

# THE ABSENT GEOPOLITICS OF PURE CAPITALISM

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**Abstract:** The first Marxist theories of capitalist geopolitics emerged in the early 20th century as theories of imperialism and uneven and combined development. They were also the first theories of capitalist geopolitics. While they explained the intensification of imperialism through new interpenetrations of politics and economics in national states and economies, the revival of Marxist thinking about capitalist geopolitics in the English-speaking world in recent decades suffers from a pure, purely economic, conception of capitalism, uncontaminated by politics, by nation-states. It is, as a consequence, also a cosmopolitan conception of capitalism. In it the very object of study disappears. This article argues that it does so because so many Marxists have come to share the cosmopolitan biases of mainstream thinking by accepting the discourses of "globalization" and "empire" and shows how this is so in the case of two pioneers of the recent revival of Marxist geopolitical thinking, Justin Rosenberg and Benno Teschke.

**Key words:** capitalism; Marxism; nation-states; geopolitics; international relations

Much of the revival of Marxist thinking about capitalist geopolitics in recent decades (key works include Rosenberg 1994, Teschke 2003, Callinicos 2009, CRIA 2007) suffers from a "pure," purely economic, conception of capitalism, uncontaminated by politics, by nation-states. It is, as a consequence also a cosmopolitan conception of capitalism as a system of necessarily world-wide logics in which the very object of study disappears. This article shows how in the case of two pioneering interventions by Justin Rosenberg (1994) and Benno Teschke (2003).

Making states and politics subordinate effects of pure capitalism, Rosenberg and Teschke's thinking is a far cry from that which animated the first Marxist theories of capitalist geopolitics. Though we know them as the early 20th century classical theories of imperialism (Bukharin 1917/2003, Hilferding 1910/1981, Hobson 1902/1968, Lenin 1916/1978, and Luxemburg 1913/2003), these theories explained the intensification of imperialism by giving accounts of interpenetration of politics and economics in national states and economies. Along with Bolshevik ideas about uneven and combined development (UCD), they arguably constituted the first theories of capitalist geopolitics or international relations. Bourgeois theories only emerged in response to them: first, Wilsonian idealism and its famous Fourteen points were proposed as a counter to Bolshevik anti-imperialist demands for the public conduct of diplomacy and for national self-determination (Mayer 1964, Van der Pijl 2009) and, almost two decades later, an avowedly more mature "realism" claimed to really found the discipline (Carr 1939).

In contrast to the accounts these theories gave of the complex interaction of politics and economics, recent Marxist geopolitical thinking shares much with "globalization" discourse. In the 1990s, it exaggerated market or economic integration of the world economy, and saw politics as derivative, claiming in particular that "globalization" rendered nation-states irrelevant (the most thorough exposé remains Hirst and Thompson 1996/Hirst, Thompson and Bromley 2009). Marxists were also taken with the succeeding discourse of "empire" which further discounted nation-states' agency by exaggerating the power of a "hegemonic" United States. While the relationship between Marxism and these discourses cannot be treated satisfactorily here, one may note that in Rosenberg's later critique of globalization (Rosenberg 2000 and 2005), Marxism emerges as merely a better, theoretically sounder and conceptually weightier, version of globalization discourse, indeed as the original globalization discourse, to be defended against the claims of late 20th century non- and even anti-Marxist parvenus.

A brief overview of the cosmopolitan biases of mainstream thinking which Marxists have come to share comes next. It is followed by a consideration of what is at stake in putting nation-states centrally in capitalist geopolitics in the 21st century. A brief third section outlines the elements of an alternative to pure capitalism, a historically more accurate conception of Actually Existing Capitalism. Finally, critiques of Rosenberg and Teschke show the inadequacy of pure conceptions of capitalism for theorizing capitalist geopolitics.

## **From National to Pure Capitalism**

Braudelian World Systems Analysis (such as Wallerstein 1974 and 1980 and Arrighi 1994) notwithstanding, recent Marxist writing on capitalist geopolitics

is the first since the classical theories. The latter explained the geopolitics of their time as the result of a new phase in the development of capitalism in which the relationship between capital and the state took new forms, in particular as new national relationships between productive and financial capital developed. Bukharin had labeled these processes the “nationalization of capital” and nation-states were central. Not only do the new Marxist accounts of the late 20th and early 21st centuries make no reference to these classical theories, they also ignore the more general framework provided by UCD. As Trotsky outlined it in his *The History of the Russian Revolution*, on the one hand, it accounted for patterns of national capitalist development in a world where capitalism had already developed elsewhere:

Although compelled to follow after the advanced countries, a backward country does not take things in the same order. ... The development of historically backward nations leads necessarily to a peculiar combination of different stages in the historic process.

On the other, it explored some of their geopolitical implications:

The fact that Germany and the United States have now economically outstripped England was made possible by the very backwardness of their capitalist development. On the other hand, the conservative anarchy in the British coal industry...is a paying-up for the past when England played too long the rôle of capitalist pathfinder. (Trotsky 1919/1934: 26)

UCD was foreshadowed in Marx and Engels’ thinking (Mehring 1978), in the aforementioned accounts of imperialism (e.g. see Bukharin 1917/2003: 148), in the Second International’s thinking on the “nationalities question” over previous decades and, more broadly, in explaining the Russian Revolution, a revolution in a “backward” rather than an “advanced” capitalist country, in historical materialist terms. Though an ambition to make UCD the basis of a Marxist understanding of geopolitics was announced by Rosenberg early on (1996) his attempts to realize it went in trans-historical directions which had little immediate relevance to understanding geopolitics in a specifically capitalist era. Recent Marxist accounts, are certainly cognizant of the unevenness of world capitalist development, if only to underline the power and centrality of the West and the US in it. However, they fail to incorporate forms of *combined* development systematically into their understanding of capitalist geopolitics. If they do, they either incorporate it only to confine its significance to history, protecting the *theory* from it, as Teschke does as we see below, or they (e.g. Callinicos 2009) attempt to derive its core mechanisms from a version of pure capitalism (Desai forthcoming 2011 for a critique).

Conceptions of pure capitalism have no warrant in Marx’s writing. In Marx’s vision states, both colonial and national, were inserted into, but were neither reducible, nor subject, to either the world market or a single imperial logic (for a fuller discussion see Desai 2009a). Though living in an imperial age, his writings

on colonies or semi-colonies clearly show that for him nation-states were, in most instances, possible and desirable alternatives to colonization. Finally, in Marx's understanding how these national states and their colonies interacted with other states and the world economy was determined by the processes of class and state formation which arose from complex interactions between domestic and foreign forces (Bagchi 2004). Given all this, it is simply implausible that Marx was any sort of *ur*-theorist of globalization. Nor was he, as some have attempted to argue, a creature of the imperial, and therefore inherently cosmopolitan, age in which he lived (Stedman-Jones 2007). His relationship to the history and ideas of his time was, to say the least, oppositional and dialectical.

Contemporary Marxists' conception of pure capitalism is, ironically, not significantly different from capitalism's spontaneous ideology which separates the political sphere from a self-regulating economic or market sphere. Domestically this conception tends to erase any notion of contradiction within capitalism, contradictions which state action attempts to overcome (Freeman and Carchedi 1996, Kliman 2007, Desai 2010). Internationally, it has necessarily cosmopolitan implications—since the market or economic sphere is taken to have no borders and politics remains national, and inter-national, rather than global—and historically it has been deeply implicated in imperial projects. How 19th century British imperialism used ideologies of free markets and free trade was clear to Friedrich List even then (List 1856, see also Semmel 1993). Few justified 19th century British imperialism politically as cosmopolitan (as Acton 1862/1996 did) and most preferred the morally easier economic vision of a single, unified world market or economy bespeaking progress and bereft of contradictions, whose cosmopolitanism was just an added bonus (exemplified in Angell 1909).

This sort of economic cosmopolitanism remained central to imperial projects in the 20th century too though during the interval between Britain's 19th century dominance and the US's attempts to imitate it in the 20th, it became at once more difficult and more urgent. It became difficult because during that interval a transition occurred, albeit long and complex, from an imperial to an international world (Chandler 2003, Desai 2009d). It began with a phase during which on the one hand the state-led "combined" development of the first challengers—the US, Germany and Japan—to Britain's industrial supremacy emerged. Their arrival on the geopolitical stage replaced the easy ascendancy of the first industrial capitalist country with inter-national competition. On the other hand, however, this international competition was also imperial competition: colonies were means of national development. The culmination of this competition in the First World War meant that inter-imperial competition obscured inter-national competition. During the "Thirty Years' Crisis" (1914–45) (Mayer 1981) that followed, socialist and nationalist forces combined to radically de-legitimize imperialism and colonialism (Mayer 1964)

though the birth of an international world had to await the end of the Second World War when the interests of the one capitalist power left standing, its power magnified by destruction elsewhere, were also aligned with decolonization.

Cosmopolitan ideas became more urgent because, thanks to this transition, unlike 19th century British dominance, US imperial ambitions were more vulnerable to developmental challenges from the now independent nation-states of the third world as well as from Communism, the strongest form of developmentalism (Lewin 2005). Or, to put it another way, the US's imperial interest in maintaining the existing unevenness of capitalist development could be contested more easily than the UK's in the 19th century by forms of combined development—whether socialist or capitalist—because unlike the latter, the US did not exercise formal colonial control.

Urgent though cosmopolitanism may have become, de-emphasizing or delegitimizing nationalism amid the greatest wave of nation-state creation, a wave which forced even the might of the US after the Second World War to go with the flow, could hardly be easy. Nationalism's centrality to Fascism offered one of the few openings. Arnold Toynbee's revulsion for nationalism—"that trivial self-worship which was...the great heresy of modern times" (quoted in McNeill 1988: 14)—for example, meant that he vested his hope in "civilizations" instead. Such supra-national views, especially when they included the idea of a transition from a UK-centered world "civilization" to a US-centered one, as Toynbee's did, served US purposes well. Henry Luce, the editor of *Time* and *Life*, who famously articulated long-standing US imperial aspirations in a vision of the US post-war role when the US entered the Second World War in 1941 (Luce 1941/1999, Desai 2007a) later employed Toynbee's views to give his vision "intellectual respectability, depth and persuasiveness" (McNeill 1988: 23) in a major *Life* cover story in 1947.

More generally, US-sponsored cosmopolitanisms one-sidedly emphasized the undoing of the thirty-year-long fracturing of the world economy through two world wars and a Great Depression under US world leadership at the expense of the equally, if not more, momentous reality that an economically and politically international world had emerged. Even in the realist study of international relations, which ostensibly considered power-aggrandizing nation-states the fundamental building blocks of the world order, power was conceived in ways that left little room for political economy and developmentalism. Moreover, its ideological functions in the Cold War meant that it remained more concerned with asserting and justifying US power than with understanding the real or potential role of nation-states in capitalist geopolitics with any dispassion.

Nevertheless, in the immediate post-war period nation-states, and particularly their economic role in undertaking forms of combined development, was not entirely obscured. After all, scores of new independent states were coming into being and their developmental nationalisms placed national economic development at the

core of their visions (e.g. Barker 2009, Bunton 2009, Sarkar 2009 and Wu 2009 all in Desai 2009d). Communism had proved the superiority of state intervention and planning during the Great Depression and the War to an extent as to force the ruling classes of the capitalist West to borrow a few tools from the “socialists’ tool-kit” (Hobsbawm 1994: 96–7) in a variety of forms of national economic management. Moreover, until the 1970s, national development projects and related developments such as the Bandung conference, the Non-Aligned movement and its demand for a New International Economic Order underlined the economic role of nation-states. As a consequence, the literature on nation-building of the early post-war years within the broader modernization paradigm (Deutsch 1953, Kedourie 1960) did not neglect political economy entirely, the work of Gellner (1964 and 1983) theorized the relationship between industrial society and nationalism, and Tom Nairn’s pioneering work articulated a Marxist understanding of the materiality of nations in terms of uneven and combined development (Nairn 1981, first edition 1977).

However, as the 1980s opened, as new Anglo-American neoliberal governments vowed to undo their countries’ economic stagnation and loss of centrality in the world, and the crisis of third world development was announced as they cut formerly assertive third world governments to size by imposing Structural Adjustment and “lost decades” on them, three intellectual trends combined to push nation-states, their economic and geopolitical role, into the background. First, an unspoken and insidious scholarly division of labor became widely accepted between those who studied nations and nationalisms *per se* and those who studied political economy. As part of a larger “cultural turn” (Jameson 1998), the former considered nation-states primarily cultural artefacts (e.g. Anderson 1983/2006; for a critique see Desai 2009b). Marxists also contributed to it (Nimni 1991), neglecting any consideration of the economic role of nation-states.

Secondly, the study of national political economy, of what came to be called the “developmental state,” became the object of study of progressive non-Marxist scholars (major early works in this now vast literature include Amsden 1989, Hamilton 1986, Johnson 1982, Wade 1990, White 1988, Woo-Cumings 1999). Ironically, they traced their intellectual roots to none other than the Russian émigré Alexander Gerschenkron (1962) whose allegedly pioneering ideas about “late developing” countries being able to skip stages merely adapted UCD for the bourgeois intellectual palate. Most Marxists, by contrast, whose investment in pure capitalism was reinforced by neoliberal and globalization discourses tended to privilege cosmopolitan economic logics over the national intertwining of political and economic logics and avoided the field (Bagchi 2004 is an important exception).

Finally, in so far as UCD continued to attract the attention of Marxists, it was confined to examining the prospects for socialist revolution in the third world (e.g.

Löwy 1981). Nairn (1981) was an exception who was sidelined amid the “cultural turn” in the study of nationalism which Marxists seemed to take as well (Desai 2009b). This meant that Marxists did not ask what forms combined development might take in countries where the class forces for socialism did not exist but those for capitalism did, in greatly varying strengths. That question could have been, but did not become, the link between Marxism and the development experiences of the vast bulk of the third world where socialism was not on the historical agenda. It would have expanded a materialist analysis confined to class to include nations as equally material results of uneven and combined capitalist development. For, if, as Tom Nairn pointed out, the unevenness of capitalist development is “the most grossly material fact about modern history” and that nationalism “the most notoriously subjective and ideal of historical phenomena is in fact a by-product of the most brutally and hopelessly material side of the history of the last two centuries” (Nairn 1981: 335–6), if as others have pointed out, inequalities within nations, class inequalities, are dwarfed by inequalities between them, international inequalities (Freeman 2004, Milanović 2005), surely, nation-states and their attempts, more *and* less successful, at combined development had to be critical components of any Marxist understanding of the capitalist world, and its world order.

### **What’s at Stake?**

Pure and cosmopolitan conceptions of capitalism are particularly disabling in the 21st century. While US attempts to reconstitute a liberal world economy, or exercise hegemony, were never successful, it was possible if not exactly accurate, to see post-war instances of combined national development—the recovery of Western Europe and Japan and the industrialization of the first-tier New Industrializing Countries (NICs) such as South Korea and Taiwan—as occurring, and made possible by, the exercise of US power (on the latter see Cumings 1987). In the last couple of decades, however, increased growth and industrialization in the emerging economies, pre-eminently China, can no longer be seen that way. The geopolitical shifts they represent, which have been starkly revealed and accelerated by the financial and economic crisis and which neither the US nor the West can control, cannot be comprehended by those who hold to pure conceptions of capitalism.

Nor are these shifts unexpected. Well-known financier, George Soros, could foretell in January 2008, when the financial crisis was only brewing in the form of a credit crunch, that not only was “a recession in the developed world...now more or less inevitable, China, India and some of the oil-producing countries are in a very strong countertrend. So, the current financial crisis is less likely to cause a global recession than a radical realignment of the global economy, with a relative decline of the US and the rise of China and other countries in the developing world”

(Soros 2008). The crisis was not global: not in the sense that all economies suffered because they were all inter-linked and inter-dependent. Nor was it imperial in the sense that the leading or hegemonic economy's suffering was magnified in the rest of the world.

Others had seen this coming even earlier. In 2007 the US economy had only just entered the economic slowdown that would lead to the defaults on "sub-prime" mortgages that triggered the credit crunch and eventually the financial crisis but a group of IMF economists were already pronouncing the rest of the world "decoupled" from the US. (Helbling et al. 2007). Indeed, their figures showed that the adage that "if the United States sneezes the rest of the world catches a cold" was always exaggerated. While US recessions were indeed accompanied by declines in growth rates elsewhere in the past, they were not only less severe than in the US but also highly variable, ranging from roughly half as severe in Europe, a little less than that in Latin America, and a quarter as severe in Asia. Effects of US recessions were even smaller in the Middle East and Sub-Saharan Africa. And the downturn of 2007 was having "little discernable effect on growth in most other countries" (Helbling et al. 2007), not least because "[t]rade linkages with the United States have become progressively less important for many countries" and because of "the strengthening momentum of domestic demand in both advanced economies other than the United States and emerging Markets" (Helbling et al. 2007: 121). In the early weeks after the financial crisis was triggered by the collapse of Lehman Brothers, as the initial shock of the crisis provoked adverse effects around the world, there were loud denials of the decoupling thesis. However, as the crisis wore on, its veracity only became starker. The US seemed to be developing a bad case of pneumonia and Europe at least a bad 'flu, but Japan merely continued on its indifferent performance of recent decades while the emerging economies seemed to have got away with a few sniffles. While their continuing growth is anything but guaranteed, the obstacles they might come up against are more likely to be domestic and not global or of US origin (for the case of India, see Desai 2007b).

On the one hand, it is clear that the development of China and other emerging economies, for so long wrongly claimed as evidence of globalization (Freeman 2004), was state-led and ran counter to the central claims of that discourse. More fundamentally, the idea that the UK-dominated liberal world economy that had broken down in the "Thirty Years' Crisis" had been recreated after the Second World War under US hegemony was dubious. Capitalist economies—imperial, national or colonial—had always been directed by the state and, as the nation-state form became generalized, they became even more deeply national, remaining that way even during the decades of neoliberalism, "globalization" and "empire." On the other hand, while US hegemony is now more widely questioned, the more



interesting question is why it was so widely accepted until so recently. It is not just that the decline of US hegemony was announced in the 1970s (Kindleberger 1973, Wallerstein 1974), though some pronounced that decline reversed a decade later (Huntington 1988 is the leading exponent of this view, but for interesting latter-day Marxist variations, see Panitch and Gindin 2004 and 2005). In reality ideas of US hegemony and of capitalism as a succession of hegemonies were retrospective constructs, having been erected so as to legitimize US actions in an increasingly volatile and recalcitrant world as attempts to recreate the supposedly golden age it had presided over (Kindleberger 1973. This intellectual history is traced in Desai forthcoming 2011). Indeed, the statistic so often cited to contest ideas of US decline—that the US's share of real world GDP may have declined from its post-war peak of half of world GDP to about 25 percent of world GDP by about 1970 but had not budged from there—is likely to be more fully challenged. On the one hand, the two periods when the decline in the US's share was dramatically reversed—the early 1980s and the late 1990s—were periods when US government actions boosted the exchange rate of the dollar, statistically inflating its national product. On the other, there are reasons to believe the importance of the US in the world economy has been statistically exaggerated over recent decades more systematically. “Hedonic” or “quality” adjustments to the calculation of US GDP since 1985—to take account of improvements in the quality of products—have increased the value of certain types of activities and products in the US economy (e.g. Islam 2002, Wasshausen and Moulton 2006). Whether these adjustments have anything to recommend them in terms of making GDP figures more accurate reflections of levels of production may be debated. But one does not have to settle that issue in order to recognize that as long as the US is the only country in the world to make these adjustments, and barring some tentative forays in that direction by UK statistical agencies, it is, its relative size in the world economy is being exaggerated. There is the separate question of how the current crisis will affect the sizeable portion of US GDP which is due to financial and business services and intellectual property rights.

Though many commentators, unable to break the cosmopolitan assumption that world capitalism needed a hegemon, took the absence of a clear successor hegemon to mean US hegemony remained intact, the present conjuncture actually presents a challenge not only to theories of US hegemony, but to the very idea of the evolution of capitalism through a succession of hegemonies (Desai 2009c, Desai 2011 and Walter 1993). However, the alternative world of competing national capitalisms and possibly competing imperialisms is precisely what has been written out of the new Marxist theories of capitalist geopolitics based on pure and cosmopolitan capitalism.

## Actually Existing Capitalisms

Contemporary Marxists who conceive of capitalism as a pure economic system forget that Marx's representation of pure capitalism in *Capital* was a heuristic device, not to be equated with any Actually Existing Capitalism, to adapt a phrase of Rudolph Bahro's (1978). Not only did the capitalism of *Capital* never refer to any real system, pure capitalism existed nowhere, as Engels pointed out, confidently predicting also that it would not be allowed to, since revolutionaries would not "let it come to that" (Mandel 1978: 68). Notwithstanding Marx's strictures to German comrades in the preface to *Capital—de te fabula narratur* and all that—it especially did not exist in England (Anderson 1987).

Broadly speaking Actually Existing Capitalisms may be seen to depart from conceptions of pure capitalism along at least three broad lines. First, capitalism is everywhere born amidst non-capitalist productive relations which it only slowly, and, until today at least, never completely, transforms. These legacies of the pre-capitalist past—patriarchy, slavery, caste—capitalism everywhere modifies and puts to good use. Even the most modern forms of capitalism remain structured by them. Second, developmental policies and institutions are not just characteristic of "late development" but have been indispensable in the rise of all national capitalisms, including the earliest (Chang 2002, Reinert 2007, and Amsden 2007). Last, but not least, modern regulatory and welfare systems modify capitalisms' workings in ways that, Polanyi (1944/1985) insisted, were unavoidable. Contrary to the assumption that the most advanced capitalisms are, or at least approximate, pure capitalisms, not only do first and third world capitalisms both feature inherited non-capitalist social forms interacting with the mechanisms that Marx identified in *Capital*, first world countries feature modern modifying welfare and regulatory forms that are considerably more powerful than their counterparts in the third world. Economic historian Robert Brenner places these forms—more specifically demand management and the "automatic stabilizers" of the welfare state which eased postwar recessions and eventually prolonged the "Long Downturn" which began in the 1970s—at the core of his account of capitalism since the 1970s (Brenner 2006). Each national capitalism is a distinct historical formation with distinct historical inheritances and modern regulatory and welfare structures as the literatures on "varieties of capitalism" and "worlds of welfare" and the range of developmental states (e.g. Coates 2000, Esping-Andersen 1990, Haggard 1990) testify.

However, few post-war Marxists focused these forms of political regulation and direction of capitalism and the Marxist scholarship on capitalist geopolitics that finally emerged in the 1990s was not an attempt to revive the classical tradition which placed nations and national capitalisms at its core. Rather it took the form of a critique of conventional realist international relations' emphasis on the state

as the central category from a viewpoint emphasizing, in contrast, the existence of a pure and cosmopolitan capitalist economy.

### Rosenberg's Empire of Civil Society

Justin Rosenberg's critique of realism in international relations started from the laudably "simple claim that geopolitical systems are not constituted independently of, and cannot be understood in isolation from, the wider structures of the production and reproduction of social life" (1994: 6). He soundly argued that "the consolidation of sovereignty and its generalization into a global states-system must imply a concrete *historical process* of social upheaval and transformation." The real origin and history of the modern international system of states had to be sought in the historical processes—economic as well as political—of the origin and world-wide spread of capitalist relations of production, not as realists tended to do, in a purely "political theory" based on "the diplomatic interchange between pre-constituted states" (Rosenberg 1994: 135). But how well did Rosenberg fulfill these self-imposed requirements?

Rosenberg's theoretical critique aimed at realism's heart—its theory of sovereignty. Hedley Bull's standard realist definition, following Bodin, defined sovereignty as the assertion of "supremacy over all other authorities within [a given] territory and population" and "independence of outside authorities" (quoted in Rosenberg 1994: 136). It brushed aside the separation between the political and economic spheres as liberal naïveté. But what was put in its place, Rosenberg contended, was archaic and anachronistic. It was an absolutist not a capitalist conception of sovereignty. The specificity of the latter rested on the separation of the economic and political, the private and the public, in the capitalist state. To put clear blue water between him and liberal fictions, Rosenberg drew on Ellen Wood's Marxist political theory to argue that the separation of the political and the economic in capitalism was a division within the political function itself:

the differentiation of the economic and the political in capitalism is, more precisely, a differentiation of political functions themselves and their separate allocation to the private economic sphere and the public sphere of the state. This allocation reflects the separation of political functions immediately concerned with the extraction and appropriation of surplus labour from those with a more general communal purpose... the differentiation of the economic is in fact a differentiation *within* the political sphere. (Wood 1981: 82, emphasis added)

While absolutist sovereignty merely asserted superiority over all other political authorities in a territory, capitalist sovereignty required, Rosenberg argued, articulating "a 'purely political' state." Such a state contained no other, subordinate,

political authorities (or, to put it in Wood's terms, they had become economic or private). Rather, it contained only "legally equal individuals" (Rosenberg 1994: 138). Ellen Wood had argued that the sovereignty of such a "purely political" state was "even more unlimited and uncompromising" than absolutist sovereignty "because no corporate mediation stands between the individual and the sovereign state" (quoted in Rosenberg 1994: 138). This more absolute sovereignty which was not absolutist involved "restricting much more closely what is to count as the legitimate domain of politics" (Rosenberg 1994: 138–139).

Rosenberg understood this "unlimited and uncompromising" capitalist sovereignty over "legally equal individuals" by analogy with Marx's idea of the abstraction of concretely different labors under capitalism. Just as labor in general, previously only a conceptual abstraction, "achieves practical truth as an abstraction only as a category of the most modern society" (quoted in Rosenberg 1994: 146), so

...what distinguishes the modern form of geopolitical power is not [as in realist international relations] that it is exercised by a plurality of independent units (anarchy in general), but that it no longer embodies personalized relations of domination (which cancel the formal independence of the dominated), being impersonal, mediated by things. (Rosenberg 1994: 146)

This does not mean, as naïve liberals imagine, that the sovereignty of the state is neutral. "On the contrary, its very form is a dimension of class power because it entails the parallel consolidation of private political power in production" (Rosenberg 1994: 128).

There were at least three problems with Rosenberg's critique. First, while Wood insisted that the apparent separation of the economic and the political was really an internal differentiation within the political realm in order to point to capitalism's specificity in having such an economic realm, she did not provide the clear demarcation between the two which Rosenberg needed to make his case against realism. Given that in reality, the rule of the capitalist class was never, and could not be, based on any strict separation of political and economic, given that the conceptually neat distinction did not obtain in any Actually Existing Capitalism, she went on in her own later work, to blur the distinctions (Wood 1999). At best such a separation between political and economic had been ideologically powerful in the 19th century age of "liberal capitalism" which ended in the First World War. But, given the rise of welfare and regulatory states after the Second World War, it was even ideologically dated by the time Rosenberg was writing. Where once many actions of capitalist states could derive legitimacy from *the idea of* the separation of the political from the economic, few could any longer.

Rosenberg could only resort to bringing the liberal conception of the separation of the political and the economic in through the back door. Bourgeois rule worked

merely to “consolidate private political power in production” (Rosenberg 1994: 128) leaving economic or “pure” capitalist competition to sort out the rest, he argued. But, in fact, it always did much more, including using political and public means routinely to secure particular economic or private ends—of particular actors and interests at worst and of actors and interests whose claim to represent the capitalist class or society as a whole was least contested at best. But Rosenberg argued that the capitalist state “is not involved in regulating civil society” (Rosenberg 1994: 127), while the state “frames laws, upholds contracts, raises taxes and implements policies designed to promote the development of the sphere of production”:

None of these...need involve the state moving into that other realm of political command, namely the privatised sphere of production, by taking over the process of surplus extraction itself. Where it does do this, for example by extending its direct ownership through nationalization, it can find that the *sovereign* character of its rule diminishes. It no longer stands over against civil society. Industrial disputes are immediately political disputes. The appropriation of the surplus becomes an object of public “political” struggle within the state rather than private political struggle within the productive corporations of civil society. The private despotism of the workplace becomes the public despotism of the state. (Rosenberg 1994: 127–128)

That Rosenberg is discomfited by the dubiety of his attempt to demarcate the purely political sphere of state sovereignty is clear from his ambiguities. Is the capitalist state to refrain merely from “taking over the process of surplus extraction” or also from “regulating civil society”? But the thrust of his view is towards a “light-touch” regulation state, if not exactly a “night-watchman state.” In this view, any state doing more faces a diminution of its sovereignty. As an example, Rosenberg pointed to the British state did during the Winter of Discontent in 1978–79. It was an unsustainable situation and had to end, and did end with the “restoration of the private political sphere and of the class power of capital in this sphere of production” (Rosenberg 1994: 128) that came with the election of the neoliberal government of Margaret Thatcher. The implication that neoliberalism restored normalcy to capitalism was problematic both historically and conceptually. Historically it treated the long-term processes through which developmental, regulatory and welfare states increasingly intervened in capitalist economies, processes as old as each actually existing national capitalism, as anomalies and the briefer neoliberal period as normal. Conceptually, it took neoliberalism far too much at its own word. Contrary to all the rhetoric of free markets and small states, the reality of neoliberal policy rarely approximated these ideas (Hay 2008; on the limits of neoliberal success in the case of Britain, see Marsh and Rhodes 1989).

Contra Rosenberg, no clear line runs between “policies designed to promote the development of the sphere of production” and “the process of surplus extraction

itself.” Not only nationalization but a whole range of activities that capitalist states have historically undertaken between policing and central banking—imperial expansion, protection, macro-economic management, infrastructure building, provision of utilities, encouragement of selected industries, industrial regulation, public education and the cultivation of particular skills, not to mention the regulation and suppression of trade unions—are difficult to contain on any one side of the divide postulated by Rosenberg. And, to repeat, nor was this interpenetration of the political and the economic a feature of “late development” as some would have it: late *and* early developers featured it. Theorists of developmental states have amassed evidence on this that is simply too vast to be ignored.

A second problem concerns the analogy between the political relationship of the capitalist state to the individual and Marx’s idea of abstract labor. The latter may be a useful heuristic device to lay bare the direction in which a capitalist economy tends; it is not an accurate description of any particular labor force. In reality labor forces are invariably structured along concrete and far from impersonal forms of domination including gender, race, ethnicity, skill levels etc. which are legally validated and regulated by the state and implicated in processes of capitalist production and reproduction in ways that cannot be reduced to pre-capitalist residues. This implies that the sovereignty of no actually existing capitalist state can reside solely in legal power over individual citizens free from relations of personal dependence. A variety of state and social institutions sustain forms of personal dependence, qualifying the freedom of free labor. While in underdeveloped capitalist countries groups insufficiently separated from pre-capitalist moorings or non-capitalist forms of surplus extraction may be more numerous, at least in the forms of patriarchy and racial discrimination, they are not absent from advanced countries either. And in the latter, modern forms of welfare, education and regulation, including regulation of migrants, create and maintain forms of privilege and subordination in the labor force which render it a far cry from a free labor market in abstract labor.

Finally, Rosenberg also challenged realist international relations’ assumption of plurality, anarchy and contestation of the international system. To this he counterposed a putative unity and singularity of the capitalist world economy. In this view, not only was Cold War-induced (and never entirely settled or accepted even then) harmony among advanced capitalist states naturalized, imperialism was assumed to operate economically, and with little possibility of state-led challenges to it. A single world capitalist economy might co-exist with a multiplicity of nation-states but it also drains them of significance or agency. When the Third World demand for a New International Economic Order (NIEO) threatened to challenge “the separation of politics from economics, the separation which enabled the private dimension of the relationship between Western and Third World societies to count as non-political” (Rosenberg 1994: 132), it was defeated by IMF policy

packages (Structural Adjustment) which “registered a fuller than ever subordination to private economic mechanisms through the IMF” (1994: 133). This, like the onset of neoliberalism, was treated by Rosenberg as a return to normalcy. For him, the specifically capitalist “idiom of geopolitical power” was “the empire of civil society,” the result of “the differentiation of [political and economic] spheres [which] provided the structural precondition for a simultaneous enhancement of territorial definition of polities and yet deepening of material integration of social reproduction across borders” (1994: 134–135). It left little room on the one hand for the variety of non-economic ways in which projects and policies could and were still prosecuted, for actions of Western states which contravened the separation of politics and economics. On the other hand, it failed to recognize the centrality of state-led, politically organized, attempts to challenge given distributions of economic, and relatedly political, power in the world. NIEO may have failed, but it was precisely through such attempts that British industrial, economic and political supremacy came to be challenged in the late 19th century by developmental states of the newly industrializing countries (NICs) of the time—pre-eminently the US, Germany and Japan. Later in the 20th century, such forms of combined development were seen to have emerged only under the shadows of the Cold War, and therefore without geopolitical significance (but see Van der Pijl 2006) but, by the 21st century, despite and against three decades of neoliberalism, the emerging economies, pre-eminently China, had engineered a shift in the center of gravity of the world economy. The emergence of this new generation of developmental states is something Rosenberg’s geopolitics of pure capitalism cannot cognize, let alone explain. Indeed, ironically, Rosenberg’s conception of capitalism leaves little room for any geopolitics, and for that matter, politics, under capitalism.

### **Teschke’s Own Myths**

The depth of contemporary Marxists’ investment in the pure and cosmopolitan conception of capitalism can be gauged from Benno Teschke’s critique and elaboration of Rosenberg’s work. Though he lighted on precisely the themes that could have contested it, he employed them to an all-too-limited purpose. Rosenberg’s argument that the realist tradition was unconcerned with distinguishing capitalism from absolutism, failed to account for the separation of the political and economic spheres and assumed continuity between pre-capitalist and capitalist forms of sovereignty had a critical implication which Teschke sought to elaborate. Realists conventionally dated the rise of modern international relations from the 1648 treaty of Westphalia. However, Teschke pointed out, Westphalia only “expressed and codified the social and geopolitical relations of absolutist sovereignty,” with absolutist France as its most powerful signatory. Specifically modern, i.e. capitalist,

international relations could only emerge with England's 1688 Glorious Revolution. Only once this first fully capitalist state was created, when it adopted "a new post-revolutionary and parliamentary foreign policy—the "blue water" policy—[which] was linked to the reorganization of economic and political power in Britain, and... broke with pre-capitalist imperatives of geo-political accumulation," could modern capitalist international relations be said to have begun (Teschke 2003: 11).

And 1688 was only a beginning. Teschke insisted that "Modernity is not a structure but a process" (Teschke 2003: 41). As we have seen, Rosenberg set out to re-think capitalism's international relations historically but ended up in the theoretical schematism required by his pure conception of capitalism. In contrast Teschke not only sought to give "a dynamic account of the co-development of capitalism, the modern state and the modern states-system" (Teschke 2003: 40) but came a lot closer to achieving it. And he did so by abandoning the all-too-neat separation between the political and the economic which Rosenberg's pure capitalism required him to postulate.

Teschke posited a prolonged period of coexistence between capitalist modernity and the pre-capitalist world from which it necessarily emerged. This already meant an intermeshing of the political and the economic in societies that had become tendentially capitalist. Moreover, according to Teschke, the persistence of pre-capitalist residues was not the only reason for the intermeshing. He conceptualized the development of capitalism in one country, Britain, putting modernization pressures on the pre-capitalist states within its ambit. Placed at an economic and political disadvantage they responded by engaging in a series of "revolutions from above" to introduce capitalism, and speed up its development. Such "counter-strategies" mixed the political and the economic but that was not confined to late developers. Their actions reacted back on Britain, so as to "soil" the assumption that its capitalist-liberal culture (Teschke 2003: 41) enjoyed a "pristine" immunity from this logic as some such as Wood had argued (Wood 1992) and others such as Gerschenkron had long implied. Rather Britain was "from the first dragged into an international environment that inflected her domestic politics and long-term development. The distortions were mutual" (Teschke 2003: 266).

Teschke's argument had the merit of giving a central place to national development strategies, i.e. forms of combined development, in capitalist geopolitics.

*Contra* Marx and Engels in *The Communist Manifesto*, the expansion of capitalism was not an *economic* process in which the transnationalising forces of the market or civil society surreptitiously penetrated pre-capitalist states, driven by the logic of cheap commodities that eventually perfected a universal world market. It was a *political* and, *a fortiori*, *geopolitical* process in which pre-capitalist state classes had to design counter-strategies of reproduction to defend their position in an international environment which



put them at an economic and coercive disadvantage. More often than not, it was heavy artillery that battered down pre-capitalist walls, and the construction and reconstruction of these walls required new state strategies of modernisation. (Teschke 2003: 265)

However, for Teschke, the centrality of national and state-led capitalist geopolitical dynamic did not extend to modern capitalist geopolitics. It was confined to a long (for Europe a three centuries long) process of *modernization* of capitalist states and their international relations. During it, international relations were “not modern but modernizing” (Teschke 2003: 12) and the rise and spread of capitalist accumulation was “geopolitically mediated” (2003: 264), that is, bound up with the specifically absolutist logic of territorial accumulation. Thus the intermeshing of politics and economics had an end—lasting from “1688 to the First World War for Europe, and beyond for the rest of the world” (Teschke 2003: 12) and it had no part in mature modern capitalism and its geopolitics. There was no indication that the contours of this modernity, once achieved, were any different from Rosenberg’s view of the neat division between private and public in capitalism.

For Teschke, therefore, *modern*, as opposed to modernizing capitalism, was sullied neither by political interference nor by its nation-state form. The latter was as irrelevant to the former as it was reliant on it. Indeed, there is a “structural interrelation and functional compatibility between a territorially divided states-system and a private, transnational world market” (Teschke 2003: 40) but no theoretically necessary link:

Capitalism neither caused the territorially divided states-system nor required a states-system for its reproduction—though, as Justin Rosenberg argues (Rosenberg 1994), it is eminently compatible with it. Capitalism’s *differentia specifica* as a system of surplus appropriation consists in the historically unprecedented fact that the capital circuits of the world market can *in principle* function without infringing on political sovereignty. As a rule, capitalism can leave political territories intact. Contracts are concluded, *in principle*, between private actors in the pre-political sphere of global civil society. Capitalism, then, is the condition of possibility for the universalization of the principle of national self-determination. (Teschke 2003: 266–267, emphasis added)

Thus, though Teschke opened the door to understanding the role of developmental states historically, he negated their significance for capitalism theoretically, just as Rosenberg had. The plurality of nation-states existed because they were the geopolitical integument out of which capitalism emerged and they could exist (and therefore did exist—there was a certain elision here) because they were inconsequential for the operations of capital. Politics, nation-states and geopolitics were subordinate effects of a pure and cosmopolitan capitalist economy. While messy historical reality may feature imperial or domestic infringements of pure capitalism’s

purely political sovereignty, and may play a role in the conclusion of contracts, they were not necessary *in principle*, i.e. “theoretically,” since capitalism remained pure and unsullied.

How close Teschke came to the self-conception of the capitalism’s dominant powers is clear from his account of the post-communist world order. Since “the key idea of modern international relations is no longer the war-assisted accumulation of territories, but the multilateral political management of global capital’s crisis potential and the regulation of the world-economy by the leading capitalist states,” “the major lines of military conflict run between states that are locked out of the world market and those that reproduce the political condition of the open world market, backed up by the principle of collective security.” (Teschke 2003: 266–267). Writing after the War on Terrorism and the “new imperialism” had already begun, Teschke endorsed of the idea that mature capitalism, one free of its pre-capitalist residues modernizing imperatives, would feature a plurality of states drained of the political and geopolitical significance they had during the centuries-long process of modernization and that the only conflicts would occur with states “locked out of the world market” (Iran? North Korea? Syria?). This could have been uttered by a more sophisticated Bush Jr. ideologue and cannot accommodate the geopolitical tensions which the present crisis is revealing. These run between advanced industrial countries, between them and the emerging economies and on other lines, and they concern nothing less than “the multilateral political management of global capital’s crisis potential and the regulation of the world-economy.” It shows that these are no longer matters for “the leading capitalist states” alone. And they dwarf any conflicts between “states that are locked out of the world market and those that reproduce the political condition of the open world market, backed up by the principle of collective security.” Indeed, the commitment of the leading capitalist countries to the “open world market”—whether in goods or money (it had never been particularly open for labor)—has also come to be questioned.

## Conclusion

At the end of the 21st century’s first decade, the world stands poised at the cusp of a major geopolitical shift comparable with the conjuncture the world faced in the early 20th century. Now as then it is powered by an intensification of efforts at combined development. However, in contrast to those times when Marxists produced brilliant analyses of the historical development of the capitalism of their time to comprehend the geopolitical shifts of their time, and in doing this, produced the first theories of capitalist international relations, contemporary Marxists, captive as they are of conceptions of pure capitalism, are ill-equipped to comprehend contemporary

geopolitical shifts. Even later interventions in this vein remain focused on deriving geopolitics from a more or less pure conception of capitalism (e.g. Callinicos 2009).

The multi-polar world that is heralded by the shift from the G7 (or G3 or G1) to the G20 in the current world financial and economic crises is certainly one which contains the potential for conflict. After all, there are large gains and losses being made by powerful agents which are, moreover, more numerous than they were in the early 20th century. However, the contemporary conjuncture also represents developments which make armed conflict less rational. On the one hand, its costs are greater and its rewards less attractive than they used to be when powers capable of industrialized warfare faced poorly armed native populations in distant pre-capitalist lands. On the other, greater popular participation, whether in formally democratic society or not, also means that the costs of conflict include potential losses of domestic legitimacy. Neither development negates the possibility of geopolitical conflict but one may safely say that the drivers of conflict will not be the achievement or otherwise of capitalist modernity, i.e. pure capitalism, on the part of its protagonists as other factors to do with the expected costs and benefits of such conflict to individual powers. At the same time, the present conjuncture also contains the potential for international cooperation thanks to the greater dispersal of economic, military and financial power it represents, and heralds. These potentials need to be assessed and exploited to the fullest by Marxists, and progressive forces. That cannot be done on the basis of a pure conception of capitalism and its “requirements.”

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