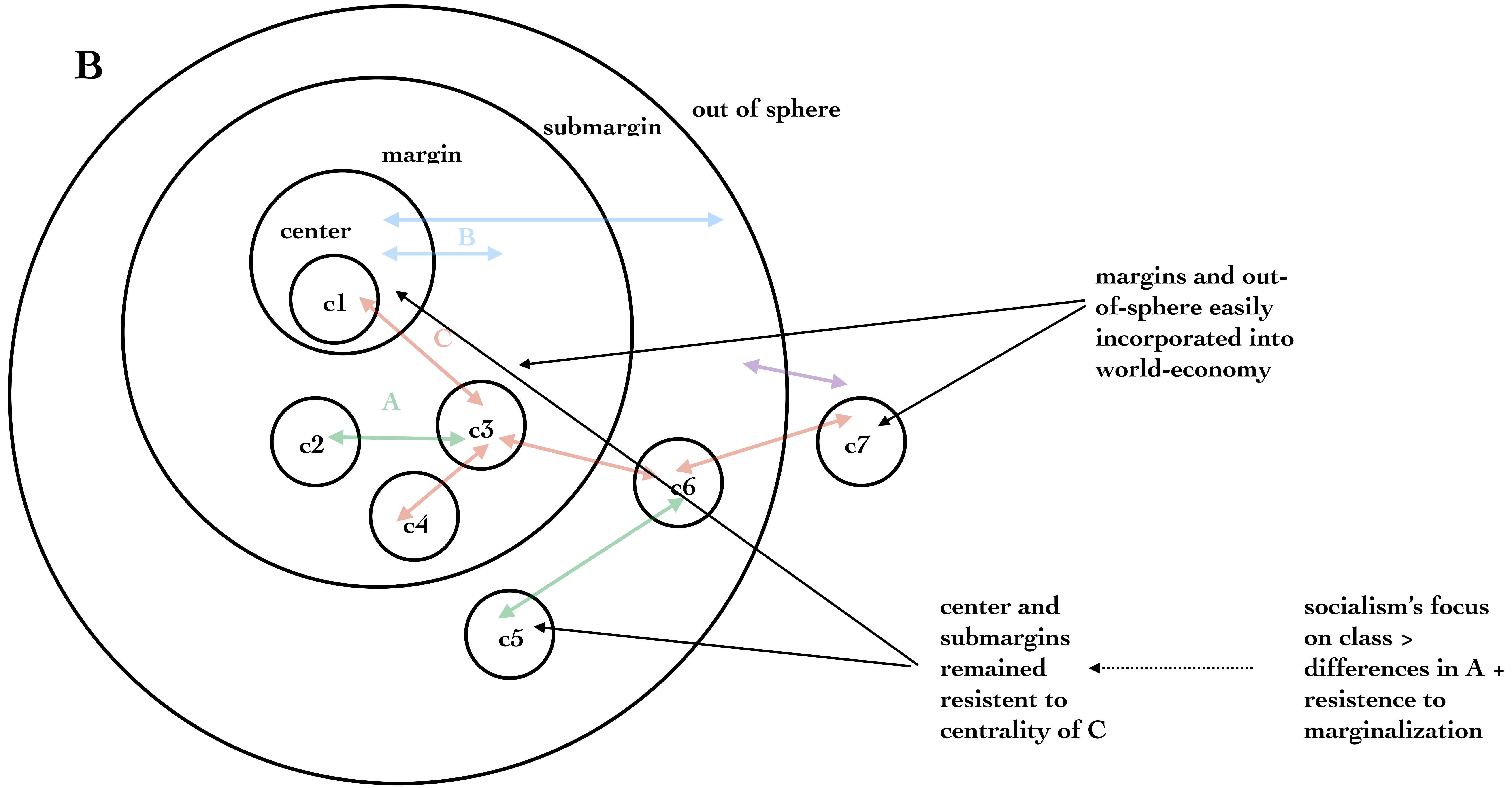
Socialism as an alternative leveller



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Absolute Monarchy

Commerce and trade developed under the world-empires, but they were subject to monopoly control by the state, so that the principle of commodity exchange was unable to eclipse the other modes of exchange. A world-economy—in other words, a situation in which the principle of commodity exchange dominates over the other modes—could arise only in a region that lacked a unified, centralized state: western Europe. There political and religious power were not unified into a single entity, as was the case in the Eastern Roman Empire, the domain of the Greek Orthodox Church, or the Islamic world. Instead the region saw ongoing conflict between the church, emperors, monarchs, and feudal lords. Taking advantage of these clashes, free cities were established. Which is to say, cities existed as small states, on equal terms with monarchs and feudal lords.

It is important to note, however, that overwhelming military power, a money economy, the subjugation of multiple tribes, and mercantilist state policies were not unique to the absolute monarchies. These attributes were found in antiquity too, in the process of formation of despotic tribute-system states. In this respect, the two systems share a number of aspects in common. As noted, in discussing the differences between feudalism and what he called "patriarchal patrimonialism" (i.e., the Asiatic state), Max Weber pointed to the existence of social-welfare policies.[1] Under feudalism, administrative functions were kept to an absolute minimum, with consideration given to the living conditions of subjects only to the extent necessary for the regime's own economic survival; by contrast, under patriarchal patrimonialism, the range of administrative concerns was maximized. On this point, Weber argues, the absolute monarchy resembled the despotic tribute-system states considerably more than it did the feudal state.

The resemblance of absolute monarchy to Asiatic despotism lies in its establishment of a centralized state apparatus. But the makeup of this apparatus was different. While the Asiatic despotic state was characterized by a social formation in which mode of exchange B was dominant, in actual practice the social formation of the absolute monarchy was one dominated by mode of exchange C. This is why the collapse of an Asiatic despotic state quickly led to the rise of another similar state, whereas the collapse of an absolute monarchy led to the emergence of bourgeois society.

On this point the absolute-monarchy state was fundamentally different from the Asiatic despotic state (world-empire). It arose in western Europe—a region that had no world-empires. Western Europe was unified under the Roman Catholic Church, but this did not entail political unification. An emperor existed in name only, being completely dependent on church support. In actual practice, the church, king, feudal lords, cities, and other entities existed in a confused state of simultaneous competition and interdependence. This was the condition from which the absolute monarchy emerged.

The absolute monarchy arose through the subjugation of the other feudal lords and cities. This is not, however, something that occurred internally within a single country. For example, the difficulties a king faces in quelling the feudal lords and others who resist his rise are due to the existence behind them of the church and the kings of other lands: civil wars instantly become foreign wars. So in order for the king to suppress the other lords and establish a monarchy, it was necessary to check the influence in his country of any external, transcendent agent. In this process the greatest obstacles were the church and the concept of an empire that the church backed.

Comparision between Asiatic despotism and absolute monarchies

Absolute Monarchy

The absolute monarchy is *absolute* in two senses. First, the monarchy was absolute in the sense that in a given realm, the monarch, who previously held a position as the first among many feudal lords, now stood in an absolute position, far above the other lords (aristocrats). Second, the monarchy was absolute in the sense that it rejected any higher-dimension structure or concept (e.g., church or emperor) standing above it. This does not mean that the monarch now stood in the position of an emperor. To the contrary, the absolute monarch deliberately rejected the position of emperor. This in itself implied recognition of the existence of other absolute monarchies. As a result, the notion of an empire that unified multiple peoples was abandoned, and a system of coexistence of multiple absolute monarchies emerged.

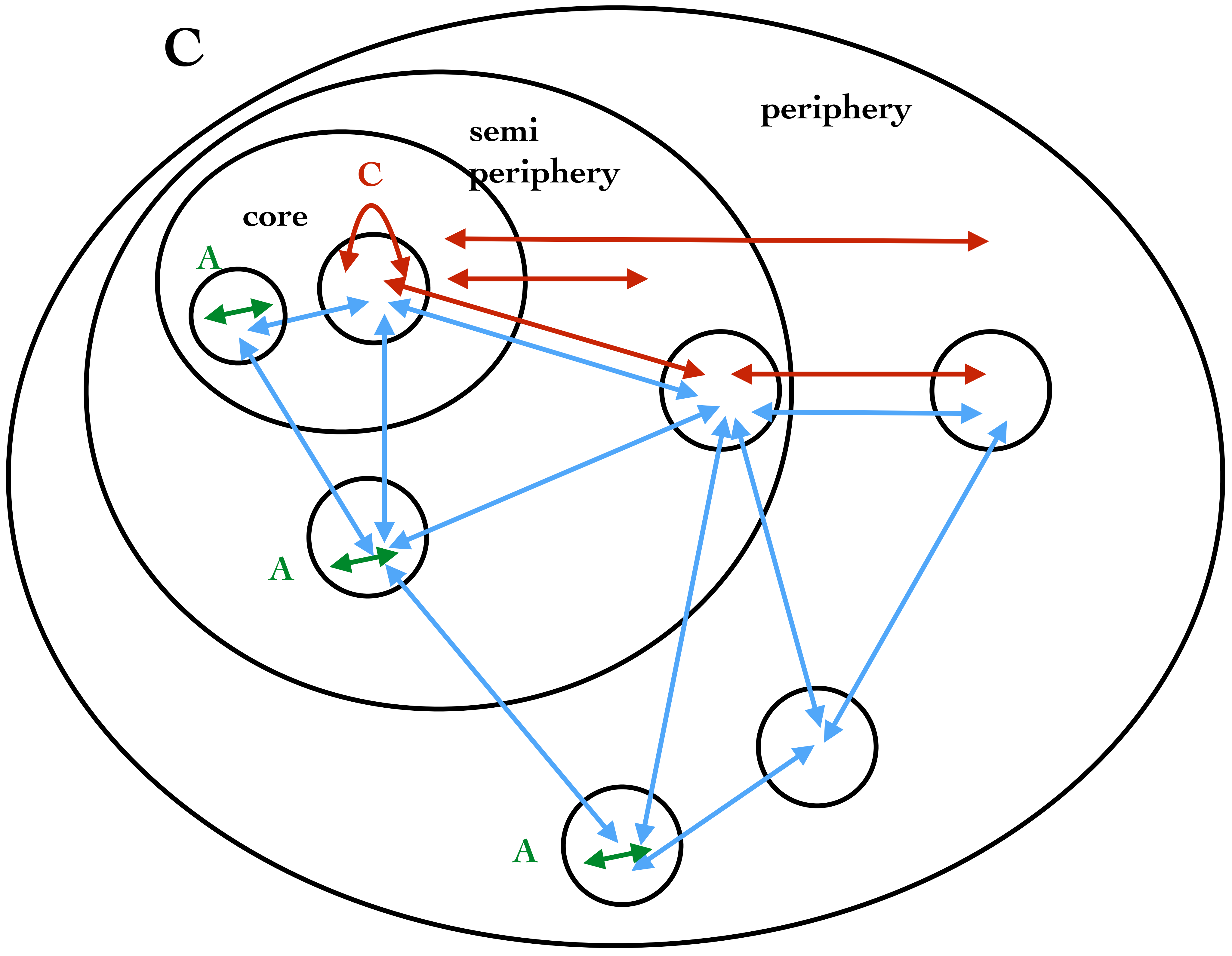
It was in this manner that a previously unknown type of centralized state emerged from western Europe. The sixteenth-century philosopher Jean Bodin termed this kind of absolute monarchy "sovereignty."[2] He took up sovereignty in terms of two aspects: first, externally in terms of independence from such universal authorities as the Holy Roman emperor or the pope; and second, internally, as an entity that stands above all other powers within the realm and transcends all differences of status, region, language, and religion. This duality is the duality that characterizes the absolute monarchy.

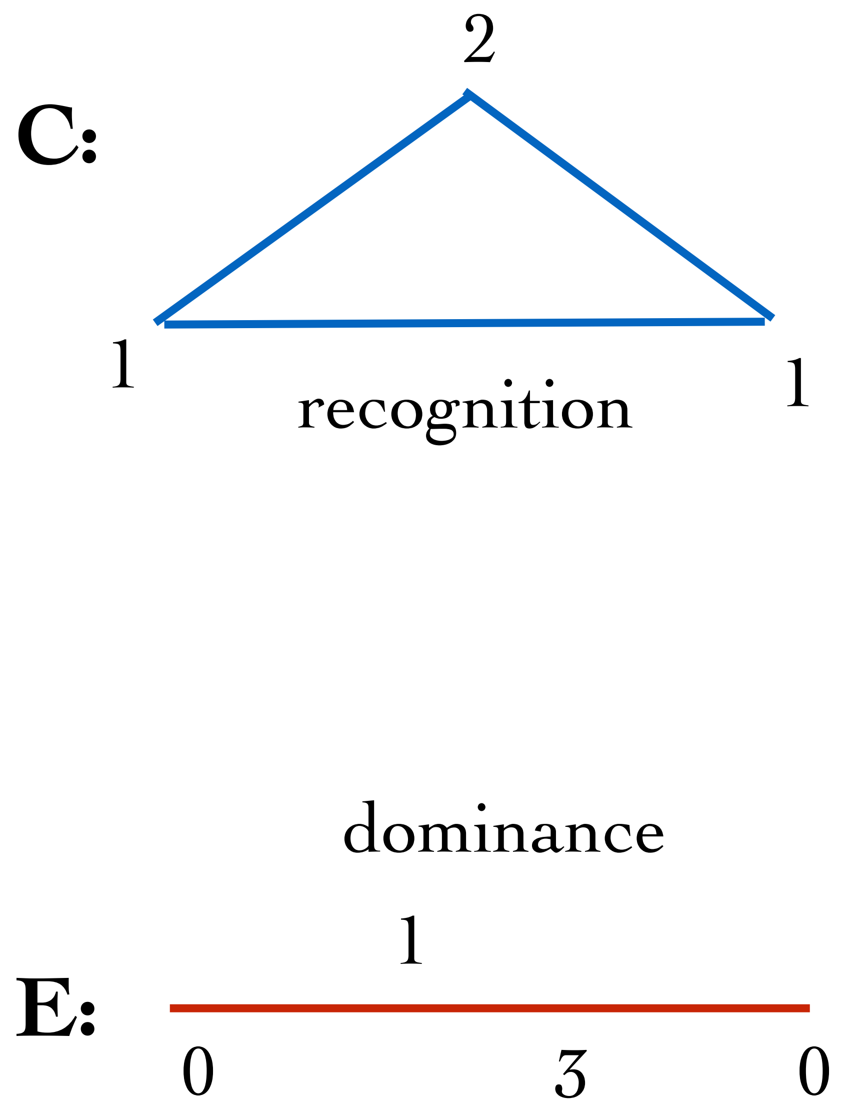
Europe. Why, then, did this type of state become the principle for the modern state in general?

This was due in part to the economic and military superiority of the European powers. But the adoption of the concept of the sovereign state as a general principle came about because the European powers applied this principle of the sovereign state in ruling over non-Western regions. First of all, the concept of the sovereign state itself implies that countries lacking a recognized sovereign state could therefore be ruled over by others: Europe's world conquest and imperial rule were sustained by this idea. Consequently, countries that wanted to escape from this kind of external rule had to declare themselves sovereign states and win recognition as such from the Western powers.

Second, the Western powers were incapable of directly interfering with the world empires that already existed, such as the Ottoman, Qing, and Mughal Empires. Instead, the Western powers denounced the imperial form of governance and seemed to offer liberation and sovereignty (popular self-rule) to the various peoples ruled by those empires. As a result, the old world empires collapsed and were divided up into multiple ethnic states, each of which followed the road to independence as a sovereign state. To summarize, the existence of a sovereign state inevitably leads to the creation of other sovereign states. Even if its origins were particular to European conditions, the sovereign state inevitably led to the birth of sovereign states around the globe—just as the world-economy that began in Europe likewise became global.

Lateral recognition and sovereignty





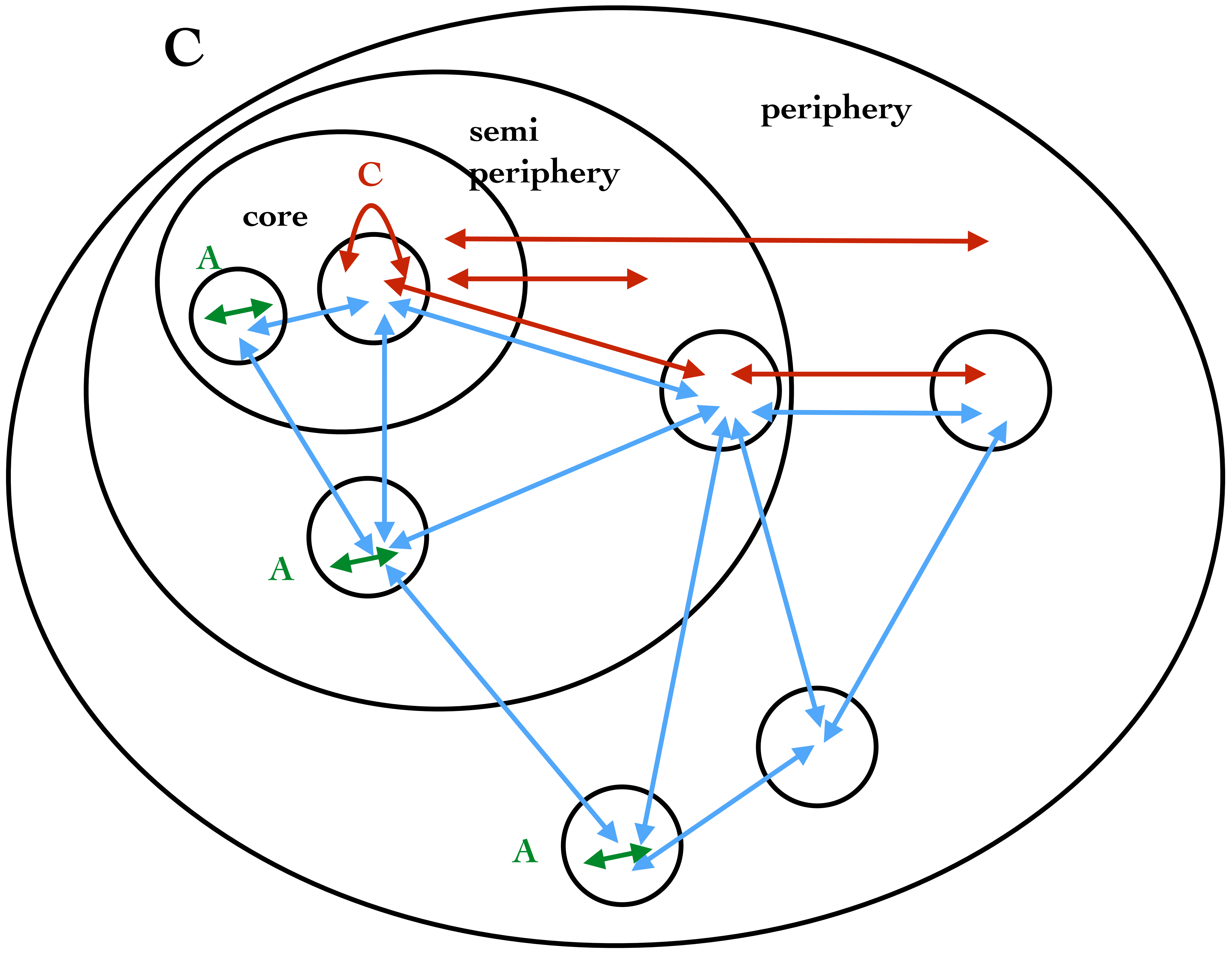
Lateral recognition and sovereignty

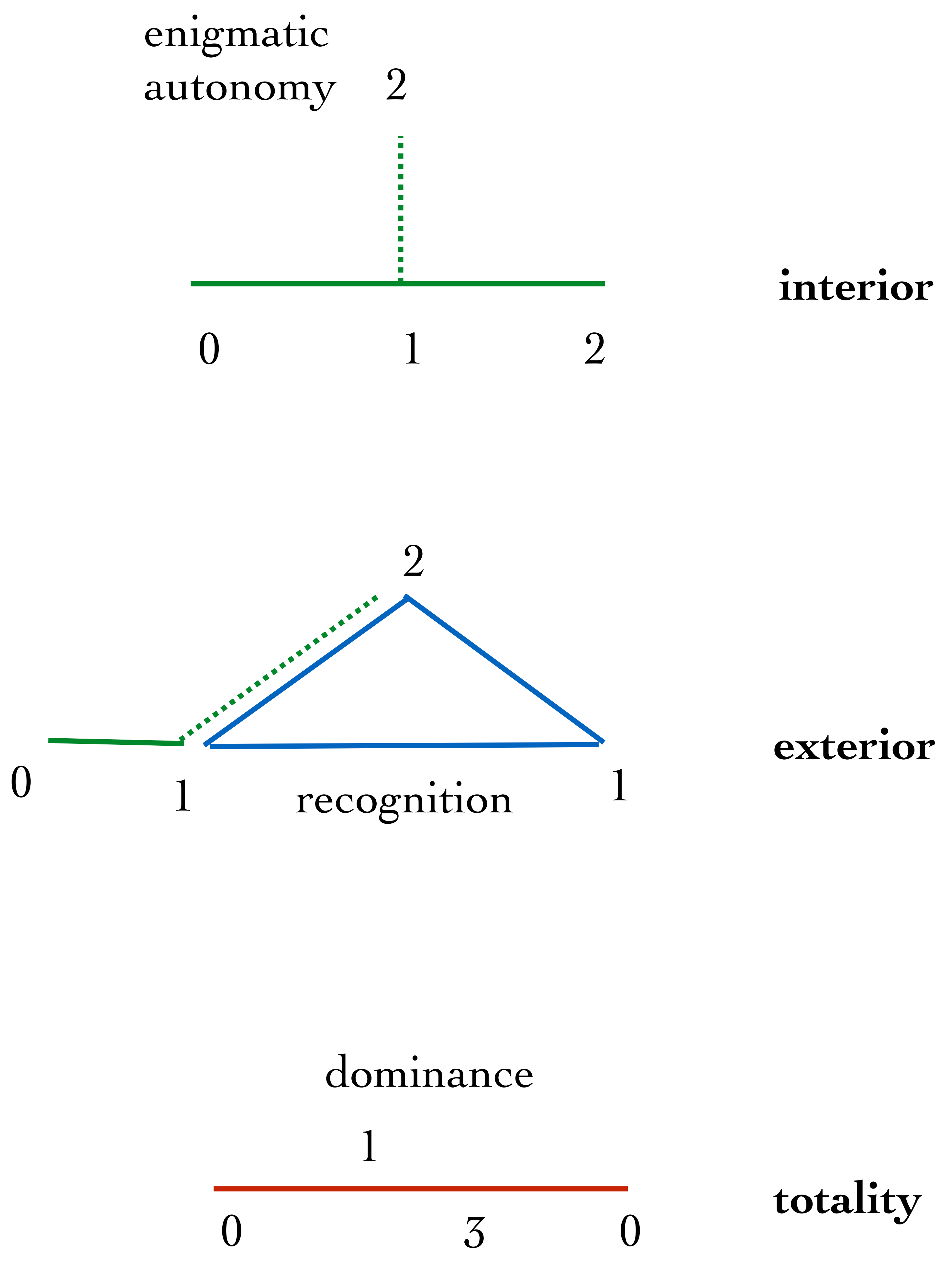
State and Government

Hobbes's view takes up the sovereign not within the interior of the state but in its relations with the exterior. If one focuses only on the interior, then the question of whether the king or the people will be sovereign seems to make a great difference. But seen from, for example, the perspective of the Irish, there was little difference between the absolute monarchy and Oliver Cromwell: no matter how the English system of government changed, the sovereign state still acted in the same manner. In Hobbes's thinking, it made no difference if the sovereign was a monarchy, aristocracy, or democracy: whether sovereign power was held by an individual or by a parliamentary body did not change its nature: "For elective kings are not sovereigns, but ministers of the sovereign; nor limited kings sovereigns, but ministers of them that have the sovereign power; nor are those provinces which are in subjection to a democracy or aristocracy of another Commonwealth democratically or aristocratically governed, but monarchically."[4] For example, the Greek poleis were democracies within their interior—the sovereign power was a legislative body made up of the citizens. Yet in relation to their colonies or slaves, they governed monarchically.

Locke and the philosophers who arose after the bourgeois revolutions regarded each individual person as a subject, and their understanding of the "social contract" took as its point of departure these individuals (the national people). But for Hobbes, all persons except for the sovereign were subjects of that sovereign. The collective national subject, that is, began with subjects subordinated to absolute sovereign. Popular sovereignty originated from the absolute monarchy and cannot be understood apart from it. When the absolute monarchy is toppled, it appears as if the national people become sovereign. But the idea of sovereignty is not something that can be understood solely from within the interior of a nation. Sovereignty exists first of all in relation to the outside. As a result, even if an absolute monarchy is overthrown, there is no change in the nature of sovereignty as it exists in relation to other states.

The paradoxical autonomy of the State





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The paradoxical autonomy of the State

State and Capital

This was always clearly visible under the absolute monarchies, as well as in states prior to the modern period. Only since the rise of the nation-state has the will of the state become invisible. Ordinarily, the people who compose the nation are not aware that the state is perpetually in a state of warfare, always in a state of military readiness. Wars appear to break out unexpectedly. In reality, though, they are anticipated, the object of long-term preparation and strategic planning. They are implemented in practice by state apparatuses—the standing army and bureaucracy. These appeared in western Europe with the absolute monarchies. What happened to the military and bureaucratic state apparatuses after the absolute monarchies were abolished by the bourgeois revolutions? Far from being abolished, they were expanded, both qualitatively and quantitatively. This was not done for the sake of the people. Even when sovereignty lies with the people, the state seeks to preserve itself for its own sake. If we take up the state only in terms of its interior, we remain blind to this reality.

The autonomy of the state and its possession of an independent will are invisible from within the interior of that state. This is because in that interior, various forces are always contending with each other, producing a tangled field of competing opinions, interests, and desires. Nonetheless, when a state confronts another state, it acts as if it possesses a single unified will. In short, when viewed from outside, the state appears as a being that exists independently from the people. This means that at the level of interstate relations, the state manifests as something estranged from the appearance it usually presents within the interior—as, in other words, something *alienated*.

Absolute monarchy as truth of Nation-State

State and Capital

Another aspect that was clearly visible under absolute monarchies but rendered ambiguous with the nation-state was capital-state—that is, the union of capital and state. Under the absolute monarchies, it was clear that capitalism was promoted by the state: the state participated as an active agent. But in the bourgeois state that emerged after the bourgeois revolutions, the state came to be regarded as an organ representing the interests of the bourgeoisie, or alternately as the site of political expression of the class interests of civil society. It was not considered to be in itself an active agent. By contrast, in the absolute monarchies, the state unambiguously showed itself to be an active agent. For example, Frederick Engels understood absolute monarchy to be a phenomenon of the period of transition from feudal to bourgeois society—it was only at times like that, he thought, that the state (absolute monarchy) played an independent, unique role. But it was in fact absolute monarchy that revealed the essential nature of capital-state and the independence of the state, aspects that were subsequently rendered invisible in bourgeois society.

The union of capital and state is particularly manifest in two aspects. First, we see it in the issuance of government bonds. Absolute monarchy used this "enchanter's wand" (Marx) to collect taxes in advance whenever it wanted.[6] At the same time, public debt became the origin of the modern banking and international credit systems.[7] Second, we see the union in protectionist state policies. The development of English industrial capital was possible thanks to protection provided by state, and it was only natural in the late-developing capitalist countries that lagged behind England that the rise of industrial capitalism would likewise rely on the state. In these cases, what was needed was an absolutist system, whether or not it was a monarchy per se. As this shows, for capitalist economies the state is not merely part of the superstructure: it is an indispensable basic component.

For example, the state carries out so-called public works that are essential to industrial capitalism, such as the development of roads and harbors. Among the tasks carried out by the state, the most important for industrial capitalism is the cultivation of an industrial proletariat. This does not simply mean the poor: it means a disciplined, industrious population, one equipped with skills that allow it to quickly adapt to a wide variety of new jobs. Members of the industrial proletariat are moreover consumers who buy products with the money they earn through wage labor—they are not self-sufficient, like farmers. Capital is unable by itself to produce this kind of industrial proletariat (labor-power commodity). The state must take on this task. In concrete terms, the state carries this out through such measures as school education and military conscription. The contribution made by the latter in training an urban proletariat outweighs even its military importance.

Capital-State in Absolute monarchy

State and Capital

It was in the twentieth century, it is frequently argued, that the state began to deploy Keynesian economic interventions, as well as introduce policies designed to foster social welfare, labor, and education. And yet there has never been a time when the state did not intervene in the economy. For example, nineteenth-century liberalism was the "economic policy" of the English state, which enjoyed global hegemony both politically and economically, but that liberalism was grounded in enormous military budgets and taxation schemes designed to preserve the status quo of the system. In late-developing capitalist countries that adopted protectionist policies, such as France, Germany, and Japan, state intervention in the economy was self-evident. It was the state that caused the development of the capitalist economy, and it was the bureaucratic apparatus of the state that carried this out.

In recent years, some Marxists have viewed these seeming changes as marking a transformation of the contemporary state. But the adoption of welfare policies is hardly unique to the contemporary state, nor is it simply an obfuscation designed to mask class domination. As I have stressed repeatedly, these are phenomena that could be widely seen in both Asiatic despotism and absolute monarchies.

Moreover, in recent years many have both stressed the relative autonomy of the state and rejected the idea that power exists only in the state. This position originally derives from views espoused by Antonio Gramsci, who challenged the conventional Marxist view of the state as a violent apparatus of bourgeois class domination. He distinguished between power, grounded in violent coercion, and hegemony, which obtains the consent of the ruled. In other words, he pointed out that the state order did not solely consist of the apparatuses of violence, but also included ideological apparatuses (family, school, church, media, and so on) that caused its members to voluntarily consent to its rule. Michel Foucault further elaborated this view, arguing that individual subjects were produced via the internalization of power through discipline and that power was not a substance existing at the core but rather something ubiquitous in the form of a network.

These views remain valid as critiques of old-style Marxists who perceive state power as a violent apparatus in service of bourgeois class domination. But such views take up the state only in terms of its interior—in other words, they are blind to the aspects of the state that can only be seen in its relations with other states. The state's distinctive form of power will never be understood if we view it only from the perspective of its interior. People who take such a view tend to stress the role of hegemony in civil society and the social coercive power of the community or market economy, rather than state power. As a result, they underestimate state power and the autonomy of the state, thinking them insignificant. But the autonomy of the state only becomes visible when one grasps the state in its relations with other states.

Critique of XXth Century Marxism

Marx's Theory of the State

According to social-contract theory, the state is based on the voluntary will of the people. But this conflates state with government. Marxists, on the other hand, have seen the state as a tool for domination by one economic class (the bourgeoisie). In Marxists' inability to recognize the independence of the state, they resemble the social-contract theorists. Marxists believed that if class conflict were abolished, the state would wither away on its own. This view permitted the temporary seizure of state power for the purpose of abolishing the capitalist economy. But in reality, the state is in itself an independent entity: it is not and cannot be a mere means to some other end. Those who regard the state as a means are doomed to be used as a means by that state.

For example, socialist revolutions may appear to abolish the previously existing state machinery. But this immediately invites outside interference, and so in order to defend the revolution, revolutionary regimes end up having to rely on the old military and bureaucratic apparatuses. As a result, the old state machinery is not only preserved but even strengthened. Any attempt to understand the state only from the perspective of its interior will lead not to its abolition but rather to its reinvigoration. The Russian Revolution provides a good example: seen from the perspective of the state, it actually ended up preventing the dissolution of the former Russian empire into discrete nation-states and contributed to its reconstruction as a new world-empire.

The practical absence of the state from *Capital*, Marx's most important work, led Marxists either to neglect the problem of the state or to return to theories of the state found in Marx's works written before *Capital*. Generally speaking, for the early Marx, the state was an "imaginary community," whereas in his midperiod he considered the state primarily as an instrument of class domination. But in certain works, such as *The Eighteenth Brumaire of Louis Bonaparte* (1851), we find reflections that go beyond these rather simplistic views. This work analyzes the nightmare-like process by which Louis Bonaparte—whose only prior distinction was his status as Napoleon Bonaparte's nephew—became emperor following the 1848 revolution in France.

Here Marx does not fail to see how the state machinery (the bureaucratic apparatus) exists as a class of its own. He moreover does not fail to see the role played by various classes that do not fit into the major categories of capital, wage labor, or land rent—most notably, the small-scale farmers (small-holding peasants). His complete disregard of these in *Capital* signals his intentional bracketing them off in order to grasp in its purest form the system produced by the mode of commodity exchange. This in no way means that we can ignore the state when we look at the capitalist economy. It was acceptable provisionally to bracket the question of the state because state intervention in the economy obeys the various principles of a capitalist economy.

State bracketted in Capital, visible in 18th Brumaire

Marx's Theory of the State

In general, Marxists in the past took the various political parties existing in capitalist states to be reflections of actual economic relations. In contrast, today's Marxists tend to view political structures and ideologies as being overdetermined by economic structures—that is to say, as possessing relative autonomy from economic structures. This view originally arose from the experience of fascism and the setbacks suffered by revolutions following the First World War. For example, Wilhelm Reich criticized the Marxists of his day and turned to psychoanalysis to seek the reasons for the German people's attraction to Nazism, which he located in what he called the authoritarian ideology of the family and the sexual repression that followed from it.[9] Subsequently, the Frankfurt School would also introduce psychoanalysis into its work. But if we go back to *The Eighteenth Brumaire of Louis Bonaparte* itself, there is no particular need to employ psychoanalysis, because in the work Marx comes close to anticipating Freud's *The Interpretation of Dreams*. Marx analyzed a situation that rapidly unfolded in dreamlike fashion, and in doing so, he stressed the "dream logic" driving it: not actual class interests, but rather the "dream-work" by which class unconsciousness was repressed and displaced. Freud writes:

> The dream is seen to be an abbreviated selection from the associations, a selection made, it is true, according to rules that we have not yet understood: the elements of the dream are like representatives chosen by election from a mass of people. There can be no doubt that by our technique we have got hold of something for which the dream is a substitute and in which lies the dream's psychical value, but which no longer exhibits its puzzling peculiarities, its strangeness and its confusion.[10]

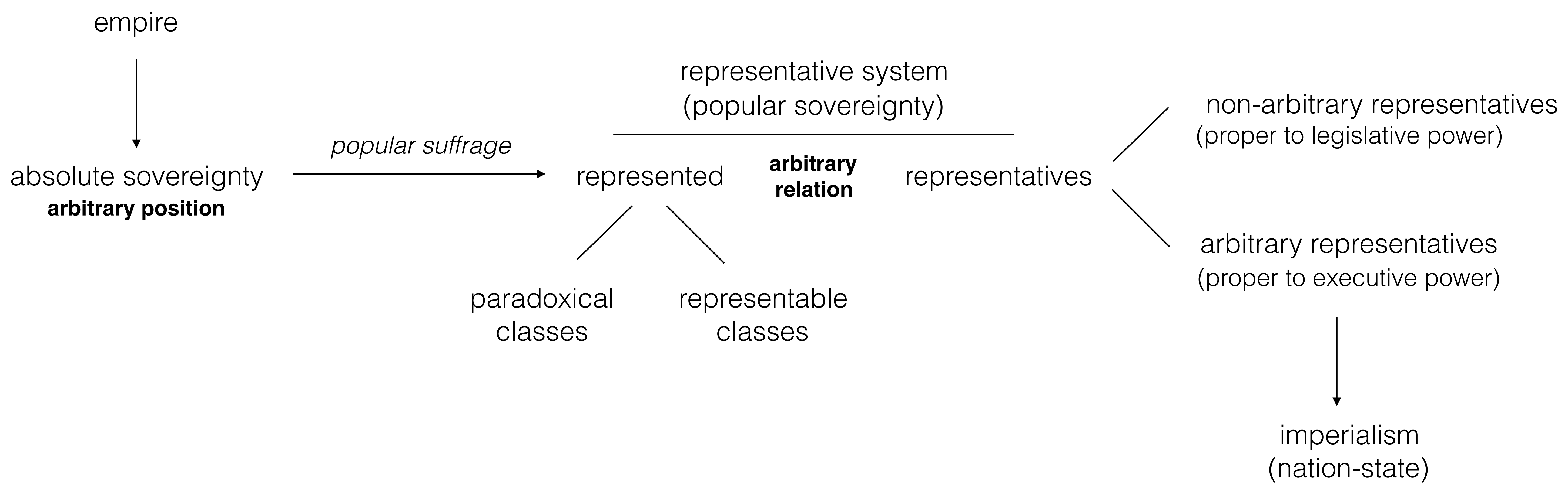
Louis Bonaparte, lacking all credentials except for being Napoleon's nephew, became president and then emperor; Marx took up this dreamlike incident, to borrow Freud's words, in "its puzzling peculiarities, its strangeness and its confusion," seeing in it the *crisis* of the system of representation. One reason that Louis Bonaparte became not merely president but also emperor lay in the peasantry, a class that lacked both discourse and a representative to represent it. They saw in Bonaparte not so much their own representative as an unlimited ruling power that they could look up to—they saw him, in other words, more as emperor than as president.

But that was not the only reason Bonaparte became emperor. Marx did not forget to note the following: "This executive power with its enormous bureaucratic and military organisation; with its extensive and artificial state machinery, with a host of officials numbering half a million, besides an army of another half million, this appalling parasitic body, which enmeshes the body of French society like a net and chokes all its pores, sprang up in the days of the absolute monarchy, with the decay of the feudal system, which it helped to hasten."[12] Marx also points out the major impact of the cyclical global panic (crisis) of 1851. The bureaucracy seemed to have retreated behind the popularly elected parliament and market economy, but with this state of exception, the bureaucracy—in other words, the state—stepped back into the foreground: "Only under the second Bonaparte does the state seem to have made itself completely independent. As against civil society, the state machine has consolidated its position . . . thoroughly."[13]

Bonapartism

Only one must not form the narrow-minded notion that the petty bourgeoisie, on principle, wishes to enforce an egoistic class interest. Rather, it believes that the *special* conditions of its emancipation are the *general* conditions within the frame of which alone modern society can be saved and the class struggle avoided. Just as little must one imagine that the democratic representatives are indeed all shopkeepers or enthusiastic champions of shopkeepers. According to their education and their individual position they may be as far apart as heaven from earth. What makes them representatives of the petty bourgeoisie is the fact that in their minds they do not get beyond the limits which the latter do not get beyond in life, that they are consequently driven, theoretically, to the same problems and solutions to which material interest and social position drive the latter practically. This is, in general, the relationship between the *political* and *literary representatives* of a class and the class they represent… .

The parliamentary party was not only dissolved into its two great factions, each of these factions was not only split up within itself, but the party of Order in parliament had fallen out with the party of Order *outside* parliament. The spokesmen and scribes of the bourgeoisie, its platform and its press, in short, the ideologists of the bourgeoisie and the bourgeoisie itself, the representatives and the represented, faced one another in estrangement and no longer understood one another. (Marx 1963:50–51, 102–3)



In so far as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of the other classes, and put them in hostile opposition to the latter, they form a class. In so far as there is merely a local interconnection among these small-holding peasants, and the identity of their interests begets no community, no national bond and no political organization among them, they do not form a class. They are consequently incapable of enforcing their class interest in their own name, whether through a parliament or through a convention. They cannot represent themselves, they must be represented. Their representative must at the same time appear as their master, as an authority over them, as an unlimited governmental power that protects them against the other classes and sends them rain and sunshine from above. The political influence of the small-holding peasants, therefore, finds its final expression in the executive power subordinating society to itself. (Marx 1963:124)

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Modern Bureaucracy

If we want to understand the modern state, we need to begin not with the nation-state but with the absolute monarchy. In an absolute monarchy, the state machinery of the bureaucracy and army carry out the will of the monarch, who is sovereign. But after the bourgeois revolutions, the state was supposed to be identical to the government, which represented the will of the people, who were now sovereign. In other words, the bourgeois revolution and nation-state repressed from view the fact that the state is a subject grounded in mode of exchange B. But the notion of popular sovereignty is simply a fiction. In reality, during crisis situations, a sovereign—in other words, a powerful leader similar to an absolutist monarch—will emerge to popular acclaim. In that sense, the process by which absolute monarchy appeared in Europe is a universal one. It does not necessarily lead to a king, so long as it produces an entity capable of politically unifying the fragmented social formation. This process provides a useful reference point when we consider the measures taken by the periphery of the modern world system when it pursued independence and industrialization. The developmentalist and socialist dictatorships that appeared were equivalent to absolute monarchies.

More important, modern bureaucracies exist not only in the state but also in private enterprises. Modern bureaucracy was actually established through capitalist forms of management (the division and combination of labor). In *Capital*, Marx theorizes the shift from the stage of manufactures, in which individual producers are linked together horizontally, to that of factories, which are vertically managed by capital, a shift that corresponds to the bureaucratization of private enterprises. What Marx calls the industrial proletariat are people who have been molded by this bureaucratization. By contrast, anarchism flourished in places where industrial capital was still undeveloped and workers retained the characteristics of artisans. This means that capitalist development is simultaneously bureaucratic development.

As C. Wright Mills explains, white-collar workers constitute the bureaucratic stratum of private enterprises.[15] The ratio of white-collar workers is high in advanced capitalist countries. In terms of class as defined by the economic categories of money and commodity, white-collar workers are proletariat, but in terms of status, they stand over blue-collar workers as rulers. The anguish of white-collar workers lies in the need to pass through a test akin to the Chinese civil-service examinations to acquire that status, as well as in the reality that once they do enter into service, they must sacrifice their own wills and become cogs in the organization, driven to suffering and worrying over the prospects of promotion. These problems are not general to all forms of wage labor: they are specific to bureaucracies.

The continuation of State bureaucracy within private enterprise

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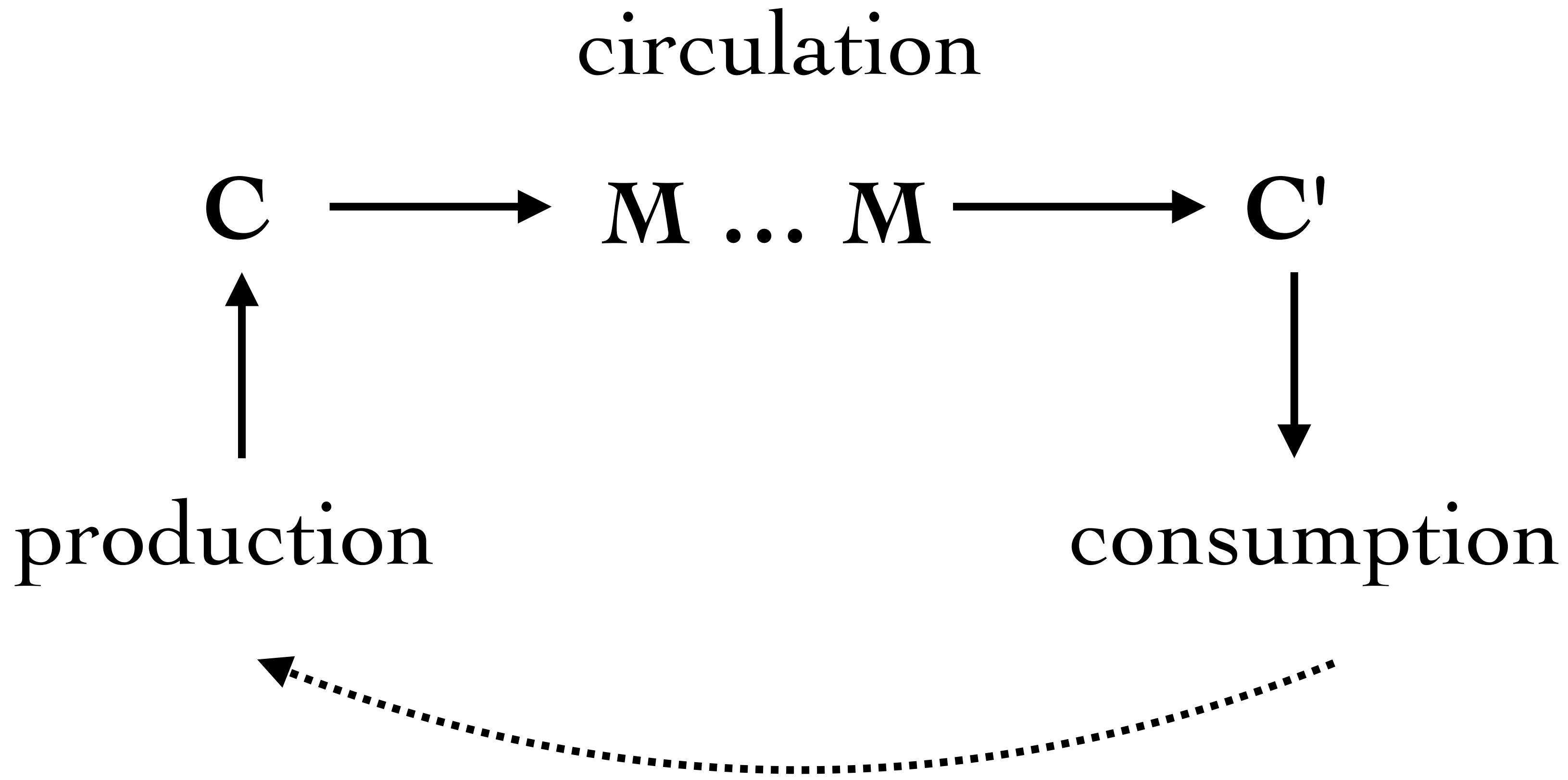
Merchant Capital and Industrial Capital

Merchant capitalism has existed since antiquity and has often occupied an important position in society. Nonetheless, it did not lead to fundamental changes in social formation prior to the rise of capitalism. In other words, mode of exchange C has existed since antiquity, but in social formations dominated by modes of exchange A and B, mode C remained subordinate to them. A social formation in which mode of exchange C was dominant emerged in tandem with the rise of industrial capitalism. For this reason, the appearance of industrial capitalism was, along with the appearance of clan society and the appearance of the state, one of the epochal events in world history.

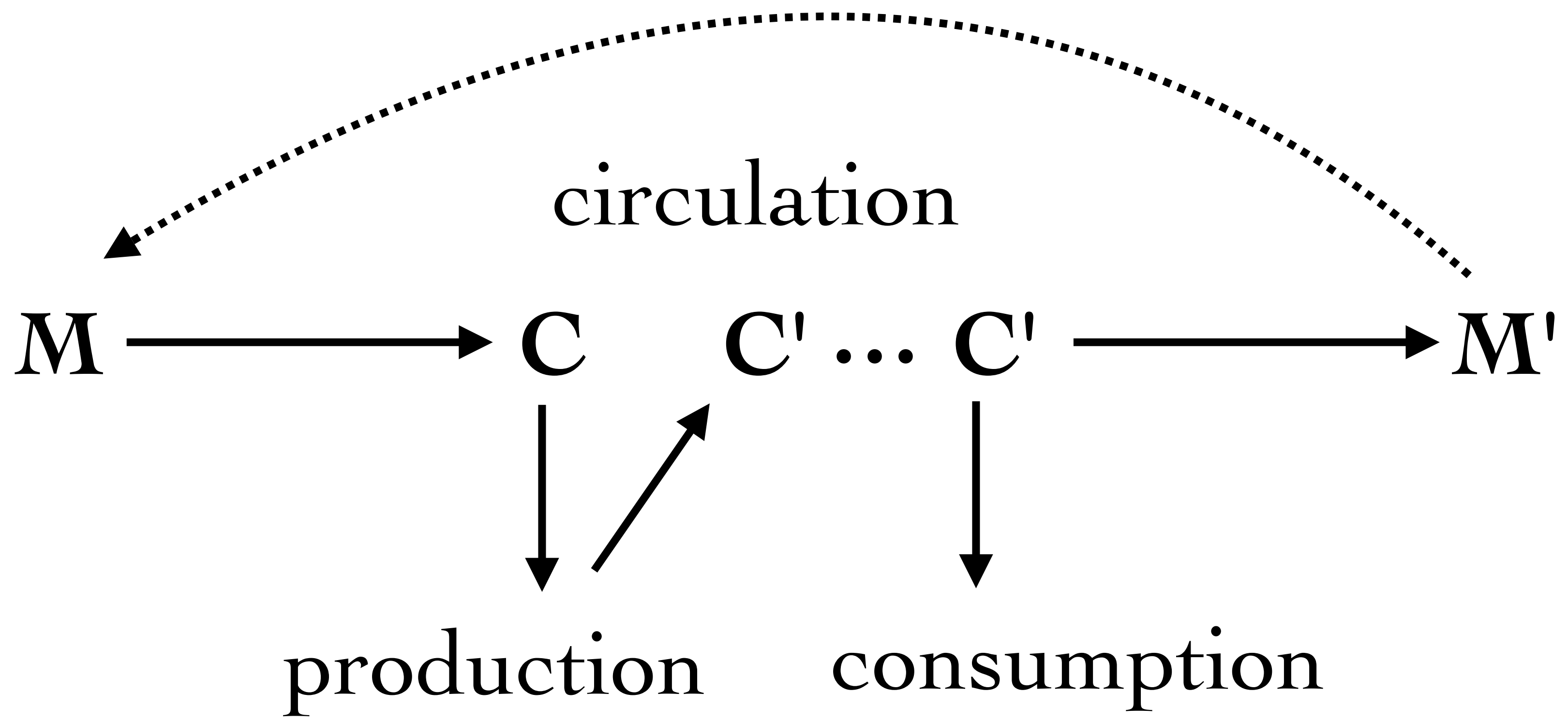
All of these views, however, take up capitalism in terms of only one of its sides. To the best of my knowledge, only Marx has explicated capitalism in terms of both of its sides. He, after all, is the one who declared: "The genuine science of modern economics begins only when theoretical discussion moves from the circulation process to the production process."[2] Marx differed from classical political economy in that he turned his focus to the process of circulation. He began from the recognition that capitalism is produced above all by mode of exchange C. He believed that there was no fundamental difference between industrial and merchant capital: both obtained their profit through differences arising from exchange. This is why he used the formula M-C-M′ to explicate the general form of capital.

Those who distinguish industrial capital from merchant capital overlook (or obfuscate) the fact that they do the same thing. It is a mistake to believe that merchant capital extracts profit through unequal exchanges. Of course, if one were to buy cheap and sell high within a single system of values, this would be an unequal exchange—more precisely, it would be a form of swindle. Moreover, while the capital on one side would gain, that on the other would lose, meaning that capital as a whole could not obtain any surplus value through this. Marx writes: "The capitalist class of a given country, taken as a whole, cannot defraud itself. However much we twist and turn, the final conclusion remains the same. If equivalents are exchanged, no surplus-value results, and if non-equivalents are exchanged, we still have no surplus value. Circulation, or the exchange of commodities, creates no value."[3]

The antinomy of merchant and industrial capital commodity exchange



formula of capital



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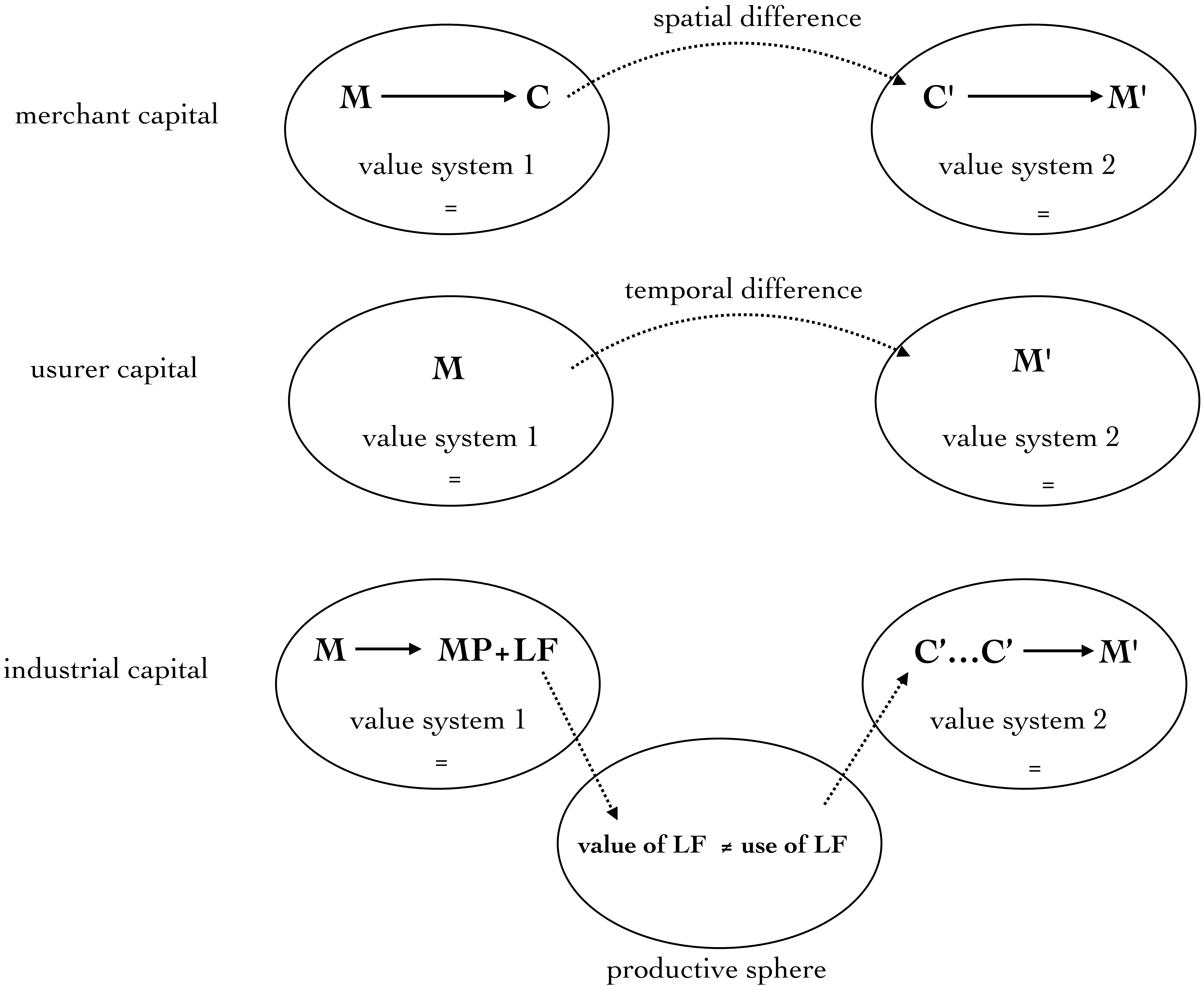
Antinomy of surplus extraction: circulation and production
Commoditification of labor and the industrial proletariat



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Merchant Capital and Industrial Capital

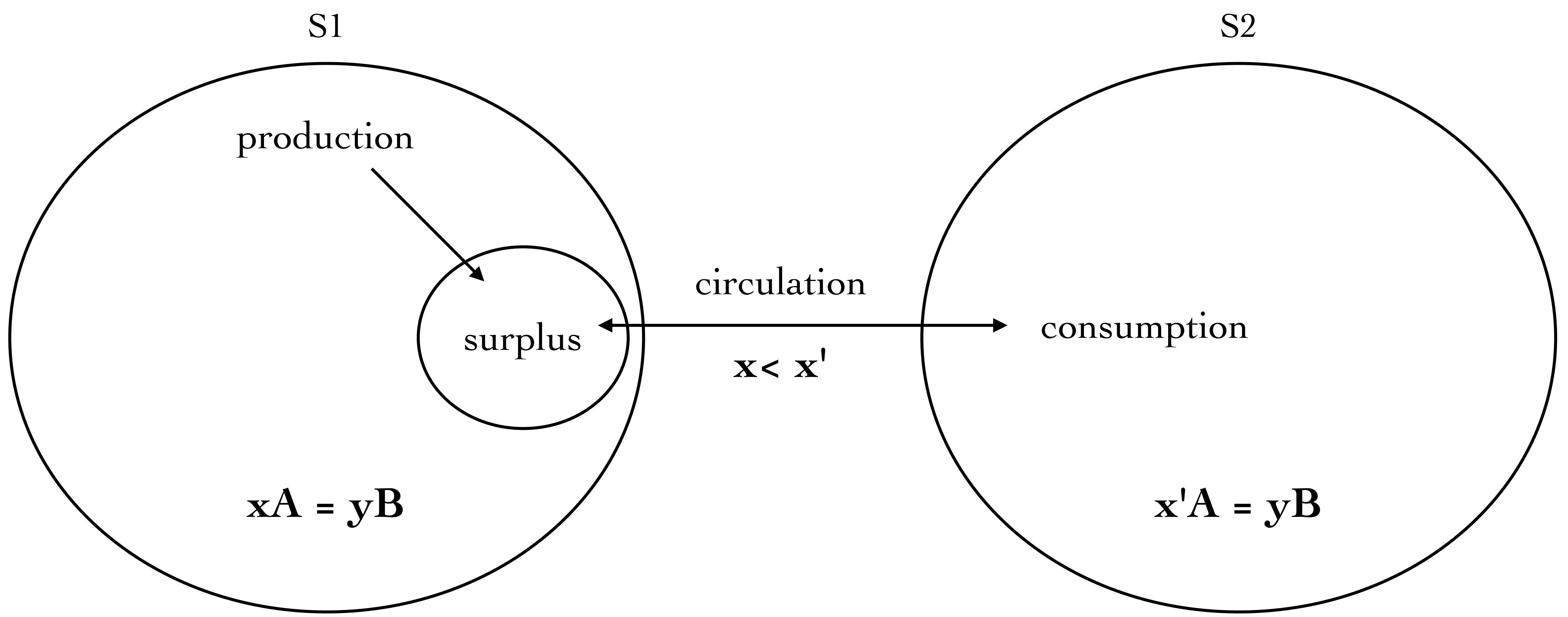
How then is profit obtained through equal exchanges? The problem is solved when we posit circulation or commodity exchanges as taking place between different systems of value. As Marx noted, the value of one thing is determined by the system of its value relationships with all other commodities. For this reason, the same item will have different values when placed in different systems. This is how, for example, a merchant obtains surplus value, buying a thing in a location where it is cheap and selling it in a location where it is expensive, even though the exchanges in each location were for equal value. Large surplus values (margins) are produced when the two systems are spatially distant from one another—in, that is, long-distance trade. It is no easy matter, however, to travel long distances or to ferret out inexpensive goods. Accordingly, merchants who journey to distant lands are not unreasonable in regarding this profit as legitimate remuneration for their acumen and daring—just as industrial capitalists (entrepreneurs) believe that their profits come not from exploitation of workers but as legitimate remuneration for their acumen and daring.

The claim that, while industrial capital obtains its profit from the production process, merchant capital obtains it from the circulation process is simply wrong. In general, it is often said that merchant capital obtains its profits by merely acting as an intermediary in trade. Yet merchant capital also often directly engages in production. For example, Smith uses the example of the manufacture of pins to explain how the combination and division of labor leads to increased productivity. In reality, however, it was merchant capital that organized this kind of manufacture. This first appeared in the cities of Renaissance Italy and then later in Holland. Merchant capital also sought profit in increased productivity.

These manufactures could be called the primary mode of industrial capital. But as I will explain, so long as merchant capital remains dominant, industrial capital cannot get under way. Incidentally, we should note that this kind of combination and division of labor has existed since antiquity. In ancient trade increased productivity was also vital, and achieving it required the combination and division of labor. Similarly, the combination and division of labor was possible and even indispensable in slavery-based production. It is not something unique to industrial capitalism.[4]

Merchant capital obtained its margin by acting as a relay or intermediary between different systems of value. In sum, its profit came from spatial differences, which is why it mainly pursued long-distance trade. Yet this was not its only tactic. Merchant capital did not solely rely on spatial differences; it also used temporal differentiation between systems of value. For example, merchant capital would efficiently organize its own production process to increase labor productivity—in other words, to reduce the (social) labor time need to produce a commodity. It then took this product, whose production cost had dropped, and sold it at a high price in overseas markets, thereby obtaining surplus value. Acting as an intermediary is not the only way to buy low and sell high; this can also be achieved by effectively organizing one's production process. It is also true that industrial capital did not obtain its surplus value solely through technological improvements of production processes. After all, industrial capital also travels long distances in search of consumers or cheap materials and labor. As should be clear now, it is impossible to clarify the difference between merchant and industrial capital if we look only at the process of circulation or of production.

Profit, surplus and systems of value



Profit, surplus and systems of value

The Labor Power Commodity

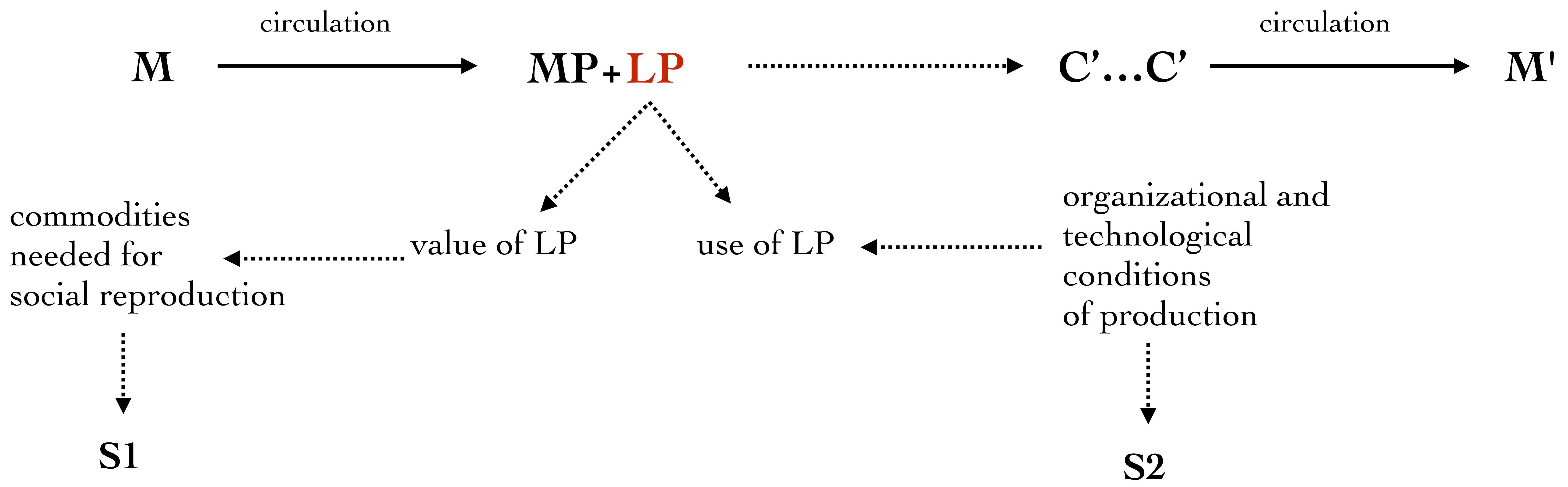
Marx was not caught up by the apparent difference between merchant and industrial capital. But, in line with the classical school, he believed that industrial capital did not obtain its surplus value from the process of circulation. On the other hand, he also maintained that surplus value is essentially obtained from the process of circulation. In other words, Marx criticized both the mercantilists, who emphasized the importance of circulation, and the classical school, which emphasized the process of production. He thought that industrial capital's surplus value was not exclusively obtained from either process, circulation or production:

> Capital cannot therefore arise from circulation, and it is equally impossible for it to arise apart from circulation. It must have its origin both in circulation and not in circulation. . . . The transformation of money into capital has to be developed on the basis of the immanent laws of the exchange of commodities, in such a way that the starting-point is the exchange of equivalents. The money-owner, who is as yet only a capitalist in larval form, must buy his commodities at their value, sell them at their value, and yet at the end of the process withdraw more value from circulation than he threw into it at the beginning. His emergence as a butterfly must, and yet must not, take place in the sphere of circulation. These are the conditions of the problem. *Hic Rhodus, hic salta!*[5]

This antinomy can only be resolved by bringing forward a special commodity: the labor power commodity. To review, the process of accumulation of value for merchant capital is money → commodity → money + α, expressed by the formula M-C-M′ (M + ΔM). The accumulation of industrial capital follows the same basic pattern. But industrial capital differs from merchant capital on one point: its discovery of a commodity with unique properties. It is a commodity whose use constitutes the production process itself: labor power.

Unlike merchant capital, which simply buys and sells commodities, industrial capital sets up production facilities, buys raw materials, employs workers, and then sells the commodities produced. Here the process of accumulating value for industrial capital is given in the formula M-C . . . P . . . C′-M′. The difference with merchant capital arises from one element contained in C here—the labor power commodity. But if one looks only at the production process, the special qualities of this commodity will never come into view. Since merchant capital also employs wage laborers, the use of wage laborers itself does not constitute the distinguishing characteristic of industrial capital. That being the case, what kind of wage laborer is needed to make possible industrial capital—what exactly is the industrial proletariat?

Antinomy of surplus extraction: circulation and production
Commoditification of labor and the industrial proletariat



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Antinomy of surplus extraction: circulation and production
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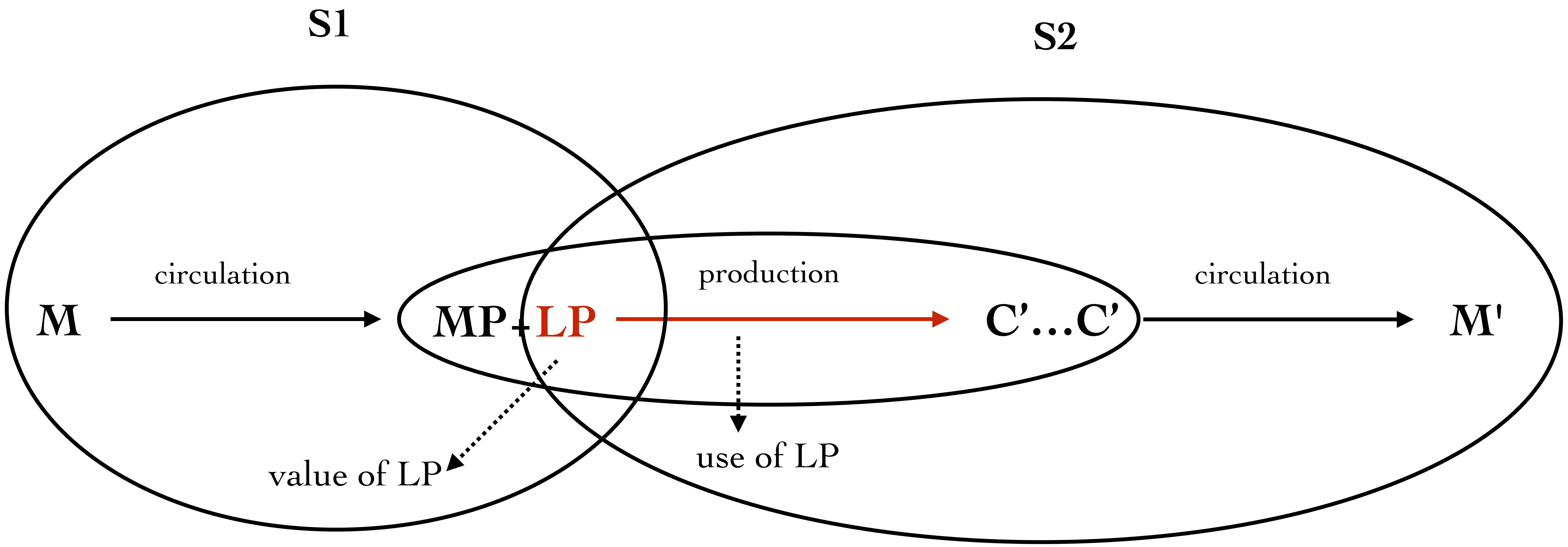
productivity increase



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Antinomy of surplus extraction: circulation and production
Commoditification of labor and the industrial proletariat

The Labor Power Commodity

Marx saw the industrial proletariat as people who were free in two senses. First, they were free to sell their own labor. This meant that they were free from various constraints that existed under feudalism. Second, they had nothing to sell other than their labor power. This meant that they were free from the means of production (land)—they did not own the means of production. These two forms of freedom are inextricably interrelated.

Let us start with the first meaning of *free*. The proletariat are neither slaves nor serfs. Whereas slaves are themselves bought and sold as commodities, with the proletariat only their labor power is sold as commodity. Moreover, this is done only through agreements freely entered into. Beyond this purchase contract (employment contract), the proletariat are not subordinated to the capitalist; they are free from extraeconomic coercion But this makes them all the more vulnerable to economic coercion. For example, in terms of the value of their labor power, they have to accept the price determined by the labor market. And in terms of the hours and kind of labor, they are forced to obey the terms of the contract. But this is true of all contracts, and it does not constitute a kind of extraeconomic coercion.

In terms of intensity of labor, however, it is not unusual for the labor of the proletariat to be more demanding than that of slaves or serfs. This is because, while a slave or serf is able to slack off when there is no direct supervision or threat of punishment, the industrial proletariat, especially when performing labor under mechanized production, are never able to evade the coercion of the labor hours under contract. Still, we should not call this kind of harsh compulsion slave-like, since it is always the result of contracts entered into by free agreement. If wages are low, this is the result of their being determined by the labor market; it is something beyond the control of the individual capitalist.

The proletariat are also different from independent farmers and guild artisans. These two groups are subordinated to their community, which makes it possible for them to achieve a certain degree of economic self-sufficiency. For example, farmers who live in a community are able to scratch out a living even if their own land is poor—they can use common lands, perform side jobs for others, and benefit from other kinds of mutual aid. But this also requires them to submit to the constraints of the community, meaning they are not free. The situation is similar for artisans. So long as they accept the terms of the apprenticeship system, their future is to a certain extent guaranteed—a form of communal constraint. On this point, the industrial proletarian is unlike the serf or the guild artisan.

But this is not the whole story. The industrial proletariat differ from slaves and serfs and other forms of wage labor in general in that they buy back the very things they themselves have produced. Wage laborers who worked in manufactures under merchant capital did not buy the products they made—primarily luxury goods intended for overseas or for the very wealthy. But industrial capital is sustained by workers who buy back the products of their own labor. Its products, moreover, primarily consist of everyday items needed by workers.

When we say that the proletariat have nothing to sell but their own labor power, it may seem that we are stressing their poverty. But what this really means is that the proletariat lack self-sufficiency in producing the necessities of life and hence must purchase them. Slaves do not buy their own necessities of life, and serfs live in self-sufficient communities. By contrast, the industrial proletariat support themselves and their families with money they obtain by selling their labor power. The emergence of the industrial proletariat is simultaneously the emergence of the consumer who buys the commodities needed for daily life. This is the most important difference between the industrial proletarian and the slave or serf.

Two senses of freedom in capitalism
Consumption and work

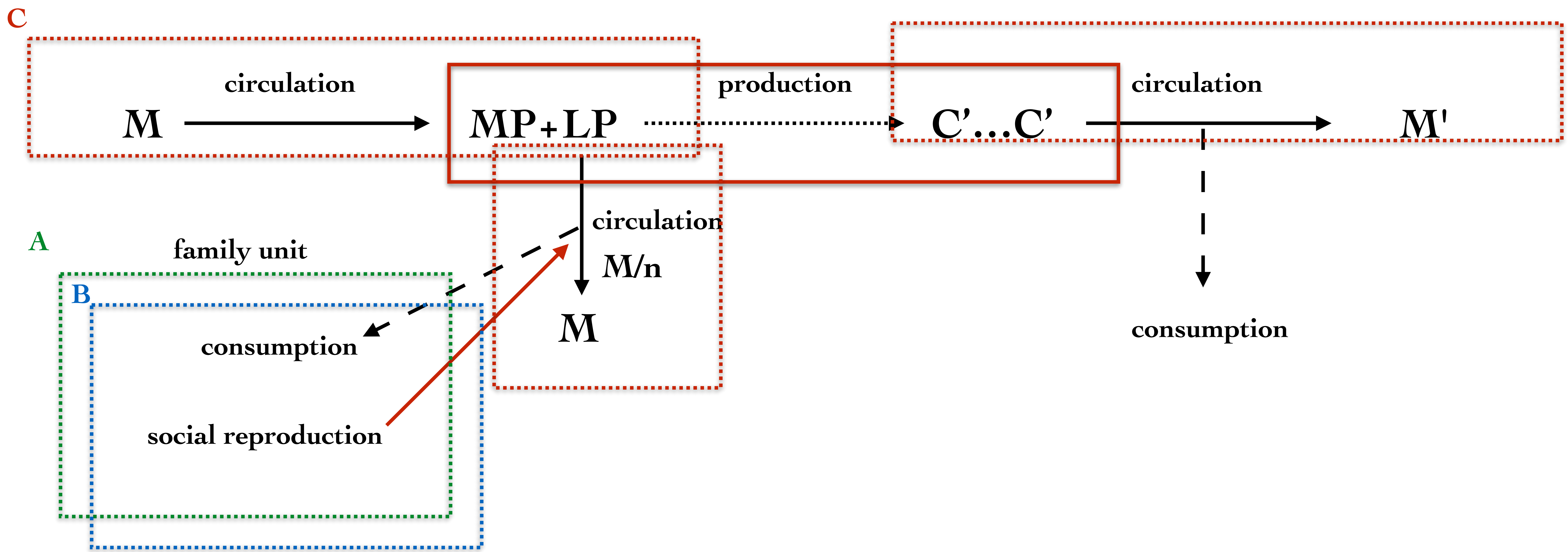
The Labor Power Commodity

In this way, industrial capital accumulates through the margin (surplus value) generated when industrial capital obtains the cooperation of workers by paying them wages and then having them buy back the commodities they have produced. Thanks to the existence of this unique commodity, surplus value for industrial capital is produced simultaneously in both the processes of production and circulation. This is the solution to the difficulty that Marx expressed as "*hic Rhodus, hic salta!*"[7]

The epochal nature of industrial capital lies in its establishment of a seemingly autopoietic system in which commodities produced by the labor-power commodity are then purchased by workers in order to reproduce their own labor power. This is what made it possible for the principle of commodity mode of exchange C to penetrate society across the globe. At the stage of merchant capital, it made no difference if the process of production was a slavery system, serfdom, or guild community. By contrast, precisely because it was dependent on the labor-power commodity, industrial capital needed to actively promote the spread of the principle of commodity exchange.

Let me augment my explanation of why the industrial proletariat are free in two senses. In general, the word *proletaria* carries traces of a meaning it has had since classical Rome: the word expresses the image of the poor who have lost the means of production (land) and have only their labor power to sell. But, to take up one example, it was not usually the case that farmers became wage laborers because they could no longer make a living at farming alone; rather, in most cases, they did so in order to free themselves from communal constraints. The same was true of guild artisans. Today many women who previously stayed at home are choosing to become wage laborers. This is not simply because they can no longer support themselves on their husbands' earnings alone. It is also in order to free themselves from the constraints imposed by men and family. The commodification of labor power always includes these two senses. It frees individuals—that is, it liberates them from constraints imposed by modes of exchange A and B. But individuals as bearers of the labor-power commodity then find themselves forced to submit to new constraints. They are subjected to the constant fear of losing their jobs, and in fact sometimes actually do lose them. Even so, people tend to prefer to sell their labor power rather than accept subordination to community or family.

Social reproduction and expansion of capitalism
Sexual division of labour



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Social reproductoin and expansion of capitalism
Sexual division of labour

The Self-Valorization of Industrial Capital

In the first volume of *Capital*, Marx takes up capital in its general form, not the individual kinds of capital. In fact, however, there are many different kinds and forms of industrial capital, ranging from the production of consumer goods to the production of the means of production. Moreover, the organic composition of each kind of capital differs, distributed across a range spanning from one pole, in which the ratio of constant capital is high and variable capital (labor power) low, to its opposite. In addition, the competition among capital belonging to the same category is fierce. None of this is apparent if we look only at capital in its general form. Marx took up these problems in the third volume of *Capital*, where he explored the various specific kinds of capital.

Yet there are times when we need to think of capital in general terms or in terms of total capital. I have just outlined the distinguishing characteristic of industrial capital: its system of having workers buy back the goods they have produced under capital. Naturally, this only applies to total capital and to the totality of labor that corresponds to it. For example, individual workers do not buy back the specific things they themselves have made—they buy the products of other capital, which is to say products made by other workers. Nonetheless, taken as a whole, workers do buy back the things they have produced. Moreover, workers in general buy consumer goods, not producer goods. Capital buys producer goods. Yet seen as a whole, the self-reproduction of capital consists of employing workers and then having them buy back the things they have produced.

How does this produce a difference (surplus value)? The perspective of total capital is essential for understanding surplus value: to try to explain surplus value through the various individual instances of capital will always miss the mark. For example, if one concludes that a profitable enterprise must have exploited its workers, one would also have to conclude that capitalists who ended up in bankruptcy without earning a profit were conscientious and did not exploit workers. Moreover, while it is possible for individual capitalists to obtain surplus value through unequal exchanges, this is impossible for capital taken as a whole. Marxists have proclaimed, for example, that surplus value is obtained by capital through unjust and abusive exploitation of workers. But when we view things from the perspective of total capital, it becomes clear that accumulation of capital would be impossible if this were the case.

All individual capitalists wish they didn't have to pay wages to their workers, but they all also desire consumers who will buy their products. Individual capitalists want all the other capitalists to pay higher wages, in other words. Likewise, individual capitalists wish they could fire their workers but would be troubled if all other companies did so, because increased unemployment means decreased consumption. Because individual capitalists pursue their own individual profits, none takes up the perspective of total capital. At times of crisis, however, the problem of total capital does manifest itself, despite the intentions of individual capitalists. It appears in the form not of an agreement between all the individual capitalists but rather as an agreement of the state. For example, in the Great Depression of the 1930s, that state acting as total capital implemented policies that none of the individual capitalists would have—this was what Keynesianism and Fordism amounted to. On the one hand, the state tried to stimulate demand through public investment. And on the other hand, corporations stimulated production and employment by raising wages.

These did not, however, amount to a modified capitalism. They only show that, when faced with a crisis, total capital in the form of the state moves into the foreground. Ultimately, when viewed from the perspective of total capital, it becomes clear that the self-valorization of capital—of, in other words, surplus value—cannot be achieved through unequal exchanges or unjust exploitation. The totality of capital must engage in an equal exchange with the totality of labor, and yet this exchange must somehow generate surplus value. Surplus value here consists of the difference between the total value paid out to workers for their labor power and the total value of the commodities they in fact produced. Where does this difference come from?

Marx inherited these views. He called "absolute surplus value" those forms of surplus value obtained by extending working hours or by forcing people to work harder, while he called "relative surplus value" that which was obtained through technological innovation and increased productivity. The sections in *Capital* that take up absolute surplus value are better known, but it is in fact the sections on relative surplus value that are key: they reveal the true essence of industrial capital. Unlike absolute surplus value, any consideration of relative surplus value must take place at the level of total capital.

Surplus and the perspective of total capital
Absolute and relative surplus extraction

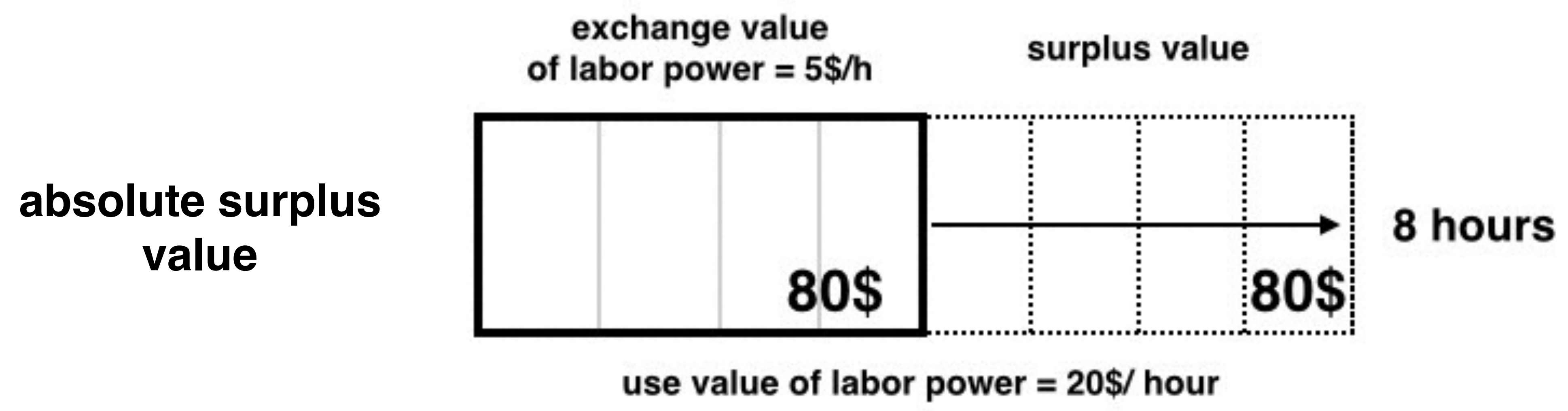
The Self-Valorization of Industrial Capital

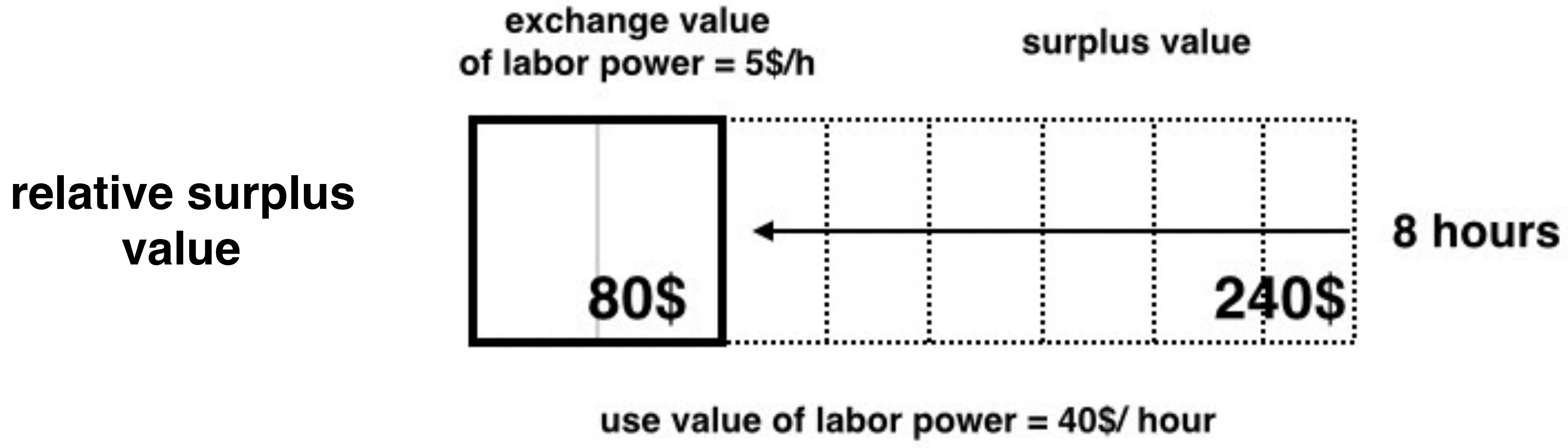
Let's look at this in terms of the value of the labor-power commodity. The value of a commodity is determined by the social-labor time required to produce it. The value of labor power, on the other hand, is the cost required to produce and reproduce it, which is in turn determined by the value of other commodities, primarily the necessities of life. If the value of those other commodities fluctuates, so too will the value of labor power. In short, the value of labor power is determined within the total system of relationships of all commodities. For this reason, the value of labor power varies by country and region, as well as historically. To take this up from another perspective, we can say that the standard for the value of labor power is determined by the productivity of labor. For example, if the wages of the workers in one country are lower than those in others, it is because the average standard of labor productivity is lower there.

To sum up, relative surplus value is generated within the value system of a single country or region by creating a new value system through technological innovation that increases productivity. A difference arises in the value of labor power between the moment when workers sell it by being hired and the moment when the products they make are sold. Industrial capital obtains its margin by carrying out exchanges (equal exchanges) across the value systems it has differentiated in this way. In that sense, it resembles merchant capital. But industrial capital encounters a difficulty unknown to merchant capital because of the way it achieves self-valorization by selling back to workers their own products. To put this in terms of Smith's example, once you've achieved a tenfold increase in production through coordination and division of labor, who is going to buy all of those pins? No matter how low the price drops, the workers aren't going to be able to buy ten times as many pins. In order for capital to generate surplus value here, it must go *outside* to find consumers to buy the pins. These locations are found in foreign markets or among newly risen laborer-consumers emerging from previously self-sufficient communities—in other words, the proletariat.

It should be clear that surplus value cannot be generated within a single value system, no matter how much productivity increases, and that under such conditions the self-valorization of capital is impossible. In order to secure the self-valorization of capital, it is not sufficient to simply raise productivity; one must also ceaselessly integrate increasing numbers of new proletarians (laborer-consumers) into the system. Marx cites as one of the necessary preconditions for industrial capital the existence of an "industrial reserve army."[10] This means newly recruited proletarians, whether from domestic rural areas or from foreign lands. This ceaseless influx of new proletarians forms the industrial reserve army. Without it, wages would rise and consumption would reach a saturation point and begin to fall, leading to a declining rate of profit for capital.

In order for the accumulation of capital to continue, it has to ceaselessly engage in the recruitment of new proletarians. Of course, they are simultaneously also new consumers. The participation of these new proletarian consumers is what makes possible the self-valorization of industrial capital. This means that industrial capital by its very nature must continuously expand in scope. Capital consists of the accumulation process M-C-M′. If capital cannot grow, it ceases to exist. Unlike merchant capital, which had only a limited surface impact on society, industrial capital by necessity has to dismember the existing community down to its deepest strata, completely reorganizing the community in order to integrate it into the commodity economy.





absolute surplus value

$$M \rightarrow MP + LP \rightarrow C \ldots C \rightarrow M'$$

use value of production $\neq$ exchange value of reproduction

more workers —> more consumers

relative surplus value

$$M \rightarrow MP + LP \rightarrow C \ldots C \rightarrow M'$$

use value of production $\neq$ exchange value of reproduction

less workers —> less consumption

credit
social programs
public investment
strategies
privatizations
service industries

Surplus and the perspective of total capital
Absolute and relative surplus extraction

The Origins of Industrial Capital

Let's consider the emergence of industrial capital. This cannot be seen simply as a shift from merchant to industrial capital. Industrial capital is not something automatically produced through the development of world markets and commodity production. For example, in the world markets of the early modern period, commodity production developed in many locations, but as I've noted, this did not necessarily lead to the appearance of industrial capital or the proletariat. Instead of leading to the destruction of the existing order, in many cases merchant capital actually preserved or even strengthened it.

As a matter of historical fact, industrial capital (capitalist production) was born in Britain. Why? Marx explains that in the shift from the feudal to the capitalist mode of production, there were two paths.[11] In the first, producers organized manufactures, while in the second the manufactures were organized by merchant capital:

> The transition from the feudal mode of production takes place in two different ways. The producer may become a merchant and capitalist, in contrast to the agricultural natural economy and the guild-bound handicraft of medieval urban industry. This is the really revolutionary way. Alternatively, however, the merchant may take direct control of production himself. But however frequently this occurs as a historical transition—for example the English clothier of the seventeenth century, who brought weavers who were formerly independent under his control, selling them their wool and buying up their cloth—it cannot bring about the overthrow of the old mode of production by itself, but rather preserves and retains it as its own precondition.[12]

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To reiterate, the reason Britain took the first path was not because its feudal system collapsed at a comparatively early date, but rather because Britain turned away from overseas markets. This means that the real question here is not one of manufactures from above versus manufactures from below. Instead the key issue is what markets were being targeted. Manufactures from above organized by merchant capital mainly produced luxury goods aimed at the nobility and wealthy, primarily in overseas markets. By contrast, manufactures from below concentrated on inexpensive daily necessities. Emerging not in the existing cities but around what had been agrarian villages, these manufactures set the stage for the rise of new cities. In other words, industrial capital emerged not from the existing urban artisan-guild communities or the rural agrarian communities but rather from the newly emergent industrial cities and markets. Industrial capital developed a system whereby workers recruited from neighboring agrarian villages were socially organized under capital and made to purchase the goods that they themselves had produced. During this period, Britain adopted stiff tariff barriers to protect domestic industries, in contrast to the free-trade policies pursued by Holland.

Two paths towards capitalism: manufacture from below or above?
Britain as submargin of commercial empire

The Origins of Industrial Capital

Seen in this light, it is no longer possible to accept the view that while industrial capitalism developed naturally in Britain, it emerged through state protection and encouragement in Germany and other late-developing capitalist nations. In fact, Britain followed the same pattern as those other countries. Britain did begin to advocate the doctrine of free trade in the nineteenth century, but this was because by then it had already achieved hegemony in trade, not because its market economy was somehow independent of the state. This also means that the trend since the 1930s in Britain of Keynesian state interventions into the economy did not represent an especially new tendency. After all, Germany and Japan did the same thing without any Keynesian influence. The belief that the capitalist market economy develops autonomously, outside the influence of the state, is simply mistaken.

Earlier I argued that the will of capital as a whole emerges not in the form of an agreement among all of the capitalists but rather as the will of the state. This becomes self-evident when we look at how the labor-power commodity was cultivated. We have already seen that this consists of the appearance of a proletariat who are free in two senses. It is the appearance of people who are free from (i.e., do not own) the means of production after privatization of land ownership and enclosure of the commons. But these phenomena on their own will only produce the urban vagrant. To mold people into proletariat proper, it is not sufficient merely to strip them of the means of production. The industrial proletariat consists of people who are characterized by diligence, temporal discipline, and an ability to work within systems for coordination and division of labor. This is why Weber stressed that Protestantism fostered an ethos of industriousness suited to industrial capitalism. In more universal terms, though, this ethos was actually the product of communal disciplining carried out in such institutions as schools and the military.

School education differs from the apprentice training system of craftwork artisans. For the labor-power commodity in industrial capitalism, what is needed is not specialized technical ability but rather a set of skills that are adaptable to any kind of work. The labor-power commodity needs education to provide general knowledge, such as literacy and mathematical competence. Moreover, because the self-valorization of industrial capital is based on technical innovation (increased productivity), the labor-power commodity needs, in addition to unskilled labor, to cultivate labor power capable of producing high-level scientific technology. Which is to say, it needs universities and research centers. These tasks are carried out not by individual capitalists but rather by capital as a whole—in practice, by the state.

Nation-State and the transformation of the disposed into workers

The Commodification of Money

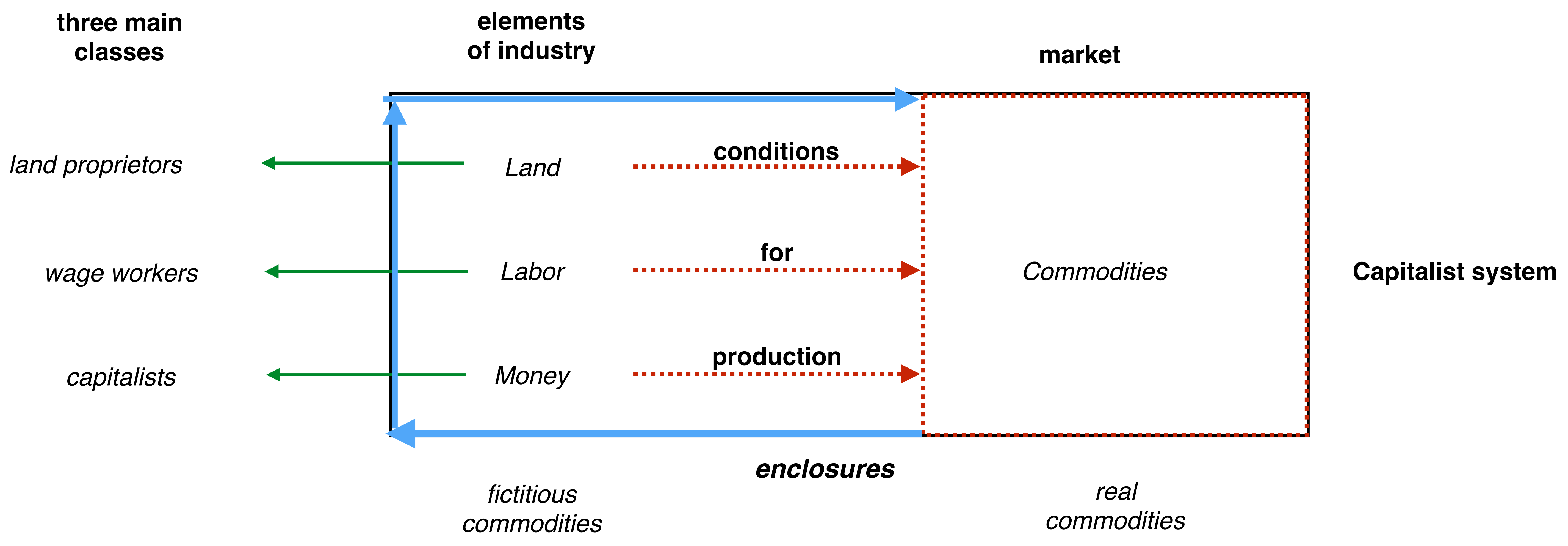
Karl Polanyi writes that in order for market economies to obtain autonomy as "self-regulating systems," labor, land, and money must become "fictitious commodities," a situation realized historically only since the end of the eighteenth century.[15] In this, the commodification of land and of labor are interlinked: the commodification of labor must be preceded by the commodification of land, in other words, by the enclosure of the commons and the privatization of land ownership. With the privatization of land ownership, the agrarian community loses its real base. Of course, even with the commodification of land, other kinds of cooperative commons necessary to the agricultural economy continue to exist, such as water supply and the natural environment. Moreover, in order to preserve these, certain limits are placed on the commodification of land. Nonetheless, by this point "community" exists only as a concept. Furthermore, the privatization of land leads not just to the dissolution of the community but also to destruction of the natural environment (ecosystem) in general, because the functioning of the agrarian community was crucial to the preservation of that environment.

The commodification of money, on the other hand, is connected to credit and finance. These originally arose in response to a fundamental difficulty encountered in commodity exchange: credit systems were established as a way to get around this difficulty. In buying and selling commodities, for example, one promises to pay the money later and hands over a promissory note. Through this credit, capital is freed up to pursue new investments. Or, if it lacks money, capital can borrow from someone, paying the money back later with interest. Through this kind of credit, commodity exchange proliferates and production expands. To put it the other way around, expansion of commodity exchange leads to an increase in usurer capital (M-M′), which treats money as a commodity.

After the rise to dominance of industrial capital, merchant capital didn't become simply one branch of industrial capital. If anything, the opposite happened: merchant and usurer capital came to envelop industrial capital. From within the heart of industrial capital, forms of accumulation based on merchant and usurer capital emerged and even vied for dominance. This situation arose with the development of banks and joint-stock corporations.

Joint-stock companies began with the joint financing of long-distance trade ventures, launched for the purpose of sharing risk. They became the general practice in industrial capital for the same reason. Investment in constant capital (fixed assets) represented a substantial risk. The practice of forming joint-stock companies was adopted to avoid this: through the commodification of capital, capital itself became something that could be bought and sold on the market. With this, it became possible for the capitalist at any time to transform the real capital tied up in the production process back into monetary capital. Through this conversion into stock, capital could avoid the difficulties it otherwise encountered in the process of accumulation.

Ficticious commodities
Credit, finance and commodification of capital



1. Summary and Questions
2. The Modern World System
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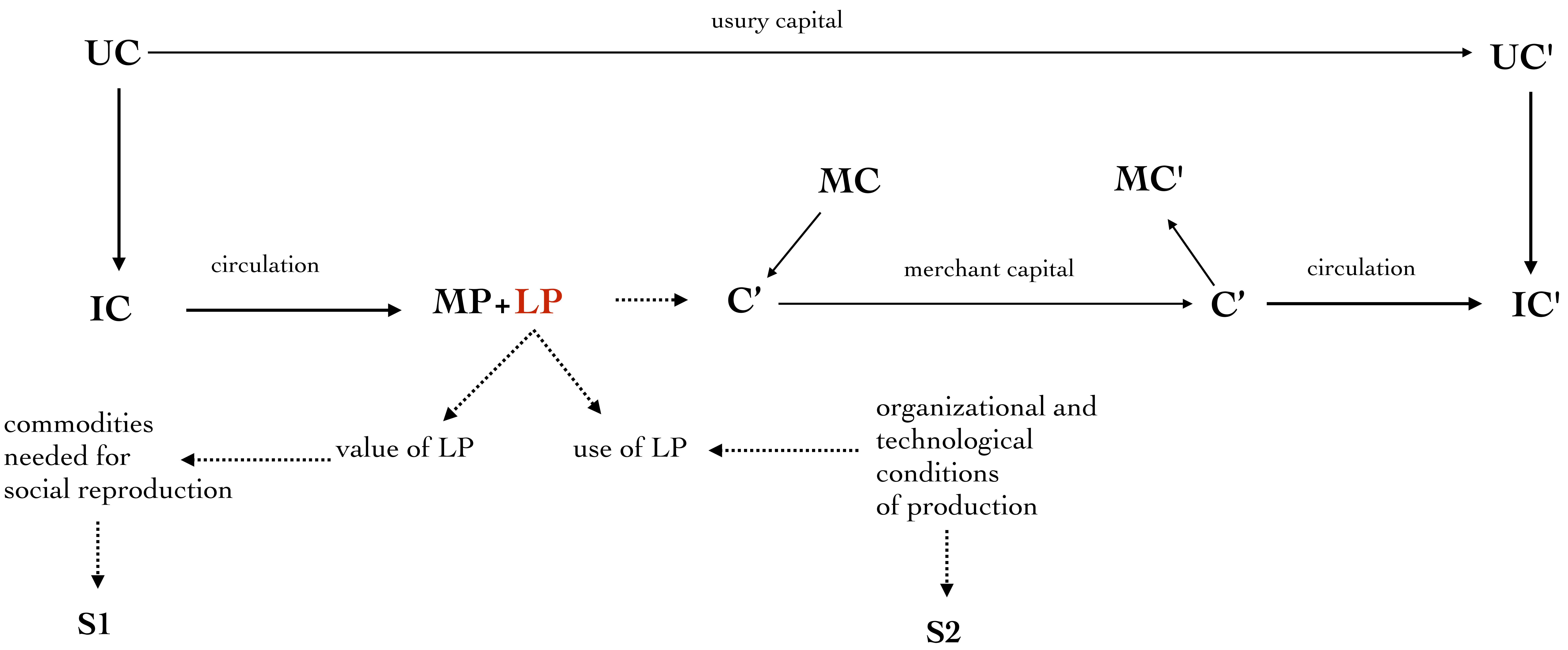
Ficticious commodities
Credit, finance and commodification of capital



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Ficticious commodities
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The Commodification of Money

The joint-stock company encouraged the concentration of what had until then been scattered small and medium-sized capital holdings—meaning the increased socialization of labor. Marx recognized the historical significance of the joint-stock company, calling it the "the abolition of capital as private property within the confines of the capitalist mode of production itself."[17] By this, he means that the joint-stock company has abolished that entity known as "the capitalist." The "separation of ownership and control" proclaimed by Adolf Berle and Gardiner Means was a possibility inherent from the start in share capital.[18] With share capital, the capitalist becomes a stockholder, interested only in the rate of profit (rate of dividends) and disengaged from the production process. This does not mean, however, that capital has disappeared. Through the joint-stock company, capital has instead transformed from industrial capital to a kind of merchant capital: we now have capitalists who deal in the commodity of capital itself. The joint-stock company returns the capitalist to the role of speculator.

Rudolf Hilferding's *Finance Capital* made an important contribution to the development of Marxist theories of money and credit. Analyzing joint-stock companies, he explores how stock value exceeds the value of physical capital and how the issuance of new stock produces economic gain for company founders. He also argues that finance capital formed through alliances between banks and industry, the concentration of capital, and the rise of monopolistic cartels. Unlike industrial capital, finance capital is not rooted in free competition over price: it instead attempts to monopolize markets, raw materials, and labor. This theory explained late nineteenth-century imperialism in economic terms. After the world wars that this imperialism led to, a system was established for internationally regulating the movement of finance capital. But these regulations were subsequently lifted, leading to the full and unrestricted commodification of money and capital that has characterized the current wave of globalization since the 1990s.

Finance capital and the transformation of merchant capital

The Commodification of Labor

The old formulas for capital accumulation (M-M′ and M-C-M′), which were supposed to have receded in importance with the rise of industrial capital, have lately once again become targets for criticism. These critiques seem to presume that these represent the real essence of capitalism and that if we could only regulate them effectively, then we would finally reach a healthy capitalism. But the essence of industrial capitalism lies elsewhere: in the commodification of labor power. The commodification of land, money, and capital itself are all important factors, but the commodification of labor power is primary. Without it, commodity exchange could never have reached its full, dominant form. It is also the fundamental source for the crises of capitalism.

A capitalist economy is a system of credit. Credit was adopted as a means of sidestepping fundamental difficulties inherent to commodity exchange. For this reason, there is always a danger that credit will suddenly collapse. Credit "crises" are not accidental; they are necessary and inevitable results of exchanges involving a specific commodity: labor power. This is because, while the commodification of land, money, and capital take place within a self-regulating system—albeit an imperfect one—no such self-regulation is possible for the labor-power commodity.

I have described the rise of a kind of closed autopoietic system, in which industrial capitalism, through its purchasing of the labor-power commodity, arranges for its commodities to buy the commodities that its commodities have produced. But there is a fatal flaw in this system, one that originates in the unique character of the labor-power commodity itself: capital can acquire raw materials as commodities, and it can use these to produce other commodities, but it cannot on its own produce the commodity of labor power. Unlike other commodities, labor power is not subject to the self-regulating system of the market. One cannot simply discard it when demand falls, nor quickly produce more if shortages occur. For example, when there is a labor shortage, one can supplement the existing supply with migrant workers from abroad, but later, when they are no longer needed, they are not easily expelled. As a result, the market "price" of labor power constantly fluctuates according to supply and demand, and this in turn drives the profit rates of capital.

This unique feature of the labor power commodity makes boom-and-bust economic cycles unavoidable. In good times employment increases and wages soar, causing rates of profit to fall. But because favorable conditions lead to an overheating of credit, capital responds to the apparent presence of demand by expanding production. In the end, credit collapses and panic sets in. It becomes clear to all that there had been overproduction. The crisis and slump that follow weed out fragile companies unable to secure a profit. But the slump also causes wages and interest rates to decline, which in turn frees up capital to invest in new equipment and technology. Gradually this leads again to good times—and when that reaches its peak, the next crisis begins.

The accumulation of capital, or rise in the organic composition of capital, is achieved through this kind of business cycle. Capitalism has no other options besides this rather violent method. Seen in this light, it becomes clear that crises will not lead to the downfall of capitalism: they are actually an indispensable part of the process for capital accumulation. Even if crises of credit no longer arise in their classical form, this sort of boom-and-bust cycle will always haunt industrial capital. I should note that this explanation is based on the short-term business cycles that Marx encountered during his lifetime and which are distinct from long-term business cycles.

One other thing about crises: Marx writes that the possibility for crisis exists in the "fatal leap" undertaken in the transformation of commodity into money—in plain language, in confronting the possibility that the commodity might not sell.[19] But this represents only the formal possibility of crisis. Actual crises can occur only after the development of credit systems in a commodity economy. Credit consists of closing a deal to sell a commodity, but postponing the settling up of accounts; it is indispensable for facilitating and expanding trade. A crisis begins when something triggers the realization that the buying and selling being underwritten by credit is in fact not actually taking place. In that sense, all crises take the form of crises of credit.

Labour, credit, crisis
Decreasing tendency of the rate of profit
Cyclical crises and crises of credit

increase in productivity
worker: less necessary labor time
capital: more virtual surplus per commodity

decrease in consumption
worker: devalued wage cannot buy back commodities
capital: fall in the rate of profit

increase in credit economy
worker: buys back commodities through credit
capital: anticipates the realization of surplus as profit

crisis
worker: underconsumption
capital: overproduction

increase in productivity
worker: cheaper labor force available
capital: investment in technological innovation

Labour, credit, crisis
Decreasing tendency of the rate of profit
Cyclical crises and crises of credit

	Mode A	Mode B	Mode C	Mode D
logic	pooling & reciprocity	plunder & redistribution	commodity exchange	mutuality of freedom
form	gift & countergift	domination & protection	value & commodity	free association of equals
order	rules	laws	international law	
power	"hau"	violence & law	money	unreciprocated gift
hierarchy	honor	status	class	
collective	homogeneous	heterogeneous	in between	cosmopolitan (federative)
modern concept	Nation	State	Capital	World Republic
negative	War	Revolution	Crisis	Religion
thinker	Mauss	Hobbes	Marx	Kant

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The Commodification of Labor

The key question here is why this becomes cyclical. Economic crises existed before the rise of industrial capitalism. The global crisis that originated in Holland's "tulip mania" is a famous example. But these originated in bubbles or sudden bursts of investment and could not help explain the regular periodic crises and economic cycles that emerged beginning in the 1820s. In *Capital* Marx went a long way toward explaining these, but he only touched on the general causes of crises and did not explain why they occur cyclically. It was Kōzō Uno who demonstrated that their cyclical nature is due solely to the unique characteristics of the labor-power commodity.[20]

But why do the cycles occur at intervals of roughly a decade? Marx argues that this was because machinery used in the key textile industry had a ten-year lifespan. There is an important point here: the periodic crises and business cycles that Marx took under consideration were in a sense determined by the central role the textile industry played in production. In fact, the textile industry was labor intensive, so that wages in it tended to rise quickly, leading to a decline in profit margins within roughly ten years. This time span just happened to coincide with the average life expectancy of factory machinery.

If we want to grasp the problem of economic cycles comprehensively, we have to take into consideration not only the labor-power commodity but also the commodity that is serving as the standard commodity for global capitalism. The economic cycles that Marx analyzed were short-term fluctuations, now called Juglar cycles. In contrast to these, Nikolai Kondratiev analyzed longer-term fluctuations with a cycle of around fifty or sixty years. In addition, another kind of long-term cycle has been identified that is based in long-term price fluctuations. In my view, though, cycles in industrial capitalism should be seen as problems ultimately related to the labor-power commodity. In the long term, these appear as transformations in the primary mode of production in industrial capitalism, such as the rise of the textiles industry or heavy industry. Seen from another perspective, occurrences of long-term fluctuations corresponded to changes in the world commodity (standard commodity)—from woolen fabric to cotton textiles, then to heavy industry, durable consumer goods, and so forth. Such changes in the world commodity involve transformations in level of technology and in modes of production and consumption, and hence cannot help but be accompanied by widespread social transformation.

For example, for as long as woolen fabric remained the world commodity, Britain could not surpass Holland. Holland enjoyed dominance in the woolen-fabric industry, and as a result, Holland also held hegemony in transit trade and the financial sector. But when cotton textiles began to supplant wool as the world commodity, hegemony passed from Holland to Britain—though Holland long retained hegemony in the fields of trade and finance. Britain in turn began to lag behind Germany and the United States with the shift from textiles to heavy industry, though like Holland before it, Britain maintained its hegemony in the trade and finance sectors.

I have already touched on the problems that arise at the stage of heavy industry: domestic demand recedes and economic slumps become chronic. Moreover, the products of heavy industry—railroads and shipbuilding being the classic examples—are aimed more at foreign than domestic markets. Capital is forced to seek opportunities in foreign markets, which is impossible without state support. In addition, heavy industries by their nature require massive capital investment. To achieve this, they raise capital through joint-stock companies, but this alone is insufficient; they also require state investment. This explains why Britain fell behind Germany. In this way, the state intervenes even more heavily in the economy during the heavy-industry stage than before. This is how we entered into the age we now call imperialism.

After the Great Depression of the 1930s, the world commodity shifted to durable consumer goods (for example, automobiles and consumer electronics). This led to the rise of the consumer society, characterized by mass production and mass consumption. It reached the saturation point in the 1970s, and globalization was the strategy adopted to escape from the severe recession that ensued. This meant the pursuit of new laborer-consumers. This was made possible by the collapse of the Soviet Union in 1991. World capitalism found new opportunities in the former socialist states and in regions that had been under these states' influence, areas that had previously been isolated from the world market. But this involved swallowing up enormous populations in such places as India and China, and as a result the various contradictions that had already surfaced were now aggravated to an explosive degree. Environmental destruction likewise reached critical levels.

Business cycles and world commodity

TABLE 6 The World-Historical Stages of Capitalism

	1750–1810	1810–1870	1870–1930	1930–1990	1990–
Global Capitalism	Mercantilism	Liberalism	Imperialism	Late capitalism	Neoliberalism
Hegemonic State		Britain		United States	
Economic Policy	Imperialistic	Liberalism	Imperialistic	Liberalism	Imperialistic
Capital	Merchant capital	Industrial capital	Finance capital	State-monopoly capital	Multinational capital
World Commodity	Textiles	Light industry	Heavy industry	Durable consumer goods	Information
State	Absolute monarchy	Nation-state	Imperialism	Welfare state	Regionalism

Cycle/wave name	Period (years)
Kitchin cycle (inventory, e.g. pork cycle)	3–5
Juglar cycle (fixed investment)	7–11
Kuznets swing (infrastructural investment)	15–25
Kondratiev wave (technological basis)	45–60

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Labour, credit, crisis
Decreasing tendency of the rate of profit
Cyclical crises and crises of credit

The Limits of Industrial Capital

The labor-power commodity is central to the system of self-valorization for industrial capital. But limits of industrial capital also arise from its base in the labor-power commodity. First, this form of capital requires ceaseless technological innovation, because relative surplus value in industrial capitalism derives from increases in labor productivity. Second, it requires the ceaseless pursuit of inexpensive workers who are simultaneously new consumers, primarily in previously rural and peripheral regions. These two conditions are essential for capital accumulation: without them, capitalism is finished.

Smith, for example, predicted that the economic growth seen in his era was a temporary phenomenon and that the capitalist economy would soon settle into a steady state. He did not foresee the continuation of technological innovation. In a sense, though, he shows us what would happen if technological innovation were to stagnate. The question here revolves not around minor technological advances but rather the kind of technological innovation that leads to a shift in the world commodity—for example, from cotton textiles to heavy industry, and then to durable consumer goods. At present, this kind of innovation has peaked. As for the second condition, there is no longer an inexhaustible supply of potential new markets available outside the capitalist economy: these are rapidly disappearing under the forces of global deagrarianization. If, for example, India and China become fully industrialized, the result will be a steep rise in the price of the global labor-power commodity, as well as saturation and stagnation in consumption.

This overlaps with the second condition, but economic growth in industrial capitalism requires one other condition: the existence of inexhaustible nature outside the system of industrial production. This means both an inexhaustible supply of natural resources and an unlimited capacity on the part of the natural world to process the waste products of industrial production. The growth of the industrial capitalist economy up until now has been possible because nature in the above senses—human nature (labor) and natural nature (the environment)—was available in an unlimited supply. But in its present stage, industrial capitalism is rapidly approaching its limits.

This issue is connected to the relation between humans and nature. Up until now I have largely abstracted away this aspect because in fact the human-nature relation has been realized through the human-human relation of modes of exchange. But the human-nature relation is of course primary. We need, however, to remain wary of ideologies that stress this and forget about human-human relations. In general, these ideologies have appeared in the form of cultural critiques, such as criticisms of industrial society or of technology. Generally, they follow the pattern set by romantic critiques of modern civilization. But environmental destruction cannot be understood only in terms of human-nature relations; environmental destruction and the exploitation of nature are, after all, the products of a society in which humans exploit other humans. The first environmental crisis in human history occurred in the irrigated areas of Mesopotamia. In fact, all great ancient civilizations based on irrigation collapsed and unleashed the forces of desertification. The systems (modes of exchange) for exploiting, in both the positive and negative senses of the word, humans have disrupted the processes of exchange between humans and nature (i.e., metabolism). The only hope for solving our environmental problems lies in our first superseding capital and the state.

Conditions of capitalism: technological innovation and inexpensive workers-consumers
Ecology and capitalism

World-Economy

I have taken up industrial capital here in terms of total capital. This is because the self-valorization of capital (the production of surplus value) cannot be understood if we look only at individual capitalists. Still, up until now we have been considering industrial capital at the level of a single country. In reality, industrial capital does not limit its search for labor power, raw materials, and consumers to a single country. Industrial capital cannot exist without overseas markets. Marx also pointed out that capitalist production in general could not exist without foreign trade. For example, the British industrial revolution, centered on the textile industry, did not arise in response only to the domestic market. The revolution represented a bid to seize international hegemony within the ongoing mercantilist competition.

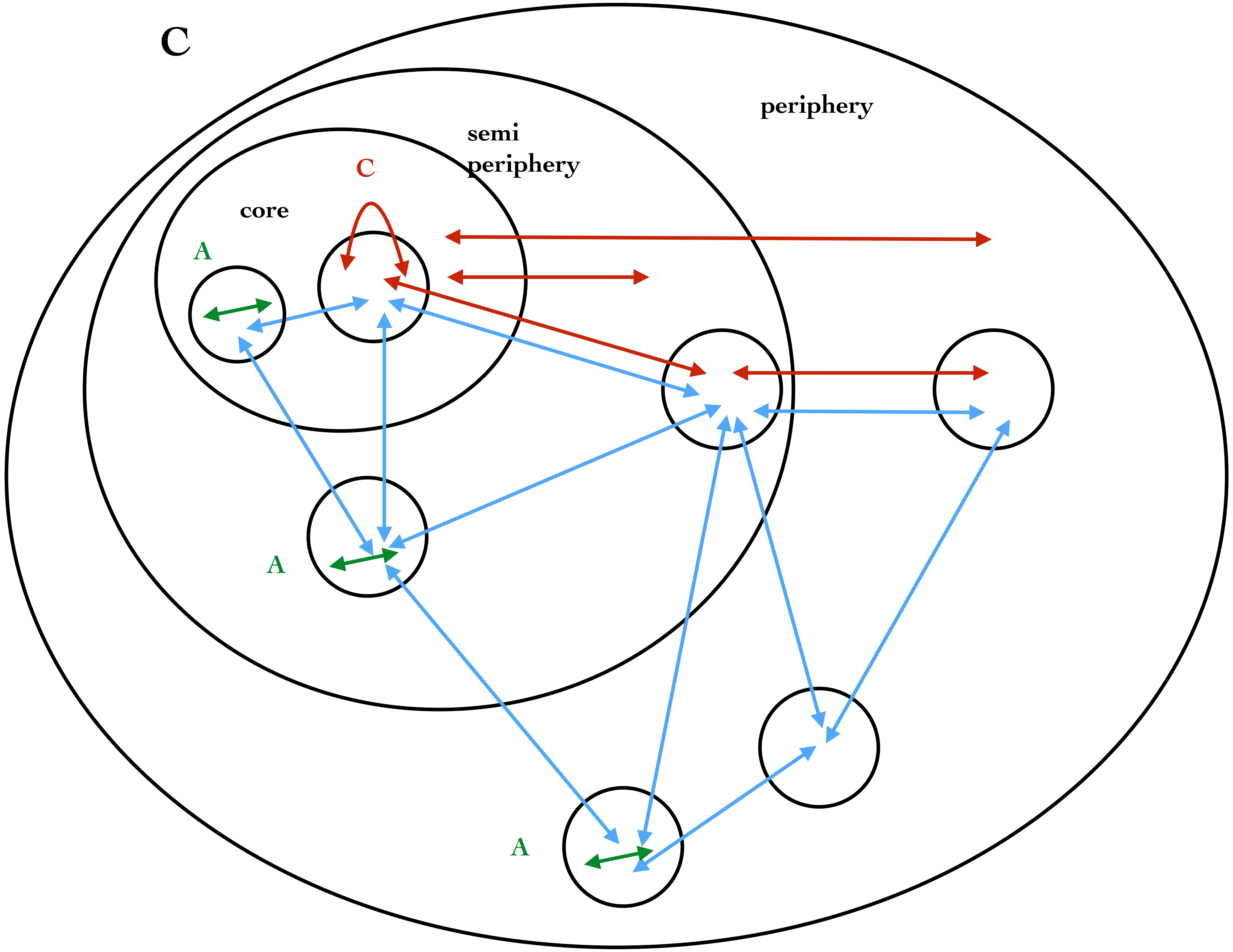
Ricardo, who opposed both the mercantilism that drew its profits from overseas trade and the protectionist tariff policies that it led to, stressed that free trade would be profitable for both sides. Under his "theory of comparative advantage," the sectors in the industrial structure of each country with relatively high productivity—that is to say, those that could produce commodities with relatively little labor—would focus on production for export, and through this a kind of international division of labor among nations would emerge, with each country developing its own relatively productive industrial sector. This theory of an international division is, however, a deceptive ideology. Ricardo explained it using the examples of British textiles and Portuguese wine, saying that each profited by developing its own production specialty. The actual historical result, however, was Portugal's transformation into an agricultural nation, subordinated to British industrial capital. The effect was the same as when industrial capital with its increased labor productivity comes to dominate over the agricultural sector within a single country.

Ricardo's theories of comparative advantage and international division of labor are still invoked by today's neoliberal economists. The earliest objections to them were raised by Arghiri Emmanuel and Andre Gunder Frank, who argued that exchanges at world-market prices between the core and colonies inevitably became unequal exchanges profiting the core at the expense of the colony and that the effect of such unequal exchanges would be cumulative. Samir Amin would also criticize the theory of comparative advantage and international division of labor, seeking the causes for the backwardness of developing countries in the phenomena of unequal exchanges and dependency. Prior to the onset of the industrial revolution in Britain, there was no pronounced difference in economic and technological levels between Europe and the rest of the world, especially Asia.

But there is no special "manipulation" involved in these unequal exchanges, nor any particular mystery. It only appears that way when industrial capital is regarded as being somehow of a different nature from mercantile capital. As I have argued repeatedly, whether mercantile or industrial, capital obtains surplus value from exchanges made across different systems of value. Exchanges made within each system of value are equal exchanges, but the difference between systems generates surplus value. At the stage of mercantile capital, differences between systems of value in different regions—that is, "uneven development"—originated in differences in natural conditions. The exchanges carried out by industrial capital involving industrial products, however, cause nonindustrialized countries to specialize in the production of raw materials, leading to even greater unevenness. This unevenness is then constantly reproduced.

Marx's explanations for the general tendency of the rate of profit to fall and for the increasing impoverishment of the proletariat and the emergence of two great classes have been subjected to criticism since the late nineteenth century. But, to take one example, the ability of the British working class to enjoy a measure of prosperity in defiance of Marx's law of impoverishment was due to capital's ability to obtain surplus value from overseas trade, a part of which was redistributed to British labor. The impoverishment that Marx predicted was inflicted abroad rather than domestically, and it continues to be inflicted today. To understand the problems of capitalism, we always need to grasp it not in terms of a single nation but in terms of the world-economy.

World-economy and the periphery



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