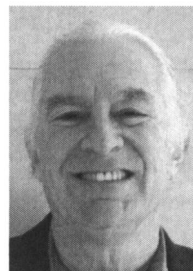


CAPITALISM: SOME THEORETICAL RECONSIDERATIONS

David Laibman

David Laibman, Professor of Economics at Brooklyn College and the Graduate School, City University of New York, and Editor of *Science & Society*, a quarterly journal of Marxist scholarship. His research interests cover a range of topics, from the development of Marxist economic and social theory to the theory of economic growth and technical change, finance, and the theory of the socialist economy. His most recent book is *Deep History: A Study in Social Evolution and Human Potential* (2007). Email: dlaibman@scienceandsociety.com



Abstract: Attempts to understand the current economic crisis, the present stage of world capitalist development and the nature and role of socialist forces will be inconclusive and non-convergent, unless they are based on a rigorous foundation in the theory of capitalist surplus extraction in its pure form, and of the stadial (stages-based) nature of capitalist evolution. Capitalist exploitation rests upon three pillars: differential property ownership, workplace hierarchy and coercion, and existence of a social upper class; these pillars in turn require for their support the market, developed industrial production, and the modern state. Stadial development proceeds through four stages, based on the distinction between diffusion and accumulation, which in turn operate internally and externally in relation to the nation-state. Full capitalist development, in light of this model, is much less ubiquitous in today's world than is usually believed, and much less close to complete stadial fulfillment. Socialist forces must confront these realities in order best to build conditions for socialist construction and social transformation.

Key words: capitalism, social systems, social evolution, historical materialism, Marxism

In early 2010, the world economy is poised on the brink of profound crisis and restructuring. The events following the 2008 collapse of the housing market in the United States—referred to in that country as the “Great Recession”—increasingly appear as only one link in a chain that extends backward to the Asian financial crisis at the end of the last century and the “dot com” bubble of 1998–2000, and forward to the threatened Dubai default and undoubted further eruptions of economic turbulence still to appear. This chain, moreover, seems more and more to be a series

of precursors, or harbingers, announcing a much deeper worldwide disruption of capital accumulation and social reproduction.

To get to the heart of the current crisis, however, Marxist theory must situate that crisis within a rigorous approach to the evolution of world capitalism on a much longer time frame. From 1848 onwards, Marxists have tended to accept a foreshortened view of capitalist development, and to think of “the present”—whenever that might have been—as the fullest expression of advanced capitalism, ripe for socialist revolution and social transformation. It is understandable that people want to see decisive change “in their own lifetimes.” History may, however, operate on a longer schedule than we often think. In order to examine this issue, we will need to revisit the foundations of the subject: the theory of the capitalist mode of production at the most general and abstract level. This, in turn, will involve two related inquiries, into the precise nature of the social relations that define capitalism, and the theory of that system’s stadia—stage-based—evolution.¹

This article will sketch an approach to this enormous territory, which covers a large share of the topics that have traditionally defined the field of political economy. This is both impossible, and presumptuous! No attempt will be made to even scratch the surface of the many literatures that address these topics. The exercise can be justified only if one believes that any attempt to understand the present world situation must ultimately rest on a secure theoretical foundation, and that much work remains to be done in developing and perfecting that foundation.

We will proceed from the most fundamental level of this terrain, and move forward. The first section focuses on the first set of issues: sorting through the multiple, and conflicting, “capitalisms” that appear in many descriptive sources to see what might be involved when we try to identify that system’s essential elements. The second section addresses the stadia aspects of capitalist development, and proposes a framework of *theoretical stages* to activate the insights from the diverse approaches to periodization found in the Marxist literature. The third section concludes, by drawing some implications of the models of the previous sections for the current world economic crisis; and for the way Marxists should think about socialism, in both the 20th century and the present.

The Nature of Capitalism

Methodological preliminaries

It is tribute to the power of Marxist thought that use of the term “capitalism” has penetrated into almost every level of scholarly and popular discourse. But herein lies a major obstacle to clarity. “Capitalism” often refers to anything the user of the term does not like, especially when it is applied, as it is by some on the left in the

United States and Europe, to countries where working-class and Marxist parties have state power. It is equated with: self-interest; greed; instrumental rationality; markets (especially, “free” markets); bureaucracy; dominance and exploitation in general; and so on. In particular, “capitalism” is used as a synonym for general, presumably immanent and inevitable, features of “human nature” (e.g., self-interest, the innate propensity to exchange, desire for betterment) or the human condition (e.g., scarcity, the need to optimize under constraint, etc.); this is so whether the features in question are being condemned or celebrated.

To add to the confusion, the noun capitalism has been combined with many qualifying adjectives, and those who assign these adjectives often do not say whether they signify a particular stage of capitalist development, or a regional or temporal peculiarity; or, rather, are merely amplifying the general definition. To illustrate: the core Marxist literature from the 20th century refers to finance capitalism, monopoly capital, state-monopoly capitalism.² These terms referred to a late stage of development, which, however, was often based on a rough descriptive observation of change rather than a careful theoretical definition. Additional adjectives (the list is undoubtedly incomplete) are: pentagon, consumer, crony, casino, neoliberal, money-manager, shock. One must eventually wonder whether the term “capitalism” means anything at all.

Much thinking about capitalism that is soundly based on Marxist premises has also, in my view, suffered from a common methodological error: failure to distinguish adequately among levels of abstraction, so that the “mode of production” concept is applied in an unmediated way. The Marxist literature presents the distinction between *mode of production* and *social*, or *socioeconomic formation*.³ The former refers to the abstract essence of a consistent system of productive forces and production relations, one that—in the case of antagonistic classes—establishes precisely a pure relation between classes that results in surplus extraction (exploitation) of a particular type, with a corresponding process of reproduction of the power of the dominant class and the subaltern position of the oppressed/exploited class. In the *mode of production*, this relation is “laid bare” in its pure form. Any historically evolved *social formation*, on the other hand, consists of a more-or-less complex combination and intermingling of modes of production, resulting from contact among peoples at different levels of development as a result of geographic variation and isolation, as well as a variety of contingent factors. Whenever we speak of a capitalist “country,” for example, we presumably refer to a capitalist *social formation*, by which we mean one in which the capitalist *mode of production* is dominant, while other modes of production are present in varying degrees. In a metaphor that I have found useful (Laibman 1992: ch. 13), the modes of production of historical materialist theory are the *primary colors*, out of which the *complex hues* of really existing societies are created.

In many cases, the dominant mode of production within a social formation is able to define the dynamic—the directionality and quality of development—of the society. In other cases, the dominant mode of production is significantly “overdetermined” (a term borrowed from the French Marxist philosopher Louis Althusser; see Althusser and Balibar 1970) by other social realities, and these come either from the country’s past, or from interventions by external forces (e.g., military or economic conquest). Either of these situations may result in loss of internal directionality—a situation described by Marx and Engels by means of the (perhaps unfortunate) phrase, “peoples without history.”⁴ Of course, this overdetermined status is never permanent, and inner directionality may always re-assert itself in particular cases.

The confounding of levels of abstraction has one important result: a tendency to absolutize the presence of the dominant mode of production in any historical period. If we think of a mode of production in insufficiently mediated terms, we assume that, once it emerges on the scene, it rapidly becomes universal; at least dominant and directional in all social formations affected by it. This assumption is especially tempting in the case of capitalism, which has—as Marx and Engels observed in a well-known passage—a unique proclivity to “nestle everywhere, settle everywhere, establish connections everywhere” (Marx and Engels 1998: 7), an inherent urge to expand and extend its sphere of domination. This presumption—the mode of production that defines a stage of social development is ubiquitous in that stage—has resulted in a view of the long sweep of history as one in which an ancient, or slave, stage was “replaced” (at what must be a relatively compact moment of time) by a feudal stage, in turn to be “replaced” (at another common moment) by capitalism, and so on. This picture is, of course, vulnerable to empirical critique: non-Marxist historians are fond of pointing to the complexities and coexistences and diversities present at any chronological moment—a year, decade, or century—all of which seems to upset the stadial conception in its entirety, and with it any sense of the progressiveness or directionality of history overall. Succumbing to this critique, many Marxists not only lose track of the general line of evolution of human societies, and thus of the scientific foundation for the socialist project; they also lose the methodological insights afforded by clear distinction between the two levels of abstraction, mode of production and social formation.

Chief among these insights is the observation that the mode of production whose dominance defines a stage of social development need not occupy the bulk, or even a majority share, of the social “space” over which the stage is defined. Historians have pointed to growing evidence, for example, that the manorial economy in England, in which the classic relation between lord and serf was present, may have involved a much smaller share of the total population than was once thought, with most agriculture carried out by an independent peasantry throughout the first millennium CE and beyond. To naive empiricists, this amounts to a refutation of the very notion

of a feudal “stage” in British and Western European history. From the point of view of theoretical history, however, it merely suggests that the feudal relation, while relatively “rare” in its own period, played a crucial role as the hothouse, or incubator, of a new kind of surplus, based on a new kind of productive forces development, one that could serve as the foundation for expansion of market relations into decisive social terrain that they could not have otherwise occupied. Feudalism, therefore, has special significance for the subsequent, capitalist, stage, but a significance that will not pop into the empirical binoculars of non-theoretical observers.

Now my first claim about capitalism in today’s world will be that it too is much “rarer,” in the strict empirical sense—much less omnipresent—than practically all contemporary discourse sees it as being. Of course capitalism, through financial and market penetration emanating from the world centers of advanced capitalist development, has *influenced* social formations on the ground in all other parts of the world, as Marx expected it would. But to determine the actual capitalist nature of the social formations on all continents, we need to have a clear concept of exactly what capitalism, in its pure essence, is. This is equivalent to asking: when all fortuitous, external and vestigial aspects of a given capitalist social formation are stripped away, so that what is revealed is the pure substance of capitalist exploitation (the relation between the two defining classes), what *is* that substance? Amazingly, the question has rarely been asked in this way, and the answer that I will propose may be surprising in some respects.

The core content of capitalist exploitation

Marx famously asserted that the inner nature of things is not readily apparent: “If appearance and reality coincided, all science would be superfluous.” The disjuncture between appearance and reality, however, is not an eternal, existential “fact of life.” It has a historical character as part of the evolving social totality. In particular, I argue, it is qualitatively enhanced under capitalism. A preliminary definition of *capitalism*, in fact, might well be: *the class-antagonistic mode of production for which mystification of its own social relations is an inherent and necessary component of those relations themselves.*

This rests on a general historical materialist proposition: human societies tend to evolve systems of production relations that are sufficient to permit the operation and development of the productive forces. Until the advent of socialism and communism, this does not happen in a conscious, intentional way. A random-variation/adaptational-advantage process akin to Darwinian natural selection operates: spontaneous changes occur in the social systems that organize the performance of labor and the disposition of its product, and these changes fulfill the needs of those in control of those systems. They are then widely implemented and form the basis for a subsequent moment in the evolutionary process, either as cumulative change within

a qualitatively distinct system, or as a transformative move to a new, higher, stage in human development.

The intentionality that guides development of the productive forces never, or rarely, operates at the level of concerns for increasing productivity or human development in general. It is almost always mediated through the needs of ruling classes to protect and extend their surplus-extractive power, and these needs in turn are formulated in intensely ideological terms, especially involving religion, royalty, and (in later periods) nationality. The ideological apparatuses, in earlier periods, are used in support of mechanisms of coercion and control over labor that operate in obvious, “physical,” ways: the direct confinement and brutal compulsion of the slave, the geographical isolation and legal constriction of the serf, the military subordination of the peasant subject to periodic “taxation.” Capitalism, by contrast, emerges when further development of production requires a higher system of coercion and incentive—one that uniquely avoids all direct physical or military subordination, relying instead on autonomy, individuality, citizenship, political sovereignty and protection under law, goods that are held by all individuals, *including* members of the subaltern class. This requires a highly sophisticated combination of elements, all of which must be present for capitalist surplus extraction to operate spontaneously and reproduce itself effectively.

The classical Marxist literature focuses on the unique role of markets in capitalist conditions—their conquest of the entire terrain of production and social relations. This emphasis on the law of value and the valorization of social relations under capitalism remains important as *one* of the “prerequisites” of capitalist exploitation, and I will retain it in that role. I see it, however, as the first of *three* prerequisites for the pure process of capitalist surplus extraction. The second is a sufficient development of production itself—certain qualities of the labor process that come into existence rather late in the first transition to capitalism in Great Britain, Western Europe and the United States, associated with the Industrial Revolution. The third is the emergence of the modern state, as both a specialized set of institutions for overall political coordination and the site of a representative procedure for selecting state managers. We have, then, as fundamental determinants or prerequisites: *market*, *industrial production*, and the *state*.

These, as it turns out, combine in pairs to support what I will call the three “moments” enabling capitalist surplus extraction. The moments are: differential property ownership, coercion in the workplace, and the social upper class. In the remainder of this section, I will describe this model more fully.⁵

Differential property ownership refers to the accumulation of the bulk of property rights in the means of production in the hands of a nascent capitalist ruling class. This concentration of ownership does not have to be total; there can be (and always have been) intermediate strata based on small-scale private property. The historical

process of “primitive accumulation” resulting in this concentration of ownership is not our present concern (see, however, the following section).

The question, here and throughout, is: *why* would the subaltern population accept vast inequalities in property ownership, and consequently in income and power, when that population possesses all of the powers associated with its “free” status enumerated above? The enforcement mechanism is clear in the case of precapitalist exploited populations; under capitalism, however, in the absence of those obvious “non-economic” coercive forces, the common acceptance of differential property ownership and its outcomes cannot be simply assumed (perhaps because it “seems natural”); it must be rigorously explained. Capitalist societies are not built on ideological control alone, especially when that ideology rests so heavily on political rights. Why doesn’t the propertyless majority use its political power, however latent this power may be, to abolish differential ownership through legislative and judicial means? This question has been the source of sleepless nights in high social places since the days of the Enlightenment.

Differential ownership draws support especially from the *market* and the *state* (two of the three fundamental determinants). The widespread existence of market relations is a clear prerequisite: the market makes social relations, including property relations, appear to be coming from some autonomous “place” that is independent of the will of particular individuals; the “laws of the market” come to dominate “us all.” This is the famous “fetishism of commodities,” for which the classic source is Marx’s *Capital*, Vol. I, ch. 1, sec. 4 (Marx 1967). The rights of the wealthy to their property, and the fruits thereof, are protected by the formal similarity of those rights to those of owners of residential property, or other non-productive wealth. There is what I call the “lottery effect”: the idea that the division between wealthy owners and poor non-owners is a matter of chance, or luck, and that “some day my ship will come in”: my chance to become wealthy myself rests upon my acquiescence in the system of differential ownership, and rewards.

The state, the second prerequisite for effective differential ownership, is the site of the legal institutions that enforce contracts and impose sanctions on those who violate contracts. It is important to note that the market on its own would most likely fail to support differentiation of ownership and its maintenance over time, without the legal system, and ultimately the police power that enforces the law.

With differential ownership of means of production in place, is that sufficient? Respect for ownership does not automatically lead to actual performance of labor at the level required for surplus extraction, so this requires, in addition, an extensive hierarchical system of control, often quite authoritarian, in the typical capitalist workplace. Modern economic theory captures this under the concept of “incomplete contracts” (Salanié 1997; Bolton and Dewatripont 2005): the employer and worker can enact a bargain, a wage in exchange for surrender of control over one’s labor

power for a given period, but the extraction of labor from this labor power—the intensity of labor, its internal duration, and the perspicacity and attentiveness with which it is executed—remains uncertain and subject to systems of coercion and control within the workplace. Again, formal respect for property rights does not explain this aspect of surplus extraction. The worker is always free to leave, to walk off the job, at any moment, without legal or physical sanction, and yet s/he submits to the authority of foremen, overseers, supervisors, and in general to the despotism of the factory or office. This too calls for further explanation.

Once again, we draw upon the underlying prerequisites for support, and this time the pair (from among the three possibilities), is market, and industrial production. We examine the market aspect first.

Fetishism is no more important than in the case of the “peculiar” commodity, labor power (Marx 1967: ch. 6). The worker in the pure capitalist environment emerges as the (business-like) owner of her/his capacity to work, and this commodity—both its price and the conditions of its consumption—is subject to the spontaneous and inexorable laws of the market, the *law of value*. The *real illusion* of the law-governed and independent character of the worker’s position within capitalist production is founded on the autonomy of the working-class household sector, and the entire set of institutions making up that sector. It is of crucial importance that capitalist principles do *not* penetrate that sector. In general, of course, capital penetrates any sector, such as agriculture, retail and services, in which surplus extraction is possible. We may imagine this process extending to the sector that produces labor-power itself. However, if labor-power were produced under capitalist control, with, e.g., workers housed in barracks and subject to the authority of capital in their personal lives as well as within the workplace during the time spent performing labor, their position as participants in a spontaneous, fully legally sanctioned market exchange would be compromised. That position, however, is essential, for it guarantees that workers see their situation within the workplace, *after* a consensual bargain has been struck, as the result of a voluntary exchange to which they have agreed, and in which they must therefore acquiesce.

An industrial level of production is the second prerequisite for effective control within the workplace, and therefore of the contribution of the workplace to surplus extraction as such. Here I have in mind development of the productive forces to a point at which the instruments and objects of labor themselves are able to support what Marx called the “real subsumption” of labor to capital—as opposed to the formal subsumption that had emerged earlier. Industrialization, as in the classic cases of England in the 19th century and the United States in the late 19th and early 20th centuries, established complex productive forces involving steam-driven machinery, assembly lines, intricate divisions of labor within production—all of which removes control over the pace and intensity of work from workers and concentrates that

control in the hands of managerial and engineering authority. The concentration of expertise renders plausible the concentration of authority. Capitalism as such cannot be based on just any level of productive forces development; it requires what we have come to call the industrial level for its optimal functioning. It is perhaps challenged in novel ways by subsequent developments (electronics, information technology), a matter to which we return in the conclusion.

To this point, we have *differential ownership*, resting in particular on aspects of the state and the market, and *workplace coercion*, resting in particular on aspects of the market and industrial production, as grounds for surplus extraction in its pure capitalist form. I believe, however, that one more dimension is required. The *social upper class*—a set of persons, families and surrounding institutions with a distinctive set of social qualities based in a superior level of consumption—functions, along with the property system and the workplace, as the third moment enabling and guaranteeing surplus extraction. The social upper class, in turn, derives the integrity of this role from, again, two prerequisites (out of the three): in this case, the industrial production system and the state.

As explained above, industrial production, with its hierarchies of control and expertise, is the prime site of what G. W. Domhoff called the “power elite” (Domhoff 1967). In his definition (the term is adapted from the work of C. Wright Mills), the power elite consists of individuals, and the institutions in which their functions are performed, that possess controlling decision-making power—most importantly in the sphere of production (although also in a series of related spheres of social organization: the political system, education, churches, etc.). The power elite and the social upper class are distinct but overlapping sets; membership in the latter requires seasoned adherence to a closely articulated system of luxury consumption and social interaction (the “life style” of the wealthy). The power elite thus serves as a way to recruit new members into the social upper class from lower social strata, sometimes over several generations. This process (a) reproduces the ruling class (provides it with “fresh blood”); (b) deprives the subaltern strata of their potential leadership; (c) provides the necessary incentive to potential recruits to adopt the ideology and values of the ruling class; and (d) offers a source of visible “officials” and “authorities” to absorb the deflected anger that occasionally arises from below (the “scapegoat effect”). All of this—the existence of a social upper class with its “power consumption” and its subtle interaction with the power elite—is the basis for conceiving of the social upper class as one of the three moments enabling capitalist surplus extraction.⁶

This third moment, however, is also crucially supported by the state. Here I have in mind the following considerations. The upper class derives an aura of authority from its association with the institutions of “national” leadership, which include not only the obvious (the roles of state managers, police and military officers),

but also the top educational and cultural institutions, repositories of patriotic symbols and identity. Its control over the sites that embody the *national culture*, including philanthropy and policy guidance for a country's museums and historic places, cultivates the widespread belief that perpetuation of that culture requires its placement in the hands of well-connected "people of substance." This, in turn, contributes crucially to the *hegemony* of the ruling class: the widespread adoption of its values as the implicit framework for the spontaneous consciousness and politics accruing throughout the society.⁷

The interaction among the three moments of capitalist surplus extraction—property, the workplace, and the social upper class—can be usefully illustrated by the following parable.

A worker is feeling exploited, and, being of an inquisitive nature, she sets out to find the source of this exploitation. Characteristically, she searches for this source in a person, or group of persons—her question is, "*who* is doing this to me?"—rather than the much more abstract and hard-to-grasp notion of a complex of persons and institutions whose *interaction* defines an exploiting capitalist class. She marches indignantly to the supervisor at her workplace and accuses him of being that "who," the source of her oppression. He responds, quite honestly, that he is merely a former worker who was promoted to a supervisory capacity, and that if he did not comply with the wishes of *his* superiors, he could easily be replaced. Our indignant worker then follows the trail up the hierarchy of power, confronting the various levels of workplace coercion along the way but being continually sent upward, until she arrives at the office of the Chief Executive Officer of the corporation. (We can imagine it took a long time for her to arrange this meeting.) The CEO, however, tells her—again quite honestly!—that he serves at the behest of the stockholders, and that the will of the stockholders is exercised not only by their votes at annual meetings but by the ever-present threat of exit: their power to sell the company's stock and drive down its market price. "We are all bound by the marketplace," he tells her, demonstrating the ubiquity of the law of value. Our defiant worker then seeks out the company's stockholders. This turns out to be difficult; it is often not easy to obtain information even about formal ownership, which is, of course, a "private" matter! When she does finally locate a typical stockholder, this turns out to be a retired working-class couple, trying to supplement their inadequate pensions with the dividends from a small portfolio of stocks and bonds! Then begins the search for *significant* owners, which is even more obscured by layers of holding companies, trusts, paper corporations, etc. Let us, however, suppose that she finally locates an *upper class* owner with a determining share of stock ownership. She is, at first, dazzled by the opulence of this person's high-consumption lifestyle, with which she has of course never had prior contact. Over a repast of martinis, *foie gras* and Kobe beef, generously offered by her host, she is then persuaded to do a

little arithmetic and learns that, if the luxury consumption of the social upper class were taxed away and divided equally among the rest of the population, each person, herself included, would receive one crisp new twenty dollar bill! Moreover, she faces a persuasive argument that the opulence of upper-class consumption is the cultural spice that invigorates the country's inner identity, its sense of self. And then there is always the lottery effect. She comes away from the entire quest convinced, either that she is not exploited by "anyone" after all, or that her "exploiter" is a disembodied ghost, living somewhere in the interaction among several structures, institutions and processes that collectively make up the capitalist class. The latter, of course, brings her close to the reality—the unique subtlety and power of the capitalist mode of exploitation, compared to its various precapitalist counterparts.

Each element in this multifaceted model of pure capitalist exploitation can and must be further explored and developed, of course, but this initial survey should set the stage. Taking each moment of the grounding of exploitation in isolation, we arrive at one-sided approaches to capitalism. Thus, focusing on the workplace alone produces the field of *labor process studies* (Watson 2008; cf. Braverman 1974), often associated with Sociology Departments in academic institutions in the United States and Europe. Without rigorous foundations for the tenacity of the authoritarian workplace structures examined there, researchers are tempted to "explain" their findings by resort to general propensities of human nature or existential inevitabilities in the "modern" workplace environment. To take one more example, the contemporary school of Analytical Marxism (see, e.g., Roemer 1982, 1989) focuses attention solely on differential property ownership; its core contention is that a regime of perfectly competitive markets, combined with inequality of ownership, is sufficient to explain a transfer of labor from non-owners to owners. The foregoing discussion, however, suggests the inadequacy of this approach, in twin failures: to explain the persistence of differential ownership, and to characterize specifically capitalist exploitation as a full instance of *antagonistic compulsion*, instead reducing the concept to the formal presence of labor transfer.

I would note, in concluding this section, the obvious conclusion to be drawn from the highly articulated model of the capitalist process presented herein: the robust presence of the "outer ring" prerequisites—a widely established spontaneous system of markets, a fully developed representative state, and a broadly based (i.e., non-enclave) level of industrial production—and the "inner ring" of moments, or determinants—differential property, workplace coercion and a deeply rooted social upper class—is, in all likelihood, *much less common* in the various places around the world that are loosely described as "capitalist" than one might believe. Even in Western Europe and the United States, this synergy among capitalism-enabling structures is far from complete: proletarianization, individuation, labor subsumption, and fully abstract market and property relations, are all works in progress. To repeat,

from the standpoint of a careful distinction between the levels of abstraction at which the mode of production and the social formation, respectively, reside, this conclusion seems entirely reasonable. We will pursue the political implications of this view in the final, concluding, section.

Stadiality: Theoretical Stages in Capitalist Development

Descriptive and theoretical stages

The Marxist literature from the 20th century contains numerous attempts to describe capitalist evolution by identifying stages in that evolution; or, in a related terminology, to arrive at a “periodization” of capitalist history. Classically, Lenin defined imperialism as “the highest and last stage” of capitalism. Hilferding introduced the concept “finance capitalism,” to mean a late, or mature, stage; it is unclear whether he intended it to be the “last.” The Communist Parties developed various forms of the doctrine of “state monopoly capitalism”; while there are many variants and interpretations, perhaps a common core of these is to note the presence of (a) some form or definition of monopoly power, the capacity to manipulate markets strategically; and (b) a qualitatively enhanced role for the state in economic ownership and regulatory policy, distinguishing 20th-century, or post-World War I, or post-Depression, capitalism from its earlier counterpart (the timing of the transition to the state-monopoly stage varies from one account to another). In the late 20th century, non-Communist Party Marxists in capitalist countries produced additional varieties of stadial theory. The Regulation School, originating in France and associated with Marxism in its earlier incarnations, sought to identify “modes of regulation” and “regimes of accumulation,” associated with phases in the relations between capital and organized labor, political-economic strategies such as Keynesianism, and so on. A related development in the United States produced the Social Structures of Accumulation school, which identified a post-World War II “capital-labor accord,” and its subsequent demise, as demarcating stages in recent capitalist history.⁸

All of these attempts to create stadial conceptions of capitalist development share, in my view, one crucial property. They are all what I will call *descriptive* stadial theories. The hallmark of descriptive stages is that they are obtained from some sort of empirical observation; one “looks” at the world and “sees” (for example) concentration and centralization of capital proceeding to *some level at which* merger of bank and industrial capital is possible, and this forms the new feature of the new stage, viz., finance capital. Or one “sees” the rise of monopoly power *to some point at which* it becomes dominant and determining. Or one “sees” a capital-labor accord, in which mass consumer markets are guaranteed by high wages and Keynesian

stimulus, provided in exchange for mass production levels of productivity, which comes about *when it does*, and comes to an end *when the accord defining it breaks down*. One notes the presence of metaphysical (spurious) explanation in these accounts: explanation that, on analysis, is revealed to be nothing other than disguised description. The stages are arbitrary generalizations from empirical study; they are not logically interlinked in a progression from lower to higher; they are not based on any consistent feature or determinant. There is consequently no way to determine how long any stage will last; why any given stage cannot last forever; what any given stage contributes to the nature of the stage that follows it; or how many stages there might be in total. Descriptive stages, to be sure, often serve as the basis for much highly useful research, and sometimes draw attention to novel features and unnoticed connections in ingenious ways. They also remind us constantly that capitalism is always evolving and developing new features and aspects; that today's capitalism is not the same as the capitalism of years or decades (or centuries) past.

They fail ultimately, however, to provide a sound foundation for stadial analysis. Well aware that many of my colleagues in the field of Marxist political economy will insist that what I call *descriptive stages* is the best we can achieve, I will try, in this section, to outline a system of *theoretical stages* that can serve as a more secure foundation for analysis of the present. If successful, a system of this sort must have the following properties. First, the number of stages must be strictly determined by the theoretical framework that generates them. There cannot be endless indeterminate possibilities, based on whatever new features happen to pop up on the horizon. Second, the stages succeed one another in a determinate logical order. Each stage has an internal nature that reveals its historical limitation, or contradiction—the reason why it cannot continue indefinitely. It then shapes the succeeding stage in a non-arbitrary manner.

In the general historical materialist theory of modes of production and their succession, stadiality—the progression from primitive communism, through slavery, feudalism and capitalism, to socialism/communism—proceeds at a high level of abstraction. There is, or should be, no presumption, that any “really existing” historical society or social formation will follow a neat progression from lower to higher stages. The differential pace of evolution conditioned by variety in the external environment, coupled with diffusion of traits and institutions as peoples come into contact with one another, combine to create a variety of hybrids, stagnations, extinctions, torch-relay leaps over stages or sub-stages, and so on. The metaphor of primary colors combining into colorful variety again applies. However, in the particular case of *capitalism*, the distinction between the abstract level at which the stages are revealed and actual historical process, while still important, is conditioned by a specific property that brings about much more rapid convergence than we observe in the large reaches of precapitalist history. Capitalism has, as noted

above, a profound tendency toward *diffusion*, spread into precapitalist social terrain, owing to the in-built incentive to expand and the corrosive property of markets. The *abstract* stages therefore *tend* (the tendency is still not complete) to become *general* stages, actual descriptions of a world evolution. We will still, however, and in light of the insights we harvest from the first section above, look carefully into the preconditions for diffusion and the variety of circumstances shaping (and retarding) that process.

The stadial model

I will *deduce* the existence of *four* stages in the theory of pure capitalism, or capitalism-in-general. Why four, and not some other number? This is due to the existence of *two* fundamental distinctions, whose intersection creates four combinations of basic features.

First, capitalist evolution proceeds by two primary methods: *accumulation*, and *diffusion*. As we will see, one or the other of these tends to be dominant within any given stage. Accumulation has been carefully analyzed in the Marxist literature, going back to *Capital*. When the conditions for surplus extraction, studied in the previous section, are present, the result is accrual of surplus in the hands of the capitalist class, along with reproduction of the working class—its propertyless and socially dependent status—and thus the possibility for transformation of the surplus into capital on an expanded scale. Growth, technical transformation, concentration and centralization of capital all emerge as both logical and historical outcomes. The accumulation process is, of course, contradictory (in the sense that it is self-undermining, with immanent sources of internal crisis). It should be emphasized that accumulation, as defined here, is the *spontaneous* process whereby capitalist production relations themselves, without recourse to external sources of social force (military or police power, e.g., supported by surpluses derived from outside), are sufficient to propel their own quantitative growth.

Stadiality, however, will emerge in the confrontation of accumulation with a quite different process, diffusion—one that, in contrast with accumulation, has *not* been widely studied at the level of theory.⁹ Diffusion is the spread of capitalist relations into geographic and social terrain where it has not existed previously. This requires penetration and conquest of precapitalist social systems, and the force that is exerted in this process must come from somewhere; in short, and as always in rigorous Marxist theory, the diffusion impulse must be explained, not merely assumed.

Crossing the distinction between diffusion and accumulation is that between *internal* and *external* fields of operation. “Internal” and “external” refer to the nation-state, another aspect of capitalist reality that must be brought within the political-economy nexus of theory. In early capitalist development, the nation-state itself comes into existence; the internal/external distinction itself, of course, has no

meaning until this occurs, so that the distinction, which will interact with diffusion/accumulation in determining the four theoretical stages, itself emerges as an aspect of the historical process whose stadiality it helps define. The nation-state, of course, provides, at the level of stadial theory, the dimension represented by the “state” prerequisite for surplus extraction in the previous section.¹⁰ Definition and further discussion will be found in conjunction with the summary of the stages and the principles of transition between the stages in each pair of adjacent stages, below.

The stages are formed by pairing the components of the two distinctions—diffusion/accumulation, internal/external, as follows. (The names given to the stages are for convenience only; they may not exhaust the contents of the stages in a precise way.)

- Diffusion/internal: “primitive accumulation”
- Accumulation/internal: “classical liberal”
- Diffusion/external: “imperialist”
- Accumulation/external: “transnational”

Diffusion/internal. The spread of precapitalist market relations is accompanied by the transformation in the nature of surplus extraction, in a complex process that is the object of much historical research, which will not be summarized here. In some cases, feudal surpluses, derived from a diminished but fortified manorial economy, may be used for this purpose. In other instances, the accidental enrichment of merchants results in surpluses that can be turned into capitalist production, perhaps through evolution of the putting-out system into “manufactories,” the early forms of what will later become the industrial means of production grounding fully capitalist surplus extraction. All of this is supplemented by military dispossession of independent producers, colonialism, conquest, enslavement, depopulation and looting of the wealth of precapitalist civilizations, especially in the Americas, and all of the other blessings of the Enlightenment. The essential point about the “primitive” (diffusion/internal) stage is that market relations are progressively homogenizing social spaces—creating widely spoken common languages, uniform systems of weights and measures, currency, roads, seaports, in short everything necessary for the spread of market relations under the umbrella of centralizing monarchies—but without the decisive advantage of an established class polarization that has the capacity to propel surplus extraction and accumulation spontaneously, as a result of its own properties. The first stage, then, constitutes *diffusion* (spread) of capitalist relations through a process of homogenization that has not yet created distinctive social-geographic spaces—nations—on the basis of which there can be an external/internal distinction; hence the linking, “diffusion” with “internal.”

The qualitative leap to the possibility of transition to the second stage comes when the accumulating social and cultural homogeneity triggers the formation of *nations*: groupings of people with common territory, language, economy and culture, and consciousness of that complex of commonalities. The nation is, simply, the social space within which *individuals* can move—literally, in a geographic sense, as well as figuratively—and therefore *be commodified*. The coming-into-existence of labor power as a commodity rests not only on the primitive accumulation of property—the dispossession of the small producers through enclosures, etc.—but also on creation of national spaces—nations—and their associated states. The model of the first section can again be invoked to establish the necessity for national identity and representative government, along with widespread commodification of production and at least the beginning of an industrial stage of production, in order for *spontaneous capital accumulation* to take shape on completely “conquered” territory, without need for further diffusion into previously non-capitalist space or for infusions of power from pre-capitalist surpluses or accidental surpluses from military conquest.

Accumulation/internal. There is no way to say exactly “how much” space, how much homogenization, accomplishes this qualitative leap. Waterways and relative impassable terrain (mountain ranges, narrow isthmuses) may help define the geographical formation of nations. In a relatively contiguous terrain, however, what causes, e.g., the gradually homogenizing territory of Western Europe to devolve into the modern nations of France, Spain, Germany? The stadial theory, fortunately, does not require a precise answer to questions of this sort. It posits, simply, that when that qualitative transformation takes place, the social system will be rapidly overtaken by internal, spontaneous exploitation, which, after all, is a much more powerful and dependable source of surplus and accumulation for the (now) capitalist ruling classes. It is clear that the diffusion/internal stage, which merges with the prehistory of capitalism, creates both the internal/external distinction and the nation-state platform on which spontaneous accumulation, so carefully analyzed by Marx and by the tradition he founded, rests.

The “liberal” stage (accumulation/internal) is characterized by relative passivity of the state, and is the historical source of the “free market” (in the United States, “conservative”) ideology that runs from the “Manchester School” in England in the 19th century, through the “Chicago School” in the United States in the 20th century, and beyond, into the present-day “neoliberal” or “Washington consensus” view. Spontaneous accumulation, with a passive state, is, in a sense, capitalism’s “golden age.” It is actually a rather tarnished golden age, and the accumulation process is inherently and massively contradictory; we will not examine this aspect of the theory of the capitalist economy, commonly called “crisis theory,” in this article. But the liberal stage also contains the seeds of its own destruction in a stadial sense—our present concern—and those seeds lie precisely in the successful concentration and

centralization of capital, specifically in the tendency for the capitalist *units of control* to increase in size. The corporate legal form of organization enhances this tendency, as does the first information technology revolution in the late 19th and early 20th centuries (telegraph, radio). The inevitable result is expansion of capitalist power, and its strategic exercise, beyond the framework of the nation-states that incubated it. The transfer of a significant share of the capitalist dynamic into a *transnational* field, above and beyond the regulatory and legitimating power of the state, and of nationally based and identified social upper classes, defines the stadial limit of the “liberal” stage and the transition to the “imperialist” stage (more precisely, the stage defined by the intersection of “diffusion” and “external”).

Diffusion/external. The stadial model draws upon the elements present in the Marxist theory contemporary with the actual transformation itself. My object is not to replace the classical approaches that define capitalist imperialism as a stage, associated with the rise of “financial” and “monopoly” elements and an enhanced, active role for the state; it is only to place those approaches within a theoretically stadial perspective. All of the *observations* that underlie the classical approaches contain core elements of truth; it is just a question of how to synthesize and contextualize them.

The scramble for Africa, the Open Door Policy and the Opium Wars in China, the battle for economic and market domination between European capitalist powers and the United States in Latin America, the struggle for protectorates and markets in the emerging Middle East, and the buildup of contesting military machines and spheres of influence—all this is standard description of the choreography of capitalist development in the period under consideration. Can we provide a foundation in the stadial model on the basis of which the elements of this picture—economic colonization, war, strategic manipulation of governments by sectors of capital, strategic rivalry as a new element within capitalist competition—can be best understood?

The immanent contradiction of the liberal stage is, as noted, growth of capitalist units of control (firms) to the point at which their accumulative reach extends beyond the political and geographic borders of the nation-states that form one prerequisite for their functioning. What makes the strategic aspect—perceived in the literature of the Communist Parties as “monopoly” power, although that term calls for much clarification—central is the rise in the size, power and reach of large firms, and decrease in their number, to a point at which they can individually influence their governments, and begin to shape their governments’ policy toward their specific accumulation goals. This becomes the basis for coalitions, or interest groups, among capitals, which in turn enhances the role of financial relations defining those interest groups. We see then, an explosive combination of finance, strategic perspectives, and increasing access to markets, sources of raw materials, and opportunities for

direct investment beyond the national boundaries within which capitals, or groupings of capitals, moved previously. Once national capitals make this decisive leap, and become defined by the competitive struggle for spheres of influence and control and new sources of surplus extraction on a world scale, they lose the moderating influence of state regulation: there is no supra-national state that can enforce contracts, establish frameworks for resolving disputes, and legitimize the accumulation process in the eyes of the subaltern populations. In short, the nation-state, as one of the prerequisites for spontaneous surplus extraction studied in the previous section, loses that function in the international arena, in which the nation-states are themselves thrust into the rivalry among nation-based capital groups scrambling for superior positions in the control over world markets, resources and labor. The third stage, the “imperialist” or diffusion/external stage, is the clear logical *and* historical outcome of the prior evolution; it also serves as a clear theoretical foundation to explain the basic contours of world history from, let us say, 1870 to 1945. The stadial model *explains* the emergence of xenophobic nationalism, militarism, strategic nation-based world expansion, colonization, and war.

This stage, however, has its own internal contradiction. Diffusion of capitalist social relations worldwide, through war, military conquest, and policy-driven economic penetration of previously untapped regions, cries out for resolution into a new, world-wide, stage of spontaneous accumulation. The expansion of cross-border economic relations—first trade, then financial ties, then equity investment—leads to the possibility, then the actuality, of formation of direct links among national capitalist firms and interest groups. These begin a process of division of labor in international interfirm trade, and then, crucially, division of labor *within production* controlled by cross-border corporations that are increasingly *transnational* in character.¹¹ These firms are so integrated across national boundaries that they no longer have the character of being “based” in one or another country; they are amalgams of capital interests from many countries, which invest in many countries, and carry out production and marketing in many countries. They are, in fact, the embryonic form of a *world, or transnational, capitalist class*. They point toward transition to the fourth stage in our theoretical model, in which the “external” framework (defined as existing beyond the national borders created centuries earlier in the transition to stage 2) is the basis for accumulation (as opposed to diffusion) of capital.

Accumulation/external. The accumulation/external (“transnational”) stage takes off when conditions once again exist for spontaneous, self-driven accumulation, under the aegis of a passive state—but this time on a world scale that replaces the national boundaries so central to the “liberal” stage. Further prerequisites for this are technological breakthroughs in shipping and transport, and several important outcomes of the second information technology revolution: modern electronics

makes possible rapid and precise execution of financial decisions, truly world stock and commodity markets, worldwide instantaneous control over production, inventories, product movement, etc.

It should be clear that *this transition has not yet taken place*. Capitalism has an immanent drive to invent itself as a world system, but that drive must achieve a truly world framework for a state role in providing the legal structure within which a world market can operate, and in grounding the—national?—consciousness that legitimates the authority of the ruling class and its surplus-extractive power. But here we come up against an obvious problem: *a transnational, world, capitalism is inherently problematic*. The national identification that occurs in each nation-state of the liberal stage, and in turn establishes the legitimacy of the social upper class, requires an “other”: national identity is meaningless unless it is “over against” those who are outside of that identity, and counterposed to it. There cannot be “one world nation”; this would dissolve into a universal consciousness of humanity, which in turn undermines the ideological role of national identity in supporting surplus extraction. Quite apart from critical tendencies within capitalist accumulation, classically studied in the liberal stage, which may well reappear in the fourth stage of worldwide accumulation, the logic of the stadial advance toward world accumulation is an inherently contradictory logic: capitalism, in effect, can break through the narrow constraints of the national form and emerge on a world scale only by undermining one of the crucial prerequisites for spontaneous, successful surplus extraction and accumulation. (The IT revolution, a profound increase in productive forces, further undermines other prerequisites for surplus extraction, but this is not our concern here.)

A summary of implications

I will summarize by means of four points. First, the four-stage model is, as advertised, truly one of *theoretical* stages. Each stage cannot come into existence without the specific characteristics of the prior stage, and each has its inner nature determined by the way in which it resolves the contradictions of the prior stage. To illustrate, working backward: the fourth, “transnational,” stage can only come into existence—however problematic and crisis-prone that existence might be—as a result of the third, “imperialist,” stage, in which capitals—however bloody and barbaric the process—expand beyond national frontiers and diffuse into all corners of the globe. That imperialist stage, in turn, rests on growth in capitalist units of control (firms) which can only come about via spontaneous accumulation within the national cocoons of stage 2 (the liberal stage). Finally, that liberal, or accumulation/internal, stage requires prior formation of nations, and nation-states, on the basis of the long period of diffusion and homogenization occurring in the first stage of primitive accumulation, the diffusion/internal stage.

Second, theoretical stages cannot be linked in a precise way to chronological moments in the actual historical process, and this fact does not mean that the stadial model is irrelevant to that process. For example, the empirical counterpart to the liberal stage may well be found at different times in different countries, owing to the peculiarities of historical evolution (mentioned above in connection with the general methodological positions of historical materialism). International diffusion will then blur the evidence, and empirical historians may fail to “see” in the data convincing evidence for the stages themselves. The theory enables us to sort the data, to achieve a layering of aspects in the actual history of a given country or region. The ultimate test of the validity of the theoretical model is its usefulness in bringing the entire historical record into meaningful focus. But this validity cannot be determined by any simple correlation between the proposed stages and the undoubtedly much more complex accumulation of historical “facts.”

Third, the stages are theoretical in an even deeper sense: they are deeply revealing of the inner tendencies of capitalist evolution, even though they *may not all be possible!* This, of course, applies especially to the fourth stage, that of worldwide spontaneous accumulation with a (relatively) passive world state. We cannot, of course, deduce from the surplus extraction model of the first section that the capitalist process can *not* limp along, for an extended period, with only two of the three fundamental prerequisites—market, industrial production, the state—in place. But a “world state” problematizes the role of the capitalist state in supporting exploitation and reproduction of the defining class relation, by depriving that process of divisive national ideologies and identities, and facilitating the long march of the world’s working classes to universal consciousness of their existence as a single humanity. Moreover, the evolution beyond the industrial level of production represented by the second IT revolution—which may be just beginning—further contributes to a theoretical sense that capitalism is historically tending to a place where its underlying cohesiveness and very systemic integrity are called increasingly into question. We have, then, a stadial model in which the very stages embody an increasingly contradictory unity of elements, and deepening crisis potential. On reflection, and from a Marxist standpoint, this should be neither surprising nor alarming.

Finally, one obvious conclusion emerges, and it will introduce the concluding section of this article. *Capitalism’s evolution toward its ultimate maturity is not as far advanced as Marxists often believe.* Within the four-stage model of this section, we may say that world capitalism currently is somewhere struggling within stage 3, seeking a degree of transnational diffusion that might serve as the basis for transition to stage 4. The central contradiction impeding progress is the failure of stage-3 capitalism to propel diffusion and spread of capitalist social relations *at the social base* in many parts of the world. The analogy is with the first (primitive) stage, and its foundation-laying for the liberal stage to follow. The outward spread of

capitalism was then able to follow the outward spread of *markets*, because the units of control were small enough to be duplicated in new spaces. In stage 3, by contrast, the transnational corporations, with their extensive financial might and strategic concerns, in effect “snuff out” the small, local shoots of capitalist development in the countries and regions they invade.

We arrive at the result that capitalism, in the sense of a self-sustaining dynamic of the sort pictured in the model of surplus extraction of the first section and the “liberal” stage of the second section, is a delicate combination of ingredients that is much more rare “on the ground” in many parts of the world than casual opinion holds; and that the diffusion of transnational corporate finance and production actually prevents the development of fully capitalist social relations. A working class whose relation to production is entirely commodified must be free from pre-existing social and communal ties; must possess no significant property, either individually or collectively; must experience its status in a wide range of markets (i.e., must not be tied to a particular sector, such as oil production, or be confined to an enclave of capitalist production driven from outside the country, which does not provide the full social terrain for the formation of political citizenship, legitimation, etc.). If we think about social relations in the global South and East, where capitalist penetration is most recent, or indeed even about Latin America, where political independence and associated institutions have a longer, if shaky, history but where labor markets are confined to a limited number of urban centers and sectors, we may conclude that, like the manorial economy of the feudal era in Europe and Japan, capitalism is fighting for space in today’s world, and doing so under the weight of its own limitations. If the bourgeoisie could “nestle everywhere, settle everywhere, establish connections everywhere” in the first half of the 19th century, it is having more difficulty doing so in the first half of the 21st—at least if the models of the requirements for spontaneous capitalist reproduction and stadiality proposed in this article have any validity.

In the conclusion, I will explore some implications of this view for the current crisis, and for what might be an appropriate conception of the reach of socialist formations, both in the 20th century and at present.

Conclusion: World Capitalist Development and Socialism

General considerations

Paradoxically, perhaps, when the thrust of a theoretical exercise is toward *abstraction* and rigorous delineation of foundations beneath the level of perception, the result is an emphasis on *mediation* when it comes to application of the theory. Stage 3 of the preceding section is complex and difficult, and the clear lines of the classical laws

of accumulation, developed in connection with the liberal stage, become blurred and overdetermined—which does *not* mean that they no longer exist.

The most important mediating factor—one that is systematically neglected in “Western” Marxist thinking¹²—is the increasingly worldwide balance of class forces, a balance that is subject to long cycles of advance and retreat. A long advance was initiated by the Russian Revolution of 1917, and bolstered by the Great Depression and the anti-Fascist coalition of World War II. The consolidation of capitalist power after that war brought a turn in the cycle, reflected in the gradual retreat of the working classes in the late decades of the 20th century and culminating in the neoliberal upswing, approximately 1970–2007. Whether the current Great Recession will turn this cycle once more into a period of global advance remains to be seen. Certainly, the worldwide phenomena of unleashing capital export and transnationalization, the destruction of political barriers to capital accumulation with deregulation and “free trade” agreements, and the consequent polarization of incomes and increase in rates of exploitation have shaped the nature of the present downturn and disorganization in the world economy. Ironically, it may take resurgent working-class movements in many parts of the world to help capitalism accomplish what it is unable to accomplish on its own: completion of the world diffusion of *capitalist* relations “on the ground,” in the Middle East, China, Central Asia, Africa and elsewhere. At the same time, working class (and allied) forces both can and must shape the course and social impacts of that development, determining a progressive path of secular economic growth that lays foundations for socialist transformation. This is the “mixed message” of our model’s stage 4: it is a highly problematic “final stage” of capitalism, with strong potentials for resolving the contradictory drive toward universal proletarianization in a direction that challenges that status and calls for a different, solidaristic, universality based precisely on the missing world state—more precisely, perhaps, on development of unprecedented forms of international coalitions and democratic institutions.

The revolutionary journalist Wilfred G. Burchett described the condition of the Vietnamese liberation movement as one of living “integrated with the enemy” (Burchett 1965). Perhaps stage 4 is inherently contested terrain, in which capitalist and socialist forces will do battle to determine the qualitative heart of globalization. At the very least, the model of the preceding section suggests that socialist forces must carefully weigh the stadal tasks ahead, and look upon capitalist diffusion, where owing to the level of development of social and political preconditions capitalist forms may be the only ones presently attainable, as necessary for progressive breakthroughs in the short term.

Seeing social systems as highly mediated also affects the way we might look at characterizations of countries where working-class power has been consolidated, at least in some sense. The Soviet Union in the 20th century may serve as an illustration.

The difficulty begins when we ask the question: “was the Soviet Union socialist?” As noted earlier, “Western” Marxism answers in the negative, and in so doing reveals an idealist and utopian commitment that runs entirely counter to a historical, contextual and mediated view. So one is tempted to respond by answering in the positive, asserting “socialist” as an appropriate predicate for “USSR,” and leaving the matter there. The structural/stadial approach to capitalism outlined in this article, however, suggests that the question itself may be too binary, too undialectical. Asking whether the Soviet Union “was” socialist is like asking whether 17th-century agrarian England “was” capitalist (Laibman 2009). In the latter case, the extension of the home market and existence of a wage-laboring class mean that some essential features of capitalism were present, but the real subsumption of labor to capital—the industrial production prerequisite of the model of the first section—still lay in the future, as did the full development of the state prerequisites (the property system and bringing the working class within the political sovereignty). The Soviet Union, in turn, had, by (let us say) 1980 many of the elements of a *system of socialist production relations* in place: comprehensive planning, embodying the entire economy and integrating planning at multiple levels; substantial progress in overcoming elemental (market) phenomena; substantial progress in overcoming social stratification and ensuring knowledgeable participation in planning and enterprise management. At the same time, the overdetermining circumstances—the weight of Russian prehistory, war, economic and political aggression and isolation imposed by the capitalist powers—left significant gaps, revealed perhaps most strongly in the hyper-politicization of intellectual and cultural life and the authoritarian and cultist legacies of the Stalin period. The reversal of the historical subsumption of labor, as embodied in the productive forces, was, it would seem, still largely to be accomplished—as indeed we would expect, since socialism does not come into existence fully formed, but must grow and develop historically out of its capitalist (and earlier) preconditions.

In this regard, and as mentioned above, we often make the mistake of compressing the timeline: we want to believe that significant historical leaps will occur within a single lifetime, forgetting, for example, the thousands of years of preparation, in various parts of the world, before capitalism was able to achieve an irreversible breakthrough in the European late middle ages.

Questions—not answers—about China

Let me close with a series of inquiries, applying the framework proposed in this article to China. These are inquiries, and nothing more: the questions may also be questioned, of course, but if any answers are forthcoming it must be from observers with much more detailed knowledge of this vast subject than the present author can lay claim to possessing.

If the USSR can be described as “early socialist,” in the historical sense proposed above, what can be said about China? The belief is widespread that China, following the Revolution of 1949 that brought the Communist Party of China to power, adopted the Soviet “model”; this idea, widely accepted even on the left, should, I think, be closely interrogated, especially since it had its origin in the cold-war ideology of the capitalist world centers. The subsequent periods of development—the Great Leap Forward, the Hundred Flowers campaign, the Cultural Revolution, the “black cat/white cat” philosophy of Deng Xiaoping, leading to the current complex period of rapid growth, partial opening to market forces and Western capitalist investment, and the partial consolidation of a socially conscious state sector under President Hu—are well known. My purpose here is only to examine this legacy from the standpoint of the structural-stadial model.

The early period following the Revolution certainly built important foundations for socialist production relations, drawing upon the world-historic and unique experience of mass politically conscious mobilization of the population during the Long March and subsequently—perhaps the most vital contribution of the CPC and China under Mao to the storehouse of world revolutionary experience. Given the conditions of underdevelopment of the economic base, however, the questions remain: Were the core economic sectors brought together into a unified system of planning? Were material balances and systemic decision making applied at the level of the nation as a whole (as they indeed were, however crudely and inadequately, in the USSR)? To what extent were the various regions and provinces self-sufficient and autonomous? In agriculture, the communal system, developed over thousands of years, surely served as an important foundation; but to what extent did this represent a component of a modern socialist system, integrated with industry and with the urban centers through a central—and, eventually, multi-level—planning system?

Markets and capitalism are not synonymous, even if they are repeatedly conflated in the thinking of both capitalist mainstream (neoclassical) thinkers and many people on the left. In Chinese conditions, the important role for market relations in the long foundation-laying periods can be taken for granted; but foundation-laying should not be confused with erection of the building itself.

In sum. Would it be terribly wrong to conceive of China as a highly complex social formation, with several coexisting elements? Among these elements: (1) a state-centered core with socialist objectives and a Marxist political-intellectual tradition, seeking to lay foundations for functioning working-class power within economic and social institutions; (2) a surrounding periphery of market-based and cooperative production, especially in agriculture, handicrafts and retail trade, absolutely necessary in the present, but requiring political intervention to assure that it does not become a material base for retrograde development; (3) the industrial zones, an enclave in which international capital has considerable free rein, again

-serving a vital purpose in the present but with contradictory potentials; (4) communal structures and relationships, based in villages but still affecting the culture and organization of workers, in both the state and private sectors and representing the presence of precapitalist forces.

Some observers consider China to be “socialist,” because of the continuing power of the CPC and its stated commitment to socialist construction. Others—our “Western” Marxist colleagues are prominently represented here—speak of China as “capitalist,” owing to the presence of some polarization of wealth and income and enrichment of certain strata, as indeed occurred under Lenin’s New Economic Policy of the 1920s, and also of widespread market relations. The structural-stadial model of capitalism sketched in this article suggests that both of these views are inadequate. Nothing less than a complex picture of a multifaceted and contradictory social formation will do.

It need hardly be said that this perspective should not undermine or weaken a progressive commitment to the socialist aspects of social relations in China today, blunt our partisanship with socialist forces within and outside of that country, or lessen in any way our determination to cooperate with and promote those aspects—especially their potential value for transformative politics in other places in the world, each at its own particular stage of development and laboring under its own special conditions and overdeterminations.

Notes

1. “Stadial” refers to the “stage-like” or periodic aspect of social evolution; it is the adjectival form of “stage,” in the sense of a distinct period, marked off from earlier and later periods by means of specific defining qualities.
There is a third general topic: the theory of periodic and long-term crisis in capitalist economies. Space considerations prevent me from addressing this area directly in this article, although it is an implicit presence throughout. The entire subject is treated at much greater length in my *Deep History: A Study in Social Evolution and Human Potential* (Laibman 2007); for stadial issues, chs. 1–2.
2. Key references, respectively, are: Hilferding (1981); Baran and Sweezy (1966); Pevzner (1984) (representing a vast literature from the 20th century’s Communist Parties, east and west). A classic source for the thinking of the Communist Parties aligned with the Communist Party of the Soviet Union is the collectively edited work, Kuusinen (1960). Lenin (1933) associated the “highest and last” stage of capitalism with imperialism—clearly not a case of a qualifying adjective.
3. Classic sources: Marx (1913, 1963); Engels (1966). For more recent debate on the basic concepts of historical materialism, see Cohen (1978); Wright et al. (1992); Carling (1991); Carling and Wetherly (2006).
4. On this see Rosdolsky (1986); Nimni (1989); Mzala and Hoffman (1990–91). These sources provide references to Marx’s and Engels’ correspondence, from which the above formulation is drawn.
5. For a more detailed presentation, see Laibman (2007), ch. 3.
6. This is political economy’s interface with the sociology of the wealthy strata in capitalist society, and their relation to economic and political power; classic sources for the United States, in addition to Domhoff, are Mills (2000); Baltzell (1989); Lundberg (1968).

7. The “hegemony” concept is derived from the Italian Marxist philosopher Antonio Gramsci (Gramsci 1987; cf. Cammett 1967).
8. A founding document of the Regulation School is Aglietta (1979); see also Lipietz (1987). For the Social Structures of Accumulation approach, Bowles, Gordon, and Weisskopf (1983). A comprehensive survey and analysis will be found in Kotz (1990).
9. It is noteworthy that Marx, in *Capital I* (Marx 1967), approaches surplus extraction (chs. 1–6), and accumulation (part VII) theoretically, but places his discussion of diffusion, conceived as the topic of “primitive accumulation” (part VIII) on a lower level of abstraction, as an essentially historical and descriptive topic.
10. The nation becomes the object of theoretical study in the classic work by Lenin (1951); see also Rosdolsky (1986); Davis (1967).
11. The growth in transnational production points toward an emerging *transnational capitalist class*, and world state. This development is the basis for the theory of transnational capitalist development, as in the work of Robinson (2004); Robinson and Harris (2000); Sklair (2002); Harris (2009). Most writers in this tradition are careful to present transnationalization of capitalist social relations as an emerging phenomenon, and as the basis for struggle among different factions of capital in various countries; their position must be distinguished from naive “total globalization” notions which argue, e.g., that the nation-state is entirely defunct in today’s “globalized” world. For a sophisticated critical perspective, Tabb (2009).
12. The term “Western Marxism” has come to mean Marxism that is “(a) not conforming to the official Soviet ideology, and (b) not regarding the social structure of the Soviet Union either as socialist, or as developing towards socialism” (van der Linden 2007: 4). In its thinking about the 20th century, lacking any capacity to envision working-class movements in power, the “Western” left (as so defined) lost the concept of a *world balance of class forces*, and therefore of the balance of class forces more generally.

References

- Aglietta, Michel (1979) *A Theory of Capitalist Regulation: The U. S. Experience*. London: New Left Books.
- Althusser, Louis, and Etienne Balibar (1970) *Reading Capital*. New York: Pantheon Books.
- Baltzell, E. Digby (1989) *Philadelphia Gentlemen: The Making of a National Upper Class*. New Brunswick, NJ: Transaction Publishers.
- Baran, Paul A., and Paul M. Sweezy (1966) *Monopoly Capital: An Essay on the American Economic and Social Order*. New York: Monthly Review.
- Bolton, Patrick, and Mathias Dewatripont (2005) *Contract Theory*. Cambridge, MA: MIT Press.
- Bowles, Samuel, David M. Gordon, and Thomas E. Weisskopf (1983) *Beyond the Wasteland: A Democratic Alternative to Economic Decline*. Garden City, New York: Anchor Press/Doubleday.
- Braverman, Harry (1974) *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*. New York: Monthly Review Press.
- Burchett, Wilfred G. (1965) *Vietnam: Inside Story of the Guerilla War*. New York: International Publishers.
- Cammett, John M. (1967) *Antonio Gramsci and the Origins of Italian Communism*. Stanford, CA: Stanford University Press.
- Carling, Alan (1991) *Social Division*. London: Verso.
- Carling, Alan, and Paul Wetherly, eds. (2006) “Rethinking Marx and History,” Special Issue, *Science & Society* 70, 2 (April).
- Cohen, G. A. (1978) *Karl Marx’s Theory of History: A Defence*. Oxford: Clarendon Press.
- Davis, Horace B. (1967) *Socialism and Nationalism*. New York: Monthly Review Press.
- Domhoff, G. W. (1967) *Who Rules America?* Englewood Cliffs, NJ: Prentice-Hall.

- Engels, Friedrich (1966) *Herr Eugen Dühring's Revolution in Science (Anti-Dühring)*. New York: International Publishers.
- Gramsci, Antonio (1987) [1971] *Selections from the Prison Notebooks of Antonio Gramsci*. Edited and translated by Quintin Hoare and Geoffrey Nowell Smith. New York: International Publishers.
- Harris, Jerry (2009) "Statist Globalization in China, Russia and the Gulf States," *Science & Society* 73, 1 (January): 6–33.
- Hilferding, Rudolf (1981) *Finance Capital: A Study of the Latest Phase of Capitalist Development*. London and Boston, MA: Routledge & Kegan Paul.
- Kotz, David (1990) "A Comparative Analysis of the Theory of Regulation and the Social Structure of Accumulation Theory," *Science & Society* 54, 1 (Spring): 5–28.
- Kuusinen, Otto V., gen. ed. (1960) *Fundamentals of Marxism-Leninism*. Moscow: Foreign Languages Publishing House.
- Laibman, David (1992) *Value, Technical Change and Crisis: Explorations in Marxist Economic Theory*. Armonk, New York: M. E. Sharpe.
- (2007) *Deep History: A Study in Social Evolution and Human Potential*. Albany, New York: State University of New York Press.
- (2009) "The Western Left, the Soviet Union, and Marxism," *Science & Society* 73, 4 (October): 540–553.
- Lenin, V. I. (1933) *Imperialism, the Highest Stage of Capitalism: A Popular Outline*. New York: International Publishers.
- (1951) *The Right of Nations to Self-Determination: Selected Writings*. New York, International Publishers.
- Lipietz, Alain (1987) *Mirages and Miracles: The Crisis in Global Fordism*. London: Verso.
- Lundberg, Ferdinand (1968) *The Rich and the Super Rich: A Study in the Power of Money Today*. New York: L. Stuart.
- Marx, Karl (1913) [1859] "Preface." *A Contribution to the Critique of Political Economy*. Chicago, IL: Charles H. Kerr.
- (1963) [1852] *The Eighteenth Brumaire of Louis Bonaparte*. New York: International Publishers.
- (1967) [1867] *Capital*. Volume I. New York: International Publishers.
- Marx, Karl, and Friedrich Engels (1998) [1848] *The Communist Manifesto*. With "Foreword" by Paul M. Sweezy, "Principles of Communism," by Friedrich Engels, and "The Communist Manifesto After 150 Years," by Ellen Meiksins Wood. New York: Monthly Review Press.
- Mills, C. Wright (2000) *The Power Elite*. New York: Oxford University Press.
- Mzala, Nxumalo, and John Hoffman (1990–91) "'Non-Historic Nations' and the National Question: A South African Perspective," *Science & Society* 54, 4 (Winter): 408–426.
- Nimni, Ephraim (1989) "Marx, Engels and the National Question," *Science & Society* 53, 3 (Fall): 297–326
- Pevzner, Ia (1984) *State Monopoly Capitalism and the Labor Theory of Value*. Moscow: Progress Publishers.
- Robinson, William (2004) *A Theory of Global Capitalism*. Baltimore, MD and London: Johns Hopkins University Press.
- Robinson, William, and Jerry Harris (2000) "Towards a Global Ruling Class: Globalization and the Transnational Capitalist Class," *Science & Society* 64, 1 (Spring).
- Roemer, John (1982) *A General Theory of Exploitation and Class*. Cambridge, MA: Harvard University Press.
- (1989) *Free to Lose: An Introduction to Marxist Economic Philosophy*. Cambridge, MA: Harvard University Press.
- Rosdolsky, Roman (1986) [1979]. *Engels and the "Non-Historic" Peoples: The National Question in the Revolution of 1848*. Glasgow: Critique Books.
- Salanié, Bernard (1997) *The Economics of Contracts*. Cambridge, MA and London: MIT Press.
- Sklair, Leslie (2002) *Globalization: Capitalism and Its Alternatives*. Oxford, England: Oxford University Press.

- Tabb, William K. (2009) "Globalization Today: At the Borders of Class and State Theory," *Science & Society* 73, 1 (January): 34–53.
- van der Linden, Marcel (2007) *Western Marxism and the Soviet Union: A Survey of Critical Theories and Debates Since 1917*. Leiden, Amsterdam, and London: Brill.
- Watson, Tony J. (2008) *Sociology, Work, and Industry*. London: Routledge.
- Wright, Erik Olin, Andrew Levine, and Elliott Sober (1992) *Reconstructing Marxism*. London: Verso.