Imperialism and Marxist Continuity

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Imperialism emerged in the latter quarter of the nineteenth century and has dominated the world ever since. Until the advent of imperialism, it was possible for a number of countries to reach "take-off" and join the first ranks. This included North America, continental Europe, the "White Dominions", Japan and Russia – if the latter had not been cut short by the October Revolution. The inception of imperialism definitively ended the progressive historical role of capitalism. It blocked off self-sustaining capitalist development for the then remaining colonial or semi-colonial countries. The truth of this proposition has been confirmed time and again. Throughout the twentieth century, academic economists have periodically identified new stars ready to join the "First World" - only to be rapidly confounded in their projections. The fate of the erstwhile "Asian Tigers" is only the latest disappointment in a long list of hopefuls. After over a century when this has characterised the world economy, one would have thought that it would seem obvious that the imperialist countries thrive because of the underdevelopment of the semi-colonial countries.

If this is true, then the "transition debate" must be faulted in failing to distinguish between the conditions giving rise to the origins of capitalism, and the development of capitalism in other countries when the world was by that time dominated by imperialism. To be sure, the World System Theorists are on surer ground in this regard than the trend headed by Robert Brenner that seeks to apply the categories developed to explain the origins of capitalist in the sixteenth century, to that which pertained after the rise of imperialism.[1] However, Immanuel Wallerstein the main spokesperson for the WSTs falls into error from the other end as it were. He argues that imperialism has always characterised capitalism – to which in turn he has an idiosyncratic definition. A second peculiarity of the debate is to be found in the object of study. As to the identification of the initial trigger for the development of capitalism in England Brenner - following Dobb - is more correct. Nonetheless, surely the issue is not its origin *per se*, but its consolidation with the rise of industrial capitalism. And this for two sorts of reasons: First, it is not possible to talk about the transition to capitalism, as opposed to the origins of capitalism, until this mode of production becomes dominant. Second – and of more import – *the* central characteristic of capitalism as it takes hold is the formation of prices of production and the tendency to the equalisation of the rate of profit. This feature does not and cannot pertain within the sphere of capitalist agriculture (Marx, K. 1972: 99-100).

Next: the fact is that capitalism not only exhibits uneven development, but also combined development. Both with the rise of capitalism and especially after the advent of imperialism there exists hybrid formations which combine capitalist and pre-capitalist modes of production. This position always hovered in the background of the two phases of the transition debate, but was hardly addressed by the main protagonists (with the honourable exception of (Andre Gundar Frank), even though this occupies a place in the centre of Marxist continuity. The fact is that capitalism originated in an essentially feudal world order. On the other hand "underdeveloped" or "backward" countries strike out on the capitalist road only after capitalism dominated the world economy. This ensured that the ex-colonies - even after political liberation - were blocked from self-sustaining capitalist development and instead have remained as semi-colonies. Their industrial development to this day depends on foreign direct investment, import of capital goods and finance from the metropolitan centres. These countries cannot go through the same stages of capitalist development as the pioneers. Nor do they have to in order to create conditions for the overthrow of capitalism – as testified most notably by Russia in 1917, China in 1949, Cuba in 1959, and Vietnam in 1975. It will argue that even during its historically progressive phase, the development of capitalism was from its very inception reliant on colonialism; that imperialism, the highest phase of capitalism is a world system, the inevitable product of the development of capitalism in its decline. The domination of semi-colonial countries by a handful of financially powerful states is intrinsic to, and characteristic of imperialism. Semi-colonial countries are thus best described as hybrid formations combining capitalist, semi-capitalist and pre-capitalist modes of production tied together by capitalist exchange relations

The Wallerstein-Brenner debate

World System Theorists didn't ever share a common analysis, and since the original debates of the late 70s/early 80s the paths of the prominent contributors – Andre Gundar Frank, Immanuel Wallerstein, Giovanni Arghiri and Samir Amin - have further diverged (Frank, A.G., 1969, Emmanuel, A 1969/1972, Wallerstein, I., 1984;; see also Amin, S.). Nonetheless, certain common themes united them:

- An emphasis on world history rather than a history of the world.
- A world system defined by core-periphery
- The dissolution of feudalism and the genesis of capitalism as a response to the demands created by the (mercantilist) world market
- Domination of the periphery by the core (dependency)
- Unequal exchange between the core and the periphery.

These propositions were advanced in an attempt to explain the development, and domination of the world, by imperialism; or, in their language, of the domination of the "periphery" by the more economically developed economies: the "core". The WSTs approached the question from the other end of the telescope. They tried to explain the driving forces for the emergence of capitalism in the periphery (semi-colonial economies), after the rise of imperialism. Inevitably then, the protagonists perforce had to identify the origins of capitalism in the core economies themselves. An early riposte to WST was Robert Brenner in his exchange with Wallerstein's commercial model, which has subsequently been developed and codified by a number of revisionist Marxists (Brenner, 1977; Comminel, 2000: 472, Wood, 1999 and 2002). Brenner approached the debate from the other end of the telescope. He applied the theoretical framework he had developed to explain capitalist development at its inception to the rise of capitalism after imperialism had developed. However, the issues raised had already been pre-figured two decades earlier by the exchange within Marxism on the origins of capitalism. The most prominent protagonists in this earlier discussion were Maurice Dobb and Paul Sweezy. In his riposte to Wallerstein, Brenner indicated his broad support for Dobb; and Wallerstein echoed the basic themes of Sweezy (Sweezy, P.M., 1945/76; Dobb, M. 1945, Brenner, 1977a, 1977b, 1987 ff and Wallerstein, I, 1974).

All phases of this debate can be broadly divided between those that stress the exogenous impact of exchange relations on the transition from feudalism to capitalism (Sweezy and Wallerstein) and those that concentrate on the immediate production relations (Dobb/Brenner).[2] Brenner correctly faults Wallerstein in the latter's assertion that the development of the world market as such could and did lead to the dissolution of feudalism: that any exchange for profit was *ipso facto* capitalist. Thus Wallerstein considers mercantilism – buying cheap to sell dear – as a form of capitalism. Sweezy had previously argued in a similar vein, albeit without the World System baggage. But, Brenner goes much further than this: he dismisses any important role at all for the world market in the development of capitalism: ''This is not of course to deny', he writes 'that the development of trade created important incentives to increase output in order to increase returns from exchange so as to meet growing consumption needs ... (However) the home (and international) market expanded and contracted according to ruling class consumption needs' (Brenner, R. 1985, p. 234 & 241).

It should be noted that on this, Brenner is in disagreement with Dobb. In the original debate with Paul Sweezy, Dobb had this to say: 'Sweezy presents my view as being that a decline of feudalism was solely the work of internal forces and that the growth of trade had nothing to do with the process. He seems to see it as either internal conflict or external forces. ... I see it as an interaction of the two; although the primary emphasis, it is true, upon the internal contradiction. … I am by no means denying that the growth of market towns and of trade played an important role in accelerating the decline of the old mode of production' (Dobb, M., 1976 p. 60). But even this ducks the key point: to what degree was the prior existence of a world market important for the development of capitalism?

Market relations already existed before the advent of capitalism, indeed, had done so under all previous modes of production. However, under feudalism, these market relations are still not generalised. Even the transition to money rent doesn't *per se* signify the emergence of a free labourer, that is, the commodification of labour power. In other words, despite the move to market relations between peasant and lord (money rents), the peasants remained part of an estate rather than a class in the modern sense.[3] In this sense, in and of itself, this development marked no qualitative break from feudalism: it is still a form of extra-economic compulsion, as Perry Anderson pointed out in a much earlier work: '(T)he end of serfdom did not thereby mean the disappearance of feudalism from the countryside' he explains. 'Identification of the two is a common error. Yet it is evident that private extra-economic coercion, personal dependence, and combination of the immediate producer with the instruments of production, did not necessarily vanish when the social surplus ceased to be extracted in the form of labour or deliveries in kind, and became money rent: so long as aristocratic agrarian property blocked a free market in land and factual mobility of manpower - in other words, so long as labour was not separated from the social conditions of its existence to become 'labour power' - rural relations of production remained feudal' (Anderson, P. 1974 p. 17). Or, as Brenner puts it: 'Commutation (the transformation of rents in labour into money rents), can in no way be equated with manumission (freeing the serfs so they could move, marry and buy land without the lord's consent)' (Brenner, R. 1985). Only with the emergence of the latter does a genuine 'free worker' develop. So far, so good: it is the commodification of labour power which is the real "primitive accumulation", as Marx put it.

However, the different forms of serfdom are actually progressive stages in the dissolution of feudalism. Karl Marx put it this way: '(O)nce rent takes the form of money-rent, and the relation between rent-paying peasant and landlord becomes a contractual relation - a transformation which is only possible given a certain level of development of the world-market, trade and manufacture - land inevitably starts to be leased to capitalists, who were formerly outside rural limits and who now transfer to the land and to the rural economy capital that has been obtained in the town together with the capitalist mode of operation which has also been developed there: the production of the product as a mere commodity and a mere means of appropriating surplus value. As a general rule, this form can come about only in those countries that dominate the world market during the transition period from the feudal to the capitalist mode of production (Capital Vol. III, Ch 47, sec 4, p 935).

Wallerstein emphasis that a highly developed world market existed before the inception of capitalism is undeniable. Brenner is in error in his insistence that this was simply a function of the consumption needs of the feudal magnates. Although this market was mercantilist and feudal-based, its existence was a precondition for capitalist take off. Capitalism to develop and be sustained cannot be confined to the boundaries of any single country. Capitalist expansion pre-supposed a world market as such - a high stage of economic development. To be sure, the origins of capitalism flowed out of the internal contradictions within feudalism in the countryside, but it was the needs of the world market that highlighted the terminal inefficiencies of the feudal circuit. Moreover, to guarantee access to such markets, England needed to be already occupying a high position in the world pecking order. Without this, money rents – under feudalism - could never have taken hold in a generalised way. However, the transition from feudalism to capitalism meant that commercial trade had to be subordinated to capitalist production. Accordingly, it became ever-more oriented to trading manufactured products: there was a necessary symbiosis between incipient manufacture and the world market.[4] Marx pointed this out on a number of occasions. Here is an example in his comment on the relation of capitalist development to slavery – the notorious triad of the sale of cloth and other commodities to Africa, the purchase of slaves from the proceeds, the exchange of this for sugar in the Caribbean countries, for sale in England - not only further pointed both to the essential role of the world market but also how pre-capitalist modes of production went hand-in-hand with the development of capitalism: 'Direct slavery is just as much a pivot of bourgeois industry as machinery, credits, etc. Without slavery you have no cotton; without cotton you have no modern industry. It is slavery that gave the colonies their value; it is the colonies that created world trade, and it is world trade that is the pre-condition of large-scale industry (Marx, K. 1969 p. 111).

There is a further important error in Brenner's scheme: that the trigger of capitalist development was the 'self-transformation' of the feudal magnates. 'Capitalism developed in England,' he writes '... by means of the self-transformation of the old structure, specifically the self-transformation of the landed classes. As a result, the rise of capitalism took place *within the shell of landlord property* (my emphasis) and thus in the long run not in contradiction with and to the detriment of, but rather to the benefit of the landed aristocracy' (Brenner, 1989). This is coupled with another central tenet succinctly summarised by Ellen Meiksins Wood in the following terms: 'Brenner explains the mechanism of capitalist development by focusing attention on the pivotal figure, the tenant-farmer, who dominated cultivation in England to an extent unequalled elsewhere in Europe. Unlike the landlord or the peasant-proprietor, this English tenant had no secure rights of property apart from the condition of an economic lease, and even his possession of land was subject to the requirement of a competitive market that compelled him to increase productivity by innovation, specialisation and accumulation. The effect of these agrarian relations was to set in train a new dynamic of self-sustaining growth with no historical precedent' (Meiksins Wood, E., 1991).

Both these propositions are unsustainable. To be sure, the commodification of land was a decisive element in the genesis of capitalism. Doug Jenness explained the significance of this: 'The transformation of the titles to land into a commodity was of great historic moment. For the first time in the history of humanity titles to land could be bought and sold, rented, mortgaged and divided. As a result, many serfs previously bound to the land by a web of feudal relations, became freeholders' (Jenness, D., 1994 p. 126). However this historic moment was not the result of any 'self reform' of the feudal magnates, but relied on exogenous developments. This commercialisation of land-title resulted from the movement of capital from the towns and cities to the countryside by non-agrarian layers - merchants, burghers, money-lenders and the like – beginning with the purchase of Royal lands expropriated by the monarchy during the Reformation and sold to pay for his wars. A parallel process was the sale of their land by the feudal magnates to meet their financial obligation to the urban money–lenders. With the commodification of land-titles a new landlord class was created having a completely different relationship to the land – that of appropriation of rent from the surplus value created by wage labour. Such landlords did not want the bulk of the peasantry on the land, as had their feudal forebears. Instead, they were committed to the expulsion of the peasant from the land, achieved through the enclosure movement and other means of force and violence.

A vast reserve army of labour was thereby created that became available for employment not only for the capitalist farmer, but also in the rapid expansion of capitalist industrial production that had been developing for some considerable time. The polemic against the idea that such employment was not and could not be provided by the guilds - *a la* Sweezy - is correct but beside the point. For whilst the guild-based towns were subordinated to the Manor, and therefore part of the feudal circuit, this was crossed by a counter-tendency whereby budding capitalist were able to take advantage of the expulsion of the peasantry in just the way that the bourgeoisified gentry was on the land. Industrialists set up shop outside the towns. This latter was a necessary complement to the development of capitalist relations on the land. Any discussion on the transition to capitalism is inadequate if its focus is primarily in agriculture. The 'dynamic' referred to by Meiksins Wood was only made possible with the formation of an industrial proletariat, first in manufacture and then, with the first industrial revolution, machinofacture. This ought to be the proper object of study: there is a difference between the *origins* of capitalism and the *transition* to capitalism.

The argument for this is straightforward within a Marxist perspective: capitalism could not become self-sustaining if landlordism, even of the capitalist variety, remained economically dominant. Landlords are not concerned with the reproduction of the capital-wage labour relationship in the economy as a whole. They may (or may not) encourage this on the land insofar as movements of capital into agriculture or mineral extraction increases their rent. In the best of circumstances, landlord rental system is a barrier to agricultural production, as it tends to discourage investment in farming, the fruits of which would be appropriated in the long run by the landlord, not the capitalist farmer. The position of landlords within capitalism is contradictory. On the one hand landlordly monopoly of land-titles is necessary to ensure the permanent exclusion of the overwhelming proportion of peasants from the land – the continuing existence of a proletariat. On the other hand, insofar as what Marx referred to as absolute ground rents are generated, capitalist landlordism is a barrier. And neither can the capitalist farmer employing wage labour provide this ongoing impetus. 'Competitive pressures' to force technical innovation and self reproduction of capitalist social relations can only be successful insofar as such competition is seen within the context of the formation of prices of production and the tendency towards an average rate of profit. Ironically, as Meiksins Wood and Brenner pose the matter, this is just as much a Smithian notion of competition as that of Wallerstein-Sweezy. To understand this, it is necessary to identify the specific character of a capitalist economy as it begins to mature: the specifically capitalist law of value - the establishment of "prices of production", through competition between large capitals resulting in the tendency towards the formation of an average rate of profit. This allocates surplus value according to the size of the organic composition of specific capitals. It is through this anarchic process that labour, raw materials and production goods are allocated. *Ipso facto*, it is this, which reproduces the distribution of wealth and income. *It is industrial profits that regulate agricultural profits*. By fencing off a segment of the overall surplus value produced - which would normally be re-distributed to other capitals according to the level of their organic composition, absolute ground rent adds an additional hindrance to the free movement of capital as it results in a transfer of the social surplus to the landlords at the expense of industrial capital resulting in a lower rate of profit for industrial capital (Barnes, J & Clarke S, 1991, Marx, K 1981, p1001 and Ch 45 passim; Kautsky, K. 1988, pp. 77-83; Mandel E, 1981 p 56; Murray, R. 1977 pp 100-102).

Marx was absolutely clear on this:

> '(C)apitalist production develops first of all in industry, not in agriculture, and only embraces the latter by degrees, so that it is only as a result of the advance of capitalist production that agricultural profits become equalised to industrial profits and only as a result of this equalisation do the former influence the latter. … (O)nce this equalisation is an accomplished fact—that is, presupposing a level of development of agriculture in which capital, in accordance with the rate of profit, flows from industry to agriculture and vice versa—it is equally wrong to state that from this point on *agricultural profits* become the regulating force, instead of the influence being reciprocal. … Rent moreover cannot possibly be explained if industrial profit does *not* regulate agricultural profit. The *average rate of profit* in industry is established as a result of equalisation of the profits of the different capitals and the consequent transformation of the values into *cost-prices*. These cost-prices—the value of the capital advances plus average profit—are the *prerequisite* received by agriculture from industry, since the equalisation of profits cannot take place in agriculture owing to landownership. If then the value of agricultural produce is higher than the cost-price determined by the *industrial average profit* would be, the excess of this value over the cost-price constitutes the absolute rent. But in order that this excess of value over cost-price can be measured, the *cost-price* must be the primary factor; it must therefore be imposed on agriculture as a law by industry' (Marx, K. 1972: 99-100).[5]

There is a third misconception: the almost exclusive focus by Brenner *et al* on the creation of relative surplus value. Without the creation of absolute surplus value, no sustained capitalist take-off is possible. Capitalism either expands or dies. Without the incorporation of ever-greater layers of wage labourers, where does surplus value come from?

Combined development

There is a very important point in establishing the real inter-relationship between emerging capitalism and the world market of crucial moment to the debate on imperialism: the notion of hybrid formations. Let's look at this in relation to the pre-conditions of capitalist take-off. Brenner makes a big deal of Marx's insistence that the 'real primitive accumulation' was the creation of a proletariat, free to sell their labour to the highest bidder – 'free from, unencumbered by, any means of production of their own' (Marx, 1969 p. 874). Yet, Brenner counter-poses this to the prior accumulation of hoards in a way that Marx never did. Commodification of labour was a necessary but not sufficient condition for capitalist take-off: access to money hoards was indispensable. This illuminates two sorts of features of capitalism: hybrid formations and unequal exchange. In relation to the former, capitalism perforce combined with the pre-capitalist social layers – the usurer and merchant capital. The resources of this latter relied to a large degree on colonial plunder: 'the colonial system, public debts, heavy taxes, protection, commercial wars', Marx observed, all contributed to the development of manufacturing and industry (ibid, p. 922). Quoting Marx, of course, proves nothing one way or the other. So let's look at the chosen terrain of the disputants: the "second serfdom" in central Europe (Poland). This debate can help illustrate the different approaches.

In the sixteenth century, the increased demand for grain from England, Holland and Scandinavia caused a price revolution, which the landlords in the East sought to take advantage. Their response was to expropriate the independent peasant producers and re-impose serfdom (Postan, M. & Hatcher, J. 1978; and Novack, G. 1972). Brenner considers this outcome as the *coup de grace* against the proposition that the world market pressure would inevitably lead to capitalism. For here we a see an extension of the world market, but a reversion back to an earlier form of feudalism. Wallerstein's position has little merit. He uses the fact that Junker production for money (*aka* profit) showed that these economies were transformed into capitalist economies. This it was not. But the second serfdom was by no means a return to its pristine form. The fact was that higher developed relations of production in Western Europe were able to annexe and subordinate the East to its needs *provided by the world market*. In other words, the common search for a surplus in the form of money had a quite different effect in Central and Eastern Europe than in the West. The former, including Germany, especially east of the Elbe, experienced another path of development, which gave birth to very different economic, social and political forms. But the combined development meant the second serfdom was not a re-issue of the first but a completely new social formation (Bloch, M., 1964, p. 445). The East was annexed by the West because of the latter's higher development of commercial capitalism, exchange and monetary relations. In *Capital*, Marx had already explained the effects of combinations of different modes of production when he discussed 'the greed for surplus value' by capitalists. 'As soon as a people whose production still moves within the lower forms of slave-labour, *corvee* labour, etc are drawn into the whirlpool of an international market dominated by the capitalistic mode of production, the sale of their products for export becoming their principle interest, the civilised horrors of overwork are grafted on to the barbaric horrors of slavery, serfdom etc (Marx, Capital Vol 1, p. 236).[6]

The rise and rise of imperialism

Let's now switch to the development of capitalism in the semi-colonial countries. It is a glaring gap in Brenner's whole 1977 polemic, that nowhere does he mention imperialism. Yet, the key substantive barrier to the full industrialisation of the colonies and semi-colonies is the drain by the imperialist countries of their economic surplus; unequal exchange; and thereby the inhibitions to the development of a sufficiently large home market – or, in many cases, a national market at all (e.g. India) - necessary for take-off. Such is a direct result of the failure to eradicate, to one degree or another, pre-capitalist social relations. Contrary to the pristine development of capitalism, now investment was and is determined by metropolitan capital. Local capital becomes an adjunct of imperialist capital. They therefore are dominated by the financially powerful states. In this regard, it is the economic inter-relation between the metropolis and the semi-colonial countries which is key. In its fundamentals, it is of little import whether empires are formal (colonial) or informal – or even a mixture of both. To be sure, any threat to such imperialist domination in the last analysis can, and usually does, take the form of direct military intervention by the imperialist power. However, often their stranglehold is achieved by proxy through its collaboration, arming and outright bribery of the local bourgeoisie and/or its army. This feature of finance capital has grown dramatically since the early 1990s, a feature often referred to as "globalisation" - a fancy word for the "old'" imperialism. There is nothing fundamentally "new" about it.

As the age of imperialism dawned, capital flows came to predominate over commodity flows. Declining opportunities for profitable domestic investment sent interest-bearing capital scurrying overseas scouring the globe for profitable opportunities. Knowledge of this by investors – perfect information – need not be assumed. What was known was that there was over-investment domestically, continuing such investment on a general scale (as opposed to specific industries) would have depressed the marginal rate of profit further. Capital recognises no boundaries. If capital inflows are allowed - or, better, sought - by recipient countries, then that's where capital will go. The newly industrialising countries were desperate for loans and investment. In addition, there were geo-political considerations. Britain operated on a global scale. It not only sought areas for profitable investments in industry, but also saw the need to expand investment in raw material production vital to any domestic economic functioning, leading Britain to corner as much valuable raw material sources as possible through expansion of its Empire, both formal and informal, grabbing as much of the world's territory as it could. The result was the relative shift to investment overseas as opposed to investment in British industry domestically. British financial predominance in the world determined such a course. The shift to centre stage of the stock market integrated with the banking system provided the vehicle. Finance capital emerged.

Bourgeois commentators generally characterise imperialism either in a completely ahistoric way or equate it with colonialism, which as today it only continues to exist in isolated pockets, its reality is conveniently removed beyond their ken. A typical example is that expressed by Cain and Hopkins in their two tome work *British Imperialism* who deny any economic connotations whatsoever: 'The distinguishing feature of imperialism', they propose 'is not that it takes a specific economic form, but that it involves an incursion, or an attempted incursion, into the sovereignty of another state' (Cain, P. and Hopkins, A.J., 1993, vol. I, p. 43). On the other hand, Bernard Alford in his analysis of the British economic history avers that: '(without territoriality), imperialism loses all meaning' (Alford, B.W.E., 1996, p. 100). Meanwhile, there is a complete misunderstanding of the Marxist view of imperialism. Andrew Walter, for example - one of the more honest commentators - summarises what he understands by the Marxist conception of an imperialist state as one 'which enjoys a comparative advantage in the production of high value-added goods, a significant technological lead over other countries, and privileged access to raw materialism and to markets for its produce' (Walter, A. 1993, p. 18). Wallerstein for his part considers imperialism just to have "grow'd up" as a World System developed characterised by 'the existence within it of a division of labour, such that the various sectors or areas within are dependent upon economic exchange with others for the smooth and continuous provisioning of the needs of the area.' (Wallerstein, I, 1979). Thus, for him, starting with the rise of capitalism in the sixteenth century capital investment moved outwards, from the early core to the periphery. In this scheme of things, the newly industrialising countries of the latter part of the nineteenth century, such as Germany and Japan, where seen as part of the "periphery", but managed to overcome that situation through the erection of massive protectionist barriers. Such a World system ensured that the same processes driving the development of the core gave rise to the underdevelopment of the periphery system. In this view, imperialism was structural to capitalist development from the beginning, which could not have developed without the uneven exchanges imposed on the imperial periphery by the metropolitan centre.

In more recent writings, Brenner has addressed the question of imperialism. Ironically, he (unwittingly?) agrees with Wallerstein that capitalism was entangled with imperialism from its birth. He takes his analysis of the origin of capitalism in England, and applies this without much amendment to explain the development of capitalism in the semi-colonial countries –

dubbed vertical integration. Imperialism for him is the export of capitalist social relations which, according to his view of the origin of capitalism, dispenses with non-market "coercion" such as military power or monopoly. The latter he considers to be typical features of *pre-capitalist* modes of production. In explaining the direct intervention of imperial power in this 'export' of capitalist socialist relations, he invents a notion of horizontal integration, or "political accumulation". The role of this latter is simply to ensure the conditions for the self reproduction of capitalist social relations – the geo-political interests of capitalism backed by the capitalist state. As rendered by Ellen Meiksins Wood: 'Capitalist imperialism extends this purely economic mode of exploitation beyond national borders, relying on, indeed imposing and enforcing, the market-dependence of subordinate economies. Global capital can accumulate by "economic" means, as these economies are drawn into the orbit of the global market and become subject to economic pressures emanating from the major capitalist powers' (Meiksins Wood, 2006). In further expanding Brenner's thesis, she gives a periodisation of imperialism through the ages and indicates the break with previous forms with the arrival of "capitalist imperialism". But as with Brenner (and Wallerstein) she considers any form of capitalism to be imperialist. Thus she talks of Crowell's subjugation of Ireland (his first act after winning the English civil war) "imperialism". Apparently, this is the form that imperialism was characteristic of the British type of imperialism and, as such, was dominant up to the Second World War. Then a "new imperialism" emerged that abjured political occupation – the American form. Let's note for the moment that finance plays no role in any of these definitions, a feature of all of Brenner's work. Actually, politics is merely concentrated economics. Imperialism is not just a geo-political enabling shell, it is manifest at the heart of surplus extraction in the semi-colonial countries – to use Brenner's language. To be sure, capitalist extra-economic compulsion is different than that under feudalism, but it is just as real for all that. But radically separating the political from the economic, is that which makes Brenner blind to hybrid formations, imperial super-profits, and unequal exchange. This, in turn, is what accounts for Brenner's inability to identify the integral role of finance – let alone finance capital.

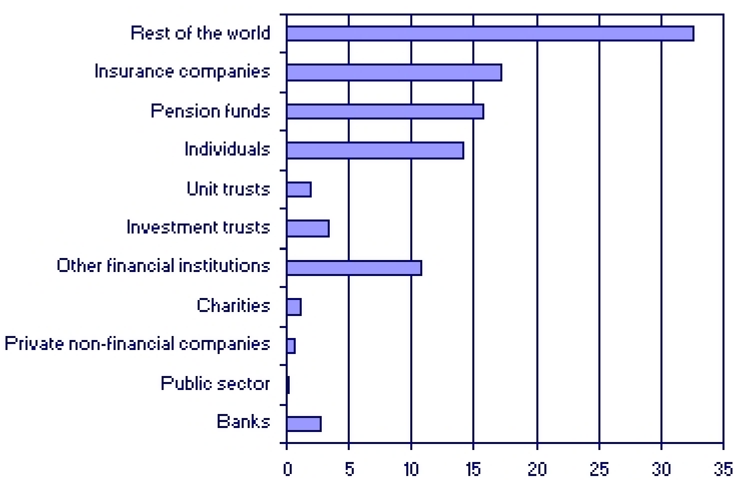
David Harvey at first sight seems to correct this elision. He argues that Karl Marx had already analysed imperialism and had developed a fully-fledged view of finance capital – confusing the identification by Marx of the immanent tendency of banking and industrial capital to fuse, with its maturation. 'Imperialism was alive and well in Marx's own time,' Harvey insists 'and was frequently commented upon in his popular writings on the subject (see *On Colonialism*, with Engels), while the idea of intersecting and conflicting modes of production is launched, albeit in a preliminary fashion, in the *Grundrisse*' (Harvey, D., 1982/2006, p. 440; this mistaken view is also to be found in Patnaik, P., 1977). Thus he rejects the analysis of Lenin that capitalism saw a sharp shift after Marx's death, wandering off instead into something called a 'spatial fix'. 'The internationalism of the postwar world appears, on the surface to be very different. Global freedom for the movement of capital (in all forms) has allowed instant access to the 'spatial fix' though geographical expansion within a framework of uneven geographical expansion within a framework of uneven geographical destruction' (ibid, p144). Thus there has developed 'independent' areas of capital accumulation, which not only include Germany and Japan, but also semi-colonial countries such as Brazil, Mexico and South East Asia, outwith the domination of financially powerful states. Compounding his error, he considers the disparity between developed and underdeveloped regions *within imperialist countries themselves* to be a manifestation of imperialism. These themes are developed in his more recent work when he takes the same tack as Brenner and Meiksins Wood in his characterisation of the "New Imperialism" (Harvey, D. 2003). Of course, people can use any terms that they want. But there was a sharp shift in capitalism well before the Second World War and before the effective end of colonialism as the dominant form of imperialism – at the end of the nineteenth century. What shall we call that?

Finance Capital

With the advent of imperialism, we saw the advent a new beast: finance capital – a fusion of financial capital with industrial capital. 'It is characteristic of capitalism in general' Lenin explained 'that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and that the rentier who lives entirely on income obtained from money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially "powerful" states stand out among all the rest' (Lenin, V.I., 1916/1964 p 238).[7] This is a pretty good description of present-day imperialism - but Lenin was talking about the period prior to the Great War. This is why he characterised imperialism as the 'highest stage of capitalism' – something it could not supersede. In its essentials it marks the world of today.

To be sure, this view was consonant with Marx's analysis, and specifically the concentration and centralisation of capital. As this contradiction develops, Marx says, it 'presents itself as such a contradiction even in appearance" by, firstly, giving 'rise to monopolies, which in turn demand increasing state intervention in economic activity and by, secondly, producing a new financial aristocracy, a new kind of parasite in the guise of company promoters, speculators and merely nominal directors, an entire system of swindling and cheating with respect to the promotion of companies, issues of shares and share dealings'. But it was Engels, not Lenin, that in the first instance identified the decisive shift in capitalist after Marx's death. In his *Supplement* to Volume 3 of *Capital*, Engels identified most of the elements, which were further elaborated on by Lenin: 'But since this book (Capital Volume 3) was written, a change has occurred that gives the stock exchange of today a significantly increased role, and a constantly growing one at that, which, as it develops further, has the tendency to concentrate the whole of production, industrial as well as agricultural, together with the whole of commerce — means of communication as well as the exchange of function — in the hands of stock-exchange speculators, so that the stock exchange becomes the most pre-eminent representative of capitalist production as such' (Marx, K 1981, p. 1045). He went on to add, the growing importance of joint stock companies, the centralisation of the banking system, its ever-greater role in agriculture, the need for capital export, and the relation of the latter to colonial expansion. If one disagrees with Lenin, one disagrees with Engels.

Fig 4 Share ownership, 2004 (%)



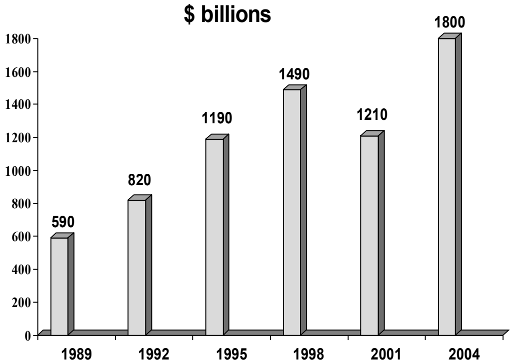
Source: Office for National Statistics, Share Ownership 2004.

(to be expanded)

Dominance of capital export

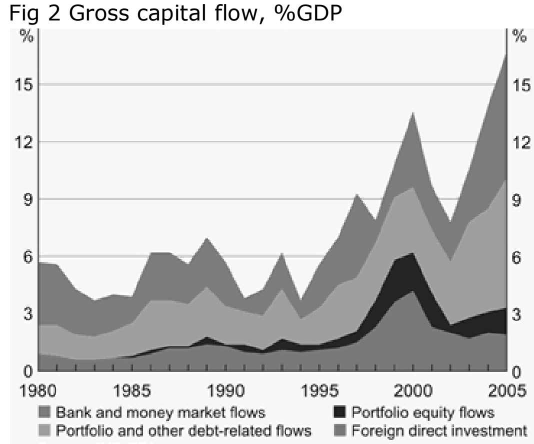
Few people argue these days that capital exports pre-dominate over export of goods and services. This is what people primarily mean by "globalisation" Such flows in 2005 reached an astonishing 16% of world GDP (see Figure 2). Undoubtedly, this has spiked upwards in 2006/7 as cross-border M&As and equity buy-outs have mushroomed. Capital flows underpin current account deficits. Whilst FDI is a prominent feature of all financially powerful states, the rise and rise of bank and money market flows underlines Lenin's insistence on the parasitic and rentier nature of imperialism.

Fig. 1 Forex daily turnover 1989-2004, $ billions



Source: BIS, Triennial Central Bank Survey, March 05

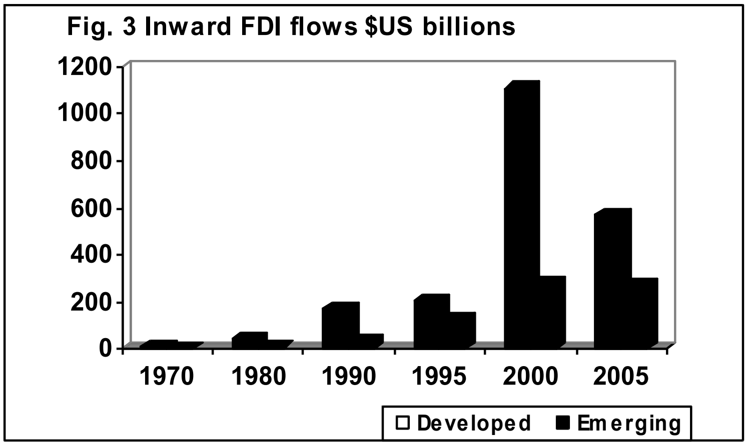
Fig 2 Gross capital flow, %GDP



Reserve Bank of Australia www.rba.gov.au

Most FDI, whilst its proportion is declining, is still between the imperialist powers themselves. It is undeniable that some weaker imperialist states (like the UK) rely on an influx of foreign capital to attempt to raise the overall productivity of their economy and are dragged into bidding for FDI. It is also true that imperialist powers have always sought, not only to dominate the semi-colonial countries, but also other imperialist powers. Equally, success in supply-side intervention is to the advantage of any MNC basing its production facilities in the particular domestic economy concerned. However, it is not credible to suggest, for example, that German, Japanese and UK capital invest in the US because of the *weakness* of the US and therefore the latter's supply-side (neo-liberal) offensive has been implemented out of a necessity to offer better inducements than that of their rivals to rootless MNCs. Again, bond holders are not buying billions of dollars of US debt because of the latter's weakness, but because of its *strength.* The truth is that MNCs cannot *afford not* to invest in the US (or the EU for that matter) if they are to duck the protective walls and effectively retain or win greater market share against other monopoly capital. FDI into the imperialist countries is often not offensive, but a defensive market-seeking move to meet growing competition. Equally, insofar as the dollar remains the benchmark currency, US bonds are the home of any "flight to quality". Even individual national states, like the UK, facilitate the functioning of their own MNCs in a myriad of other ways to defend and if possible bolster their position in the world economy. The UK is relatively weak, but it is not a semi-colonial country.

Meanwhile Foreign Direct Investment into "emerging markets" has dramatically expanded as the major multinationals have sought to establish vertically integrated, cost-cutting affiliates in low-wage semi-colonial and transitional economies, notably China. This has signalled a secular shift in the destination of FDI. Whereas the overwhelming proportion of FDI in the post-war years was primarily between the imperialist economies themselves, from the early 1990s onwards the relative proportions going to the "emerging markets" rapidly changed – albeit mostly finding a home in a small handful of these economies, again notably China (Fig 3)



Source: UNCTAD database

It should be noted that the law of unintended consequences is at work here. Whilst it is perfectly rational for profit maximising MNCs to establish production platforms in low wage economies, the combination of over-capacity domestically (the output gap) and low price imports has accentuated price competition. We have seen therefore, a pronounced disinflationary trend emerging internationally. There is accordingly a permanent threat of deflation. Hitherto, talk of depression and deflation were only considered appropriate in relation to Japan's economic and financial malaise. Now discussion of the D word has broadened - even reaching into the bowels of the Federal Reserve itself.[8] In the late 1990s, noted liberal economist Paul Krugman in his aptly titled book 'The Return of Depression Economics' highlighted '(t)he alarming string of financial crises that plagued the world in 1990s, especially the Asian contagion', and concluded that they 'bear an eerie resemblance to the Great Depression. Instead of the New World Order promised by the triumph of capitalism over socialism, the world economy has turned out to be a much more dangerous place than we imagined' (Krugman, P., 1999). Nothing fundamental has changed since then. Indeed, we have already seen the biggest stock market crash since 1929 starting in 2000, the Argentine peso crisis and debt default at the end of 2001, the continuing depression conditions in Japan, to say nothing of most of Africa and much of Latin America. Despite the recovery of the stock markets since that time, they have still not regained the heights of 2000. And according to all historic indices, they remain massively overvalued (Campbell & Shiller, R., 2001; Smithers, 2004; Morrison, C., 2004). Even more daunting, this continuing stock market balloon has been joined by a house price bubble. It doesn't need a collapse in the housing markets, just a slowdown in the rate of growth below GDP growth for this to undermine consumer demand, taking away the main factor powering growth (Godley, W. & Izurieta 2003). Indeed, historical evidence shows that a housing price collapse has a greater and more immediate impact on consumption than a stock market crash (IMF World Economic Outlook April 2002).

Thus we see that the monopolisation of the world's economy has reached unprecedented heights. The world has never been more tightly integrated. The socialisation of production never more clear-cut. The dominance of the world market by a relatively small number of MNCs has never been greater. MNCs dominate the world economy and are doing so at an increasing rate. In 2003, there were 65,000 MNCs with 850,000 affiliates. These employed 54m (compared with 24m in 1990). Sales of affiliates amounted to $19trn - double world exports (whereas in 1990 the proportions were 50/50). Foreign affiliates account for 10% of world GDP (Source: WIR UNCTAD 2004). This was a central plank of Lenin's view of imperialism. The charge that he somehow abjured competition is unsustainable. On several occasions, he explained that the domination of the world economy by a relative handful of monopolies was not in contradiction with ongoing competition. He simply insisted on the obvious point that monopoly is the dominant form of capitalism under imperialism. Moreover, whilst insisting on the permanent tendency towards oligopoly and cartels, he stressed that there would be periodic break-ups and re-alignments: 'But the division of the world between two powerful trusts (in electricity production) does not preclude the re-division if the relation of forces changes as a result of uneven development, war, bankruptcy, etc' (Lenin, 1916/1924, p 248). And nor did he consider that imperial surplus capital simply found its way to the "backward" countries. To the contrary, he painstakingly documented the flow of capital to other imperialist countries (amongst other things, remember the British Empire still included the "White Dominions"). What he did insist on was the integration of these monopolies with their state, and the national roots of finance capital, and thsus a different form of competition. His polemic against Kautskyian "ultra-imperialism" centred on the inevitability of competition amongst the imperialist states and their trusts.

Borderless world

There is a lot of chatter about a "borderless world" (Ohmae). Most on the radical left argue that the old rivalry between the different state capitalisms has been reduced to one of competition to attract MNC investment - the preferred route of neo-liberal governments to stimulate economic growth. This prognosis is combined with a parallel thesis: that finance capital is no longer nationally based or nationally owned.[9] (Holloway, J, 1996, Barrat Brown, M, 1996). Indeed, in some variants, it is postulated that a transnational capitalist class is in the process of formation (Cox, R. W. 1987; Hymer, S. 1987). To be sure, finance capital has always seen national boundaries as a cage from which they must escape if they are to find a profitable outlet for their surplus capital. But the nation-state is the basis and inextricably bound up with capitalism. So the imperious necessity of breaking down national boundaries is combined with beefing up their own state and integrating it into the dominant monopolies: that is, imperialism. The political conclusion to be drawn from this is the continuing centrality of the analysis of Lenin (and Bukharin) of growing inter-imperialist rivalry. The picture conjured up by our anti-globalists is that monopolisation has reached such a level that it is impossible for any state to compete with MNCs on a global level. This is a return to "supra-nationalism" with a vengeance.[10]

Such self-styled "international state theorists" consider the world dominated by rootless capital. They thus identify the main polarity not between nation-states, but between global capital and global society on the one hand and the national state on the other. They aver that a qualitative shift has occurred between finance capital and the national (sic) state. Michael Barrat Brown, for example, avers: 'These giant companies had increasingly divorced themselves from their original national base. National governments had in effect lost control of them. Hilferding's 'finance capital' had no longer a national identity'. (Barrat Brown, M, 1996). John Holloway puts the same point: 'The established links between groups of capitalists and the state come to be seen as a hindrance once it is seen that capital in its money form attaches to no group of people and no particular activity' (Holloway J, 1996 p 133). If the world were now characterised by "rootless" capital, this would indeed have radical consequences for state re-structuring: it would mark the end of the capitalist state as the instrument of national ruling families in defence of their own capital. It would mean that the bourgeoisie had achieved what Marxists had saved for the working class: the fact that 'they have no country'. The bourgeoisie, that is to say, instead of exhibiting reaction and decay would, as in its infancy, have become *the* progressive class.[11]

These marxisant neo-globalists are fully aware that their views resurrect the ultra-imperialist propositions of Karl Kautsky (Radice, 1985; Wollen, P, 1993; Strange, S., 1998). Meanwhile the trends indicated by Kautsky are updated in the form of an "international state system" (Holloway, ibid; for a summary see Clarke, S, 1991). Thus, John Holloway concludes: 'The competition between national states is not a struggle between national capitals, but the struggle between states to attract and/or retain a share of world capital (surplus value)' (Holloway, ibid). Such a radical change in the structure of world capitalism, concludes Hugo Radice '... require the reconstitution of the state as an enabling institution for capital. This reconstituted capitalist state faces two ways. It operates nationally to control labour and other resources and make them readily available for the transnationals to exploit. At the same time it operates internationally, *in concert with other states* (my emphasis- BG) to ensure the basic legal and institutional prerequisites for global flows of capital and commodities' (Radice, H 1996a, p16). The unambiguous implication is that a new neo-global age of capitalism has dawned where imperialist governments now collaborate to facilitate the functioning of 'Transnationals'. The international role of the state is no longer to promote their own finance capital straining to break down barriers to the attainment of that objective. It is now reduced to that of providing domestic conditions that can attract foreign investment. In other words, that the ever greater domination of the world by MNCs *lessens* inter-imperialist rivalry. This is ultra imperialism with a vengeance!

The content of this anti-globalist vision explains what, at first sight, might seem paradoxical: that they share the same political perspectives projected by their ardent self-styled "inter-nationalist" critics (Hirst, G. & Thompson, G., 1996). The key to any equitable solution, they both insist, is the fashioning of world institutions to control stateless capital - the two sides differing as to what reforms, if any, are necessary to "world institutions" like the United Nations, World Trade Organisation, International Monetary Fund, and Bank of International Settlement.[12] Paul Hirst and Grahame Thompson consider these world bodies are already a framework for "mini-lateralism": a lasting (if limited) collaboration between the "triad" of the US, EU and Japan, reflecting the demise of US hegemony (Hirst, P and Thompson, G, 1996). The inter-state theorists, on the other hand consider that these world institutions need to be transformed into bodies capable of being utilised to promote the interests of the world's exploited producers (Radice, H, 1984).[13] What political agency would force the reform of these multinational institutions is left unanswered. The best that can be said for these authors on such questions is at least they had the merit of raising the issue of the need for reform of these institutions well before mainstream opinion began to debate the matter in the context of the economic catastrophes that have struck the various sectors of the world economy since mid-1997. But the proposals are just as utopian now as when they first raised them.

International bodies do indeed adopt agreed rules of governance meant to regulate the mutual functioning of participating states. For a whole period, these bodies were able to impose some discipline on independent states. But this simply reflected the fact that they were dominated by the US, at the apex of the world order, rather than the supra-national powers of the institutions themselves (Glyn, A and Sutcliffe, B 1992). There is no question that the major imperialist powers have a common interest in opening up new areas for exploitation both in the Third World and the Transitional economies[14]. To that end, there can be commonly agreed rules and regulations enforceable by world organisations, repudiations of which will be ruthlessly punished. In this regard, whilst the anti--globalists have noted the significance of the dramatic lowering of transactions costs, they have ignored what might be termed 'enforcement costs' (Epstein, G., 1996). The very restlessness of capital looking for an adequate rate of return has increased the risk to investment and financial movements. Without enforceable rules and body of contractual law, such investment would be too precarious. It is through such agencies as the IMF and World Bank that the stamp of approval or otherwise is gained for access to credit and FDI by risky Third World and Transitional economies. But without state sanctions and, in the last instance, military force these bodies would not be able to extend the guarantees which private investors require (Frank, E.T., 1994). In this regard, these international institutions are still, in the last analysis, the tools of the US against its rivals (Nye, JS, 1990). In effect, it is the US that acts directly, or indirectly, against those governments that threaten to, or actually break out of, the straitjacket - from Yugoslavia to N. Korea; from Iran to Cuba; or, from Libya to Iraq. Often, the US has utilised the cover of the UN relying on the more or less open or tacit agreement of other imperialist powers (and Russia and China) that have a common interest in such interventions. But it is quite prepared to act unilaterally or through NATO (more often than not, backed, solely, by London – and Israel), when such consensus cannot be achieved. However, the US no longer has the untrammelled power that it once enjoyed. The relative advance of French, German and Japanese imperialism has simply transformed other international bodies into arenas for inter-imperialist struggle itself. Their established rules and regulations are no more than a reflection of the given relation of forces. It is simply wishful thinking to suggest that such supra national 'world institutions' can police some New World order on the basis of mutual self interest and collaboration.

Those that suggest that the dismantling of barriers to capital flows, reductions of some restrictions of foreign trade and the more or less generalised implementation of neo-Liberal policies by national governments is leading to a "Borderless World" are, however, living in a time warp. It seems rather churlish to point out to such observers the obvious fact that nationalist and chauvinist tendencies are on the *rise*, not decline, in all imperialist countries. Today's dismantling of barriers to capital flows and MNC investment (globalisation), far from removing borders, is a reflection of intensified inter-imperialist rivalries. "Free Trade" or dismantling barriers to capital flows is always the battle cry of the strong against the weak. Just as in the 1930s Great Depression, as the prospects for the world economy deteriorate, imperialist powers will not act in concert out of enlightened self-interest. Capital must expand - or it dies. With a diminishing cake, this of necessity means nationally based capitals gaining new spheres of investment, increasing market share and cornering raw materials at the expense of imperialist rivals (Petrella, R 1996). Every monopoly enterprise attempting to function in the world market demands the support of their government, their state (and in the last analysis, its military power) to support them against their foreign rivals both at home and abroad and seek to extend the part of the globe dominated by their MNCs and oligopolies. The facts point in the opposite direction. As Dunning puts it: 'Increasingly governments, too, are beginning to view their role as harvesters of the rent generated by *global* economic activity and as protectors of *their own enterprises* from unacceptable economic strategies pursued by other governments'. National states bolster their own MNCs by socialising much of their costs (through R&D, for example), through NTBs, VERs, subsidies and through government procurement policies amongst other things (Dunning, JH 1993 pp 611-12 ff; Petrella, R, 1996).

Indeed, it is national self-interest that lies behind the moves to liberalisation of capital flows. And the pressure for such liberalisation taken by national states came as a result of the big banks and MNCs. Situated in today's world, imperialist states remain, "state monopoly capitalisms" rather than that of "rootless" MNCs tied to no nation-state or national capital. Competition between state capitalisms is once more on the rise. Such a scenario has led to world war twice this century. Whilst it would be absurd to suggest that inter-imperialist competition will at this point be resolved through force of arms, nonetheless, the tendencies which lay behind the catastrophes of world war in the past, rather than having been eliminated, are once more asserting themselves. We can see this in proxy struggles in the third world as various imperialist powers work with competing indigenous forces to assert their dominance, one over the other.

In pursuit of such objectives, imperialist states today continue to erect those barriers to cross border capital flows that they consider to be in their national interests. At the most elementary level, the OECD, EU directives and each state's own rules and regulations provide detailed controls governing inward investment and foreign take-overs by the multinationals. The concept of 'administrative guidance' in Japan; the prior judgement of 'national interest' in each case of MNC FDI in France; German systematic intervention to protect 'key sectors' against hostile take-over; and, the US, amongst other controls, has the power to limit foreign investment in individual US companies to 25%; and even the UK can (and does) utilise the power of the Monopolies and Mergers Commission against unwanted take-overs (Bailey, D, et al, 1994; Akyuz Y. and Cornford, A., 1995b). Despite all the changes in the functioning of the MNCs, it remains the case today that the bulk of investment goes into the home market. This is key to each state concentrating its capital in its main sector of strength.[15] If anything, global competitive pressures have strengthened the national state (Porter, M.E., 1990). At the most basic level, the way that leading politicians tour the world's capitals seeking orders and markets for their own monopolies is testimony to the continuing centrality of the state (Hu, Y-S, 1992, pp 107-26; and Streeton. pp. 125-36). Indeed, globalisation itself brings the national roots of MNCs into sharper relief by reinstating the hegemony of a single headquarters from which emanates global strategy. Of course, the possibility of retaliation is an important constraint in this regard. Cross-border take-over and FDI investment is a two-way traffic.

The national market remains the bedrock to successful international functioning. Thus, the top 100 monopolies have significantly larger domestic assets than that invested overseas *(UN World Investment Report*, 2005). International mergers, take-overs and acquisitions have accelerated. But genuine multinational ownership is still the subordinate form: 'Alliances, formal and informal are becoming the dominant form of integration in the world economy', explains Peter Drucker. Such alliances span: '... joint ventures, partnerships, knowledge agreements, and out-sourcing agreements. In alliances, investment is secondary, if there is any at all'. Some alliances do, of course involve substantial capital investment such as those that have been constructed to bid for big military, aircraft or other prestige contracts. 'But even then, the basis of the alliance was not capital but complementary knowledge. ... More and more, investment of any size is symbolic - a minority share in each other's business is regarded as "bonding" between partners. In many alliances there is no financial relationship of any kind between partners.' (Drucker, P.F., 1994. See also Petrella, R., 1995 p. 37-8; Lazar, F., 1995 p. 281). Other alliances, like that in the production of the European Airbus aircraft, simply farm out the different bits to different nationally-based companies. Alliances can just as easily be broken as constructed. Company control through boards of directors still firmly rests with the nationals of the home country. And, of course, the final destination of the bulk of the profits of overseas-based companies (often through off-shore banks and the like) is to the bourgeoisie in the home country. It is the inseparable national ties of finance capitalism that informed Vladimir Lenin's and Nikolai Buhkarin's view of state monopoly capitalism (Lenin, VI, (a) 1917/64; N Bukharin 1972).[16] This view is no less valid today. Karl Kautsky was the first to pose the possibility of "world capital" during the First World War.[17] But as Vladimir Lenin replied: such a theoretical possibility could only be envisaged if uneven development between the imperialist powers had been overcome - a utopian dream. World imperialism is today further away from ironing out its uneven development than at the time Lenin was writing.

US: The final Empire

Failure to appreciate such distinctions pervades the views of those opposing the neo-globalists. This might be christened the inter-nationalist approach to state relations (Dicken, P. 1998 Ch. 6; Hirst & Thompson, 1997;, S. 1995). The most crass of these alternative visions is that which posits the state as a "container" - which encases everything from frontiers, currency, language, to culture – and is given an overweening importance in determining unique business cultures (Doremus, P.N., Keller, W.W., Pauly, L.W. & Reich, S. 1998). These authors, amongst others, in rejecting the view that the nation state has lost its national moorings, throw the baby out with the bath water. Any notion of a world system is rejected in favour of a "billiard ball" view of inter-state relations based on a 'web of interdependencies' (McGrew, A.G., 1992). These ideas are little more than pluralist thinking writ on a world stage. Nation-states are put alongside world institutions; MNCs are put on the same level as international trades union federations, and so on. Moreover, this is all by way of erecting a neo-Keynesian perspective positing the role for such independent capitalist states as mutually reinforcing spars of a new world-edifice. Whilst pointing to some residual underlying conflictual relations, Hirst and Thompson assert that given the "triadic balance' between regions dominated by the US, Japan and Germany, they have a mutual self-interest in maintaining and regulating world institutions and therefore inter-state collaboration (Hirst, P and Thompson, G, 1996 pp 128-9 ff; see also Walter, A, 1993. For a somewhat different notion of "regionalisation", cf. Ohmae, K., 1995). This conclusion flows from their view of the role of the capitalist state, which they see as purely regulative of the anarchy of the market – a corrective to 'market failure' - albeit on a world scale (See also: Hutton, W., 1995; and Gray, J., 1994). Inter-state collaboration is therefore seen simply a natural extension of their national role. To be sure, such an optimistic vision is countered by some, who see such underlying collaboration as a way of keeping (Third World) debtors in line. This was the 'sort of collective colonialism feared and predicted by Kautsky in his famous disagreement with Lenin in 1915', writes Susan Strange. 'Where Lenin predicted the inevitable clash of national capitalist-imperialist states, Kautsky argued that their common interest in maintaining a stable but open world economic order would lead the imperialist powers to collective intervention into what were then, still, colonies. On the whole, Lenin has been proved wrong, and Kautsky - and the late Ernest Mandel - right' (Susan Strange 1998, p. 94).[18] Who now believes in the possibility of establishing a New World Order? No mere extrapolation from the "Golden Age" - when inter-imperialist collaboration was more prominent - will suffice. For unevenly developing nation-states to maintain shared objectives during that period required US hegemony to weld it together. This could only be achieved by the overweening economic power of the US and its military might propping up the shared ambition (the Cold War) of the other imperialist powers. This, in turn, rested on the rock of sustained world economic growth and stability.

On unequal exchange, there is no question that Marx considered not only to exist, but of some import: '… nations may continually exchange with one another … without for that reason necessarily gaining in equal degrees. One nation may continually appropriate for itself a part of the surplus labour of the other …' (Grundrisse p. 872). Or again, '*Say*, in his notes to Ricardo's book … makes only *one* correct remark about *foreign trade*. Profit can also be made by cheating, one person gaining what the other loses. Loss and gain within a *single* country cancel each other out. But not so with trade between different countries. … Here the law of value undergoes essential modification. The relationship between labour days of different countries may be similar to that existing between skilled, complex labour and unskilled, simple labour within a country. In this case, the richer country exploits the poorer one, even where the latter gains by the exchange' (Marx, 1972 p 105). That is to say, even in the age of free competitive capitalism, the exchange of commodities with different productivity levels is an unequal one.

To be expanded together with the notion of labour aristocracy

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[1] It is true that Brenner - alongside Ellen Meiksins Wood - has recently used the theoretical apparatus he constructed in this debate, and his broader historical writings on the development of capitalism in England/Britain, to intervene into a contemporary debate on the nature of imperialism – see below.

[2] Robert Holton identifies a third approach: what he dubs "eclectic Marxism". Perry Anderson is offered as the archetype of this category (Holton, R.J., 1980). To do him justice, Holton does, in fact, argue that Marx himself is eclectic when, along with many others – including Robert Brenner – he suggests that there are a number of theories of social change to be identified in Marx's writings: essentially, that to be found, respectively, in the "early" and "late" Marx. I, of course, have a stake in this criticism of Marx: I disagree with all of the major protagonists. Marx's first thesis on Feuerbach best sums up Holton's approach: '… he regards the theoretical attitude as the only genuinely human attitude, while practice is conceived as fixed only in its dirty-judaical from of appearance. Hence he does not grasp the significance of "revolutionary", of "practical critical" activity.' (Marx, K. 1845/1968 p. 28). Such a judgement is not only applicable to Holton.

[3] We are not talking here about a strict historic progression. The different forms of obligation to the Lord often co-existed. But the money form did in fact predominate in England: 'Through a process of struggle, the capacity to resist of the peasantry had developed to such a degree that the Lord could no longer solve his revenue problems through greater exploitation of the peasantry. This forced the landlord class to seek its appropriation of part of the peasant surplus through money rent. 'As the thirteenth century wore on, wages dropped so low and rent so high that the Lords were induced to commute labour rents and lease them on the market. But low wages and high land prices reduced the incentive to opt for capital using labour-saving innovations' (Brenner, 1985)

[4] Capitalist England started out as a supplier of raw materials - cereals, wool, leather, and metals. The home market was too small to make this an economic proposition. Accordingly, quite early commercial capitalists began to look for markets abroad starting in the second half of the fifteenth century. The exports of this industry became so important that, as Lawrence Stone – one of Brenner's mentors - put it, '(by this time), England's trade ... consisted in bartering a single product, cloth - the result of what, for the age was a truly gigantic industrialisation involving a great agrarian economy and a change in the whole pattern of internal economy - in return for a number of articles ... together with a range of industrial finished products of every kind' (Stone, L., 1965 p., 39).

[5] This is Marx's full statement: ''This is fundamentally wrong, since capitalist production develops first of all in industry, not in agriculture, and only embraces the latter by degrees, so that it is only as a result of the advance of capitalist production that agricultural profits become equalised to industrial profits and only as a result of this equalisation do the former influence the latter. Hence it is in the first place wrong historically. But secondly, once this equalisation is an accomplished fact—that is, presupposing a level of development of agriculture in which capital, in accordance with the rate of profit, flows from industry to agriculture and vice versa—it is equally wrong to state that from this point on *agricultural profits* become the regulating force, instead of the influence being reciprocal. Incidentally, in order to develop the concept of rent, Ricardo himself assumes the opposite. The price of corn rises; as a result agricultural *profits* do not *fall* (as long as there are no new supplies either from inferior land or from additional, less productive investments of capital)—for the rise in the price of corn more than compensates the farmer for the loss he incurs by the rise in wages following on the rise in the price of corn—but *profits fail* in industry, where no such compensation or over-compensation takes place. Consequently the *industrial profit rate* falls and capital which yields this lower rate of profit can therefore be employed on inferior lands. This would not be the case if the old profit rate prevailed. Only because the decline of industrial profits thus reacts on the agricultural profit yielded by the worse land, does agricultural profit generally fall, and a part of it is detached in the form of rent from the profit the better land yields. This is the way Ricardo describes the process, according to which, therefore, industrial profit regulates profit in agriculture.

If agricultural profits were to rise again as a result of improvements in agriculture, then industrial profits would also rise. But this does not by any means exclude the fact that—as originally the *decline in industrial profit* causes a decline in agricultural profit—a *rise* in industrial profit may bring about a rise in agricultural profit. This is always the case when industrial profit rises *independently of the price of corn* and of other agricultural necessaries which enter into the wages of the workers, that is, when it rises as a result of the fall in the value of commodities which constitute constant capital, etc. Rent moreover cannot possibly be explained if industrial profit does *not* regulate agricultural profit. The *average rate of profit* in industry is established as a result of equalisation of the profits of the different capitals and the consequent transformation of the values into *cost-prices*. These cost-prices—the value of the capital advances plus average profit—are the *prerequisite* received by agriculture from industry, since the equalisation of profits cannot take place in agriculture owing to landownership. If then the value of agricultural produce is higher than the cost-price determined by the *industrial average profit* would be, the excess of this value over the cost-price constitutes the absolute rent. But in order that this excess of value over cost-price can be measured, the *cost-price* must be the primary factor; it must therefore be imposed on agriculture as a law by industry (Marx, K. 1972: 99-100).

[6] C.f also Lenin:' Contrary to mechanical and one-sided thinkers, economic and social development doesn't occur in a symmetrical and all-sided manner. It is erratic and lop-sided. It doesn't develop in a straight line, but in a curve (cf. Lenin, V.I., 1899/1956 p. 34 on the different roads to the development of capitalism: "Junker way' and the "American way").

[7] A fuller synopsis reads:

'The supplanting of free competition by monopoly is the fundamental economic feature, the *quintessence* of imperialism. Monopoly presents itself in five principle forms:
(1) cartels, syndicates and trusts - the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists;
(2) the monopolistic position of the big banks - three, four or five giant banks manipulate the economic life of America, France, Germany;
(3) seizure of the sources of *raw material* by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital);
(4) the (economic) partition of the world by the international cartels has begun. There is already over *one hundred* such international cartels, which command the *entire* world market and divide it "amicably" among themselves - until

war *divides* it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed' (Lenin, V.I., 1916b)

[8] Thus the Federal Reserve issued an International Discussion Paper in June 2002 'Preventing Deflation: Lessons from Japan's experience in the 1990s' (Ahearne, Gagnon, Haltmaier, and Kamin, 2002)

[9] Hugo Radice clearly wants to have his cake and eat it.'(N)o one (sic) has ever denied that TNCs ... start out from their "home base", and if that happens to be a relatively very large economy (USA, Japan), the home base will continue to dominate their economies *quantitatively*; this is not the case, however, for TNCs from smaller and/or more historically-internationalised states like the UK, Netherlands, Canada,, Sweden, and Switzerland. ... Of course their management, their basic R&D and above all their ownership remain predominantly national, although even here there is a trend away from the *purely* national ...' (pp 5/6 - emphasis in original)

[10]In the period before the ending of the post-war boom, a number of authors elaborated the notion of supra-imperialism which judged the US to be so powerful - and would grow ever more so - that serious inter-imperialist competition was ruled out (Magdoff, H, 1966; Baran, PA and Sweezy, PM, 1966).

[11] War, brutality, and degradation cannot be the yardstick as to whether a particular mode of production is playing a progressive or reactionary role in world history. The horrors of the industrial revolution and colonial exploitation did not negate the fact the British was, at that time, playing an historically progressive role.

[12] In fact these views are a simple (unacknowledged) renderings of "realist" international relations theorists, developed well before the vogue "globalisation" debate (see for example Keohane, R.O. and Nye, J.S., 1977). In a later article, Keohane presented this virtually identical rendering: ' … the common interest of the leading capitalist states … are strong enough to make sustained co-operation possible' (Keohane, R.O., 1984, p. 43)

[13] 'It is time to challenge the neo-liberal globalists on their own ground' writes Hugo Radice, for example, in this same pamphlet ' ... with a practical (sic) vision of a collective, democratic intervention to re-regulate the world economy, and rein in the excesses of the free market with effective policies and instruments. We should support a reconstitution of the Bretton Woods and UN economic bodies, but in a totally different direction to that being sought by American and British finance capital. The unfettered flows of private capital ... should be replaced by public or publicly-regulated transfers to the poorer regions. Trade flows should be guided *up*, not level down, conditions of work and production throughout the world'. Wouldn't it be nice!

[14]The economies of the former Eastern bloc didn't begin their transition to capitalism in 1989. They have been transitional economies since their formation. There is no such thing as "socialism in one country". So it has always been quite inappropriate to designate these States as socialist, let alone communist in the classical meaning of that term. Marxists have used the "transitional" designation since the 1920's. And with the political counter-revolution of the Stalinist bureaucracy – in the mid 1920's in the former USSR - the direction of these economies has been back towards capitalism, rather than forward towards socialism. But actually restoring capitalism is easier said than done - as the "West" is now finding out (for an analysis of social character of these states, see, amongst numerous others of his writings, see Trotsky, L, 1936/70; see also, Hansen, J., 1974; Barnes, J., 1983; and Waters, M-A., 1984).

[15]Experience of Eastern Europe underlines this point. 'Big Western players moving into Eastern Europe' reports Peter Gowan 'have typically required governments there to provide them with monopolistic control of the local market. VW require monopoly protecting tariffs on Czech car imports before investing in Skoda, British rolling-stock companies demanded similar monopoly rights when it bought Ganz in Budapest. general Motors required the right to import its cars duty-free into Poland as a condition for investing in FSO Warsaw, whilst requiring high tariffs on non-GM cars. For TNCs "globalisation" and national autarchy for their target sector fit perfectly together' (Gowan, P, 1995)

[16] Hugo Radice presents this framework in a totally idiosyncratic fashion. As he sees it, Bukharin's (and by implication, Lenin's) view supposedly asserted that "nationalisation" of the state actually structures the 'internationalisation' of the world economy. Such a framework was the complete opposite to that presented by the Bolsheviks under Lenin. For them, any national social formation was a concrete combination of international relations. It was the international situation of world capitalism that demanded the integration of the state into monopoly capitalism, not the other way round (See Radice, H. 1984)

[17]For Kautsky, the inter-relation between imperialist states is no more than a policy decision of imperialist governments, not the lawful workings of capitalism which are beyond any government's control. This is where the "inter-state" authors meet up with the "anti-globalist" analysis of writers like Hirst and Thompson.

[18] The reference to Ernest Mandel is based on his theorisation of a new stage of capitalism developing in the post-war world so-called "Late Capitalism". There are indeed echoes of Kautsky in this notion, but he would have violently objected to such an epithet (Mandel, E. 1975, c.f. also Sutcliffe, B, 1972)