

SUPPLEMENT

# Imperialism and the state

## Part I

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Early, not late, capitalism generated imperialism, and capitalism without the state is impossible

In this series I shall attempt to address at a somewhat higher level of abstraction some issues I previously covered in a 2004 series of articles in the *Weekly Worker*.<sup>1</sup>

By way of background, my starting point in 2004 was a criticism of the political line of the Alliance for Workers' Liberty on the invasion and occupation of Iraq. The AWL argued that it was wrong to call for the defeat of the invasion. And, between the 2003 invasion and the withdrawal of most British troops in 2009, they argued that socialists should not agitate for the immediate withdrawal of the occupying troops. The grounds offered were various, but came down to the proposition that to agitate for the immediate withdrawal of occupying troops was to ally *de facto* with the Ba'athist and Islamist armed groups, which they characterised as uniformly reactionary *vis-à-vis* imperialism. They argued that the withdrawal of troops would necessarily lead to the victory of the Islamists and Ba'athists, which meant that instead socialists' activity should be entirely focused on solidarity with what they claimed was a nascent workers' movement in Iraq (meaning, for practical purposes, *mainly* trade union organisations).<sup>2</sup>

As a matter of immediate political tasks, we in the CPGB and *Weekly Worker* were upfront defeatists in April 2003, and we proposed, as an alternative to the AWL's line, the idea that socialists should campaign *both* for the immediate withdrawal of the occupying troops *and* for solidarity with workers', socialist and women's organisations in Iraq.<sup>3</sup>

This was not merely counterposed to the AWL's line, but also to its more immediate opposite: the line of the Socialist Workers' Party, the Maoists, a significant part of the *Morning Star*'s Communist Party of Britain and much of the Trotskyist left. These tendencies argued that socialists should favour the victory of whatever can be called a 'colonial nationalist movement'. On this basis some argued that socialists should 'support the resistance' without differentiation between (mainly Ba'athist) guerrilla attacks on US forces and (mainly Islamist) attacks on Iraqi trade unionists, women and secular life generally. Others argued, roughly, that since 'demonising' their military opponents is part of the imperialists' strategy to mobilise support for their wars, socialists should, in face of the imperialists' war drive, abstain from criticism of (for example) the Iranian theocratic regime, and even publicise alleged positive features of this regime as a



John Heartfield photomontage 1929

form of counter to imperialist propaganda. I do not propose to repeat here the arguments against both of these approaches as a matter of practical politics, which have been made elsewhere. The reason for my 2004 series was that the line of both the SWP etc, and that of the AWL, are backed up by views of the *theory* of imperialism. The AWL backs up its immediate political

line with a theory of the current state of world capitalism, called, for shorthand, an 'imperialism of free trade', which (it claims) has more similarities to Karl Kautsky's "ultra-imperialism" (or global cartel of states) than to the "classical imperialism" studied and debated by Rosa Luxemburg, Vladimir Lenin, Nikolai Bukharin and so on.<sup>4</sup> Those holders of

SWP and similar views who have any serious theoretical referents would argue, if pushed, that they were applying a variant of the policy of the 'anti-imperialist united front' proposed by Comintern documents from the 1920 Congress of the Peoples of the East and the Third and Fourth Congresses of Comintern. These political lines, in turn, were quite specifically based on *Lenin's* theoretical analysis of imperialism as the 'highest' or final stage of capitalism - as distinct from Bukharin's or Luxemburg's arguments.

Much of my 2004 series was devoted to exposition of the development of Marxist arguments about imperialism, with a smaller amount of material about the development of the political economy of world orders since the 19th century. The third article attempted to draw conclusions out of the (very partial and superficial) review of the main conclusions of some of the leading literature in the first two. In my judgment the core issue is that both the classic 'Leninist' theory of imperialism and the AWL's "imperialism of free trade" theory underestimate the specific role of the state as such in the political economy and, conversely, underestimate the impact on the state of the tendency of capitalism to cycles and polarisation. The 'Leninist' theory imagines a fusion of state and capital into an entity whose motivations are purely capitalist, which is nowhere real, while the AWL's theory effectively dematerialises the state altogether.

Part of my third 2004 article attempted to use arguments of this type to synthesise some fundamentals of the Marxist critique of political economy with the (limited) evidence which the historical development of capitalism provides for 'long waves' (discussed, in different forms, by Ernest Mandel and Giovanni Arrighi, among others).<sup>5</sup> These arguments were criticised by Nick Rogers in the *Weekly Worker*.<sup>6</sup> In my response to Nick I elected to leave these issues aside on the basis that "the issue requires a much fuller discussion than can be given here".<sup>7</sup>

This series is an attempt to deliver, at least at an abstract and exploratory level, such a discussion. It falls into three parts. The first restates points made in my 2004 articles about what must be explained by any theory of imperialism. The second addresses the core issue of the political-economic place of the state. The third attempts to return to address this material to the questions posed in the first part.

A necessary preliminary point is on the meaning of 'imperialism' in the history

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of Marxist usage of the term. In *The Civil War in France* Marx uses it to mean primarily the domestic political regime of Louis Bonaparte and, just possibly, the beginning of the Bismarckian regime in Germany: ie, as a synonym for what could also be called (and post-1918 writers were to call) 'Bonapartism'. This sense of 'imperialism' continued to be used by writers of the German Social Democratic Party and Second International, with the result that Lenin's use of the word to refer to colonialism and the division of the world among imperialist powers, etc, has been seen as violently innovative, and it is suggested by some authors that writers of the SPD and Second International were not concerned with the latter issue. In reality, SPD writers discussed colonialism, in ways which foreshadow Lenin's theory, under the name *Kolonialpolitik*.

In English political discourse, however, the word 'imperialism' had mutated in the 1870s. Benjamin Disraeli's 1872 Crystal Palace speech used the language of Britain as "an imperial country" (already in use in the 18th century). The Royal Titles Act 1876, by which Queen Victoria adopted the title of "Empress of India", led to a debate in which Liberals used 'imperialism' as a derogatory expression derived from the continental usage. The Tories, however, embraced the name as a tag for support for Britain's overseas empire: and in this sense 'imperialism' became a positively popular and respectable policy from the 1880s.<sup>8</sup> This was the context of John A Hobson's famous critique in his 1902 *Imperialism: a study*.

The international influence of Hobson's book led to a shift in continental socialist circles towards the use of the English sense of the word. Although, following the 1907 'Hottentot election' in Germany, the debates in the SPD and Second International were still conducted in the language of *Kolonialpolitik*, Rudolf Hilferding's 1912 *Finance Capital* employed the term 'imperialism' in this context - and the same was true of Luxemburg's 1913 *Accumulation of Capital* and of Kautsky's 1914 'ultra-imperialism' article. Lenin's 1917 use was therefore not a radical innovation.

## What is imperialism?

I start with the proposition that what is to be explained by any theory of imperialism are three interrelated phenomena.

The first is the existence of radical inequality *between states and their populations* in the capitalist world economy (conventionally 'imperialist/colonial', 'first world/third world' or 'north/south') and in political affairs (not only formal colonialism, but also 'neocolonial', 'first world' military and political interventionism in 'third world' countries). As will appear below, I think that the focus on the extremes in the dichotomy, imperialist/colonial, is problematic, but the existence of a global *hierarchy* of countries is clear enough.

The second is the changing structural dynamics of international relations and the problem of world wars: movement from British informal dominance in the early 19th century, through the formation of the great powers between around 1850 and 1870, to the age of formal European empires between the later 19th century and its collapse in inter-imperialist wars in 1914-45, to the US informal dominance of the later 20th century (now perhaps beginning to come apart).

The third is the domestic political corollaries of the first two points in the modern world. That is, from the 1870s on, the bifurcation of political dynamics between the imperial centres and their semi-subordinate allies, on the one hand, and the fully subordinated countries of the 'global south', on the other: political stability and fairly long periods of at least partial political liberalism in the imperial centres; and instability and a recurrent tendency towards either bourgeois dictatorial or pseudo-traditional authoritarian forms of government in the fully-subordinated countries.

On *both* sides of this divide, the objective tendency towards an international proletarian *class* movement, which was visible in the mid to later 19th century - and had 18th century antecedents - was deflected towards nationalist incorporation of the workers' movement behind the local states. This took the form of social democracy and similar trends in the imperialist centres, and of radical nationalism (including forms of Stalinism) in the fully-subordinated countries.

To ask the theory of imperialism to explain these three phenomena is precisely *not* to ask it to explain (a) the internationalisation of production or the export of capital; (b) 'monopoly', including in this term (as Marxist theorists of imperialism routinely do) oligopoly; (c) 'finance capital', understood as the fusion of industrial and banking capital; or (d) the grounds for supposing that capitalism as such has reached its highest stage, is in decline or has become parasitic, or that the continuance of capitalist class rule represents a threat to humanity. In other words, I set on one side *at the outset* the theoretical core of the Leninist interpretation of imperialism.

My reasons for doing so are slightly distinct on the three issues. First, as far as (a) and (b) are concerned, to identify the internationalisation of production, the export of capital and monopoly/oligopoly as *new* phenomena in the later 19th century entails falsification of the *earlier* history of capitalism.

It imagines that earlier capitalism was national in its scope, when in fact capitalism grew up under and after the feudal regimes as an *international* formation and from the outset was embedded in an *international* division of labour. To give a single and very elementary example, late medieval English agrarian change involved *inter alia* 'sheep eating up men', ie, the

displacement of peasant grain production by wool production. This shift was also a critical element of the early stages of the shift in agriculture from exploitation of peasants through (labour, food-render or money) rent and *banalité* monopolies (and their clerical equivalents, tithe and fees for spiritual services), to agricultural exploitation by the employment of free labour. The wool in question was destined for handicraft producers in the low countries, organised by 'putting-out' merchants who sold to European-wide markets and into the Islamic world. Without those markets and the bulk shipping which made them practical, the shift from villein grain production into large-scale specialised sheep farming would not have taken place.

From the Islamic world the merchants were getting back goods produced there, which were not produced in western Europe, and goods that the Muslim merchants were buying in from east Asia. An example: spices. Not a simple luxury, spices were used to preserve foods (for example, pickled herring, produced by industrial methods by early Dutch capitalism),<sup>9</sup> and by increasing the life of foods, the same amount of food could feed more people. The export of capital for production in 'colonised' territories also began, for Venice at least (other interstitial-capitalist city-states were weaker, and have been less studied), in the later Middle Ages.<sup>10</sup>

Equally, the idea that 'monopoly' is new involves imagining a period of 'free competition', when in reality important economic sectors were, in early capitalism as well as in later/modern capitalism, either highly oligopolistic in character or directly tied to state assistance or state purchases, or both.<sup>11</sup> It is true that there is an objective tendency of capitalist competition to decay into oligopoly/monopoly (discussed below), but this tendency was already present in early capitalism, and the case for a *secular, qualitative* shift towards monopoly, linked to the development of late 19th century 'high imperialism', is not made out (as opposed to the real, but more limited, cartelisation of certain *leading capitalist sectors* in response to the 'long depression' after 1873).

Secondly, as far as 'finance capital' is concerned, the phenomenon of 'fusion' of banking and industry described by Hilferding in *Finance Capital* and adopted as a 'marker' of the imperialist stage of capitalism by Lenin in *Imperialism, the highest stage*, was in fact specific to continental Europe and has remained specific to 'civil-law' countries. Why this is the case, and the extent to which 'fusion' and associated phenomena have persisted in the recent period of financial globalisation, is debated. But the fact that the development described by Hilferding, here followed by Lenin, never really touched the 'anglosphere', is apparent.

Hillel Ticktin has offered to invert Hilferding's account.<sup>12</sup> He relies on evidence of close relations between

(country) banking and industry in early 19th century England to support the view that Hilferding's version of 'fusion' is a feature of *early* capitalism. True finance capital is, then, the ascendancy of financial capital *separated from* any immediate merger with productive capital: finance capital as abstract capital.

There are two weaknesses in this account. The first is that it probably overstates the degree of 'fusion', represented by the evidence Ticktin cites of *country* banking in early 19th century England. England already had, and had had for a century, very highly developed (and internationalised) *London* financial markets, which certainly involved 'abstract capital'. The idea of the antagonism between the immobile 'landed interest' and the mobile 'moneyed interest' - ie, abstract capital - dates in England from the emergence of these financial markets in the 1690s and 1700s.<sup>13</sup> The second weakness is that it fails to account for the *continued* failure of the Anglo-American model to take effective hold outside the 'anglosphere' in spite of the *global* dominance of finance capital (in Ticktin's sense) since the 1980s.

## Decline

The third phenomenon related to imperialism is the question of decline and 'highest stage' or (to use alternative language) terminal-phase decline. I would argue that the 'Leninist' argument for imperialism as the 'highest stage' (or terminal phase) of capitalism is unsound *because* of the previous two points. That is, that the 'Leninist' argument supposes a past 'pure' capitalism, characterised by national economic development, free competition and the ascendancy of industrial capital. This supposed past 'pure' capitalism then provides a ground for supposing that the identified impurities of the high-imperial phase are a radical decline of basic principles of capitalist economic ordering.

In reality, no such 'pure' capitalism ever existed: what existed was the strength in the 19th century of an *ideology* - 'Manchester liberalism' - which did not describe accurately the reality of English capitalist practice. The idea of a 'pure' capitalism is also expressed in the ideas that imperialism in the sense of colonialism, and finance capital in Hilferding's sense, express 'parasitism' in some stronger sense than the parasitism of *all* ruling classes and hence of the capitalist class in general. These ideas (I think) were borrowed from outside of Marx's theory: the first by Lenin from the radical liberal, JA Hobson, the second by Hilferding from contemporary Austrian and German Catholic, anti-Semitic writers, for whom finance capital was parasitic because it was 'usurious'.

Again, Ticktin's argument, discussed briefly above, suggests an alternative reason for supposing that finance capital (ascendancy of financial capital) is to be regarded as 'cannibalistic', as tending to disrupt or undermine productive capital.



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The reason is the short-term time horizons of the expectation of a profit return in pure 'abstract' financial speculation, as opposed to the long-term planning needs of productive capital. The evidence to support this view is the (relative) decay of productive industry, both in the long term in Britain from the later 19th century and in the immediate results of the financial turn under Margaret Thatcher (and since).

The problem here is the same as the second point identified above as a problem with Ticktin's argument. First, a theory that finance capital signals the decline or 'highest stage' of capitalism needs to be a theory evidenced *globally* - or at least in *the most developed capitalist countries in general*. But finance capital in Ticktin's sense, while it has global sway, is a phenomenon of the *Anglosphere*; while industrial decline in Britain, and more recently in the US, is matched by industrial growth elsewhere. Indeed it *must* be, because in the absence of the growth of productive outputs, growth in financial transactions and hence in credit money in circulation would be merely inflationary.

I should emphasise that I am not arguing either (a) that capitalism is not in decline, or (b) that capitalism's present problems do not represent a threat to the future of humanity. We have, I think, reasons quite independent of Lenin's theory of imperialism for supposing that capitalism *is* in decline.

Firstly, in terms of capitalism becoming irrational, both Ticktin's arguments about the decline of the law of value as a regulator (independent of his argument about finance capital) and István Mészáros's in *Beyond capital* (1995), especially for overcapacity becoming chronic, support this view, as does the present problem of the ecological impact of the capitalist requirement of random 'growth'.<sup>14</sup>

Secondly, the rise of working class political action (even in forms which look very deformed from a Marxist point of view) is *in itself* a form of decline of capitalism (and connected to the issue of decline of the law of value as a regulator of production).

Thirdly, if, as I argue below, war in the colonial world, or 'periphery', is a routine element of global capitalism, and war between great powers is a normal and necessary element in 'long waves' of capitalist development, then the advance of military technology *in itself* implies that the continued existence of capitalism is a threat to the future of humanity. This is apparent from the two military spasms of the 1914-45 death agony of the British world hegemony.

Returning to the three points which I believe a theory of imperialism *should* address - inequality between nation-states, global political-economic dynamics, and the division of the workers' movement through the ascendancy of imperialist and colonial nationalism - it should also be said that the first two of these are *normal features of capitalist states*. The third is

genuinely a symptom of (an early stage of) decline: it resulted from the conscious, defensive, political response of the central (already) imperialist states and *political* actors to the rise of the workers' movement and its consequences.

All three have in common a fundamental feature: they are in the first place about *state* actions and their political-economic consequences. Political-economic explanation of them therefore cannot be achieved without a theory of the place of the state in political-economic dynamics.

Such a theory is simply absent in Marx. It was a projected element of the *Critique of political economy* project, but that project never reached the point at which the state would be integrated. I argued in 2006 that the reason for this is Marx's and Engels' appropriation, without a fully rigorous critique, of Hegel's dialectical transition from civil society to the state, by mapping Hegel's 'civil society' onto political economy; and that this tendency - and the Hegelianism of the *Grundrisse* and *Capital* volume 1 - is one of the *causes* of Marx's failure to complete the project of the critique of political economy or even the part represented by *Capital*.<sup>15</sup>

The problem then is to theorise the state - and the capitalist state in particular - in a way which will allow it to be effectively *integrated into* political economy. To do so, the approach has to be historical-materialist, rather than attempting to imagine capitalism as an entity in complete abstraction from its history (as a pure unfolding of the contradictions of the commodity form). What follows, though it is long, is inevitably both (a) a hypothesis, rather than a full elaboration, and (b) not fully supported by evidence in detail or analysis in depth.

### State political economy

My starting point is that the existence of a state is a presupposition of capitalism and is historically prior to capitalism. The state form emerges as a social form in the transition from pre-class to class society and from prehistory (in the full sense) to historic antiquity (including ancient Mesopotamia). Further, state players act in perceived *state* interests, not *directly* (and in abstraction from organised capitalist political interventions, such as lobbying and bribery) in perceived *capitalist* interests. But the concrete *capitalist* state is subordinated by its structural forms to capital - and, indeed, to *particular capitals* - so that at the end of the day the perceived interests of those particular capitals will dominate perceived state interests.

At the first approximation, I take 'the state' in abstraction from all else to be an organisation possessing, in a specific territory, a sufficient preponderance of organised armed force to allow it to extract part of the social surplus product in the form of tax, whether in cash, in kind or in labour, from the inhabitants of that society. In other words, we can say that there is 'a state' where these conditions exist.

At the second approximation, states are not mere parasites on the social groups they rule over (though they can *begin* as mere parasites and tend to *end* in that way). The state is an element in the human material division of labour. That is to say, it is *part of* - in traditional conventional Marxist terms - the 'base' rather than the 'superstructure'.<sup>16</sup>

The emergence of private property necessarily carries with it as its own negation the *aut sacrom aut publicom* - the 'sacred/public sphere'.<sup>17</sup> Within this there fall necessarily (a) public spaces (roads, etc), (b) the social settlement of disputes, (c) common action to meet natural emergencies (flood, fire, famine, etc) affecting the whole social group, and (d) the expression of the underlying unity of the social group (laws and customs, rites and ceremonies, redistributive practices, etc). In practice there is also (e) war. Whatever the extent to which war involves social stratification (class), organised collective violence fairly clearly antedates its full development, so that war is not simply a *product* of the state.<sup>18</sup>

From this point of view a state is a division of labour in which a particular group receives a share of the social surplus product in exchange for specialist work in the public sphere. The fact that the *historical origin* of this division of labour is commonly coercive and parasitic does not affect its utility to the society: where the state actually fails completely, as opposed to being replaced, the result is not the free association of the producers, but small-scale warlordism, sooner rather than later followed by external conquest (as seems to have happened in 5th century Britain).<sup>19</sup>

In later antiquity and the transition to feudalism there is a further division: that is, that the state proper - with its core in military institutions and their bureaucratic, logistic back-up - separates from the clerisy and the domain of the sacred. From this point we can set the sacred and the clerisy on one side in theorising the state.

In this social division of labour, the state as such exists and provides services *in relation to the society at large* and not merely in relation to any ruling, exploiting class. In fact, if the state becomes fully perceived as merely the instrument of an exploiting class, it is on the verge of falling *as a state*.

The state both takes its power to tax and is able to perform public functions, because it has *more organisational coherence* than the larger society of private proprietors. But in a private-property society - and *a fortiori* in a class society - there is a constant tendency for individual state actors to attempt to convert state powers into private benefits; and a tension between *state* demands for surplus and those of ruling class *owners*. The state therefore requires structural organisational and ideological *forms*, which both tie the state together as such and set limits to the claims on social surplus - both of the state

as such and of individual state actors.

With the single (but important) exception of aggressive war, the role of the public functions is *conservative* in relation to the forces of production. Competition *between* states may thus drive development of the forces and relations of production (military-technical innovation); nothing in the *internal* structure of a single state tends to do so.

Conversely, ruling classes, which are constituted by *in-principle inheritable relations of private property in the means of production*, are internally competitively structured. Competition among ruling class families or firms thus inherently *does* tend to drive forward development of the forces and relations of production; and this is as true in principle of pre-capitalist class elites as it is of capitalism - although feudalism is more dynamic than pre-feudal modes of production and capitalism more dynamic than feudalism.<sup>20</sup>

The consequence of these dynamics is that rising classes *necessarily* stand in an antagonistic relation to existing states and are forced to 'overthrow' these states: that is, to replace the existing state group with a new state group with organisational-structural and ideological forms which will make the new state dependent on the new ruling class.

### Commodity

To approach the place of the state in the elementary forms of capitalist political economy, we have to begin with commodity exchange. It would be wrong to say directly that commodity exchange presupposes ownership in the exchanging parties, which presupposes law, which presupposes the state - a line of approach taken by a good many Eurocommunists. This can be seen to be false from the existence of legal or illegal markets, like those for recreational drugs, or the London stock market between the 1690s and the 1850s; and of non-state law of various sorts.<sup>21</sup> In reality, commodity exchange does not presuppose legal ownership, but merely *factual possession or control*.

However, there is now quite a lot of evidence available about pre-modern social relations. From this it seems clear that in the absence of strong pressure to extract surplus from the primary agricultural producers (generated by a ruling class and/or a state) social relations of production take the form of a combination of (a) familial relations and (b) larger networks founded on (i) gift exchange and (ii) display or religious redistribution, rather than taking the form of market relations. In this sense commodity exchange *does* presuppose the state - or at least a ruling class.

And a ruling class also presupposes the state. The 'possession' of the bulk of their property by ruling class individuals or families is mediated through factual control of this property by social subordinates: slaves in antiquity, villeins in the Middle Ages, employees today. The social



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subordination - or to put it another way, the fact that the social subordinates cannot simply appropriate what they factually control - is given in *the last analysis* by the fact that the system of class stratification allows higher productive output than a 'pure-peasant' or 'tribal' society. But this 'last analysis' does not remove the underlying contradiction between class society and natural human equality; and this contradiction finds expression both in individual attempts to improve their own standing in the society by thefts, etc, and episodic collective attempts to secede from or overthrow the class order (slave and peasant rebellions, maroons, and so on).

Social subordination is therefore necessarily mediated at two levels: first, class societies and states can support specialist soldiers who conquer peasant, etc, gift-exchange societies and extract surplus from them by force. Second, and more immediately, the state, through state law (ultimately backed by coercion, whether in the form of police and prisons or of sheriff's bailiffs), guarantees property rights. It thus guarantees the exclusion of the subordinated classes from the material means of production *except as mediated by the relations of production*. The large bulk of the practice of criminal jurisdictions is concerned with theft; the large bulk of lower-level civil jurisdictions with debt-collection, including claims for rent and mortgage interest and for possession in the case of rent/mortgage interest default. Much of the later part of *Capital* volume 1, regarding the emergence of capitalism out of feudalism, is about the process by which the emerging proletariat is excluded from access to the means of production except in the form of wage-labour - by state action in the form of enclosures.

The second level is the question of *money*. It is hypothetically possible that money should emerge out of barter, as described by the 18th century 'father of economics', Adam Smith, and, following him, David Ricardo and Karl Marx. But in *historical fact* money seems to have emerged out of units of account for the purposes of taxation: that is, from the state. This follows logically from what has just been said: ie, that, in the absence of pressure to produce a surplus, a 'pure-peasant' society will function by family production and gift exchange, which does not require the exchange to be of equivalents. It is also logical that, given that money has to be a measure of value in order to function as a medium of exchange, the quality or value of money is - like highways - a public matter.

There is a necessary caveat to the argument for the state character of metallic money. If an early state adopts the use of one or more of the decorative metals to make money tokens, the effect is to partially monetise the metal in question in its raw form, since, first, the state will need the raw form in order to manufacture coins and, second, if the seignorage (the difference between the value in the raw

form and the face value) is excessive, there will be a strong incentive to forgery. This substantially restricts the state's freedom of action in relation to metallic money.<sup>22</sup> The effect is that, though state use is probably at the origin of money, metallic money behaves to some extent like a (special) commodity. For the metal to be demonetised, the existence of fiat money is insufficient: demand for the raw metal would have to become so dominated by non-monetary uses that the price tracked the prices of other storable commodities - as opposed to moving in relation to exchange-rate money prices. This appears to have happened in modern times to copper and silver, but not to gold.<sup>23</sup>

The case for the necessity of the state is *a fortiori* in relation to credit money. Credit money practices can function on a purely private, small scale among closed groups of merchants operating in the niches of the productive economy, on the basis that customary enforceability is sanctioned by the risk of expulsion from the community of merchants. But *broad-scale* credit money presupposes the routine - ie, state-legal - enforceability of debts, just as commodity exchange itself presupposes the extraction of surplus and thus either the state or the property rights of a ruling class; and, as I have already said, debt enforcement is in fact a very high proportion of what state private law systems do - not merely under capitalism, but also from the later Middle Ages.

It may be argued, as Geoffrey Ingham does, that the state/credit theory of money is inconsistent with the labour theory of value. This is false. It is true that the state/credit theory is inconsistent with prices *tending in the long term to converge* on labour values (the 'tendency to converge' approach presupposes that barter lies behind sale). But even on the 'chartalist' assumption that money is money merely because it can be used to pay taxes, if the state is actually to meet its *material* needs through taxation, money transactions must (if imperfectly) coordinate material productive activity. And for material production to be (imperfectly) coordinated through money transactions, labour subsistence (reproduction) costs fix a necessary *floor* on prices and a necessary *ceiling* on prices of 'wage goods' (food, clothing and shelter, among others), which have knock-on implications for floors and ceilings on the prices of 'production goods'.<sup>24</sup>

The third level of the question is that of *capital markets*, which will appear again in relation to the dependence of the state on capital. However, they also express the dependence of *capitalism* - as a system of capitalist class rule - on the state. In order for capital to *rule in the society*, it is necessary that capital should have a real existence as an abstract entity, and not merely exist as concrete capitals. This formal existence is developed through capital markets: finance capital is, as Ticktin argues, abstract capital. But

capital markets as such begin primarily as markets in *state borrowings*: already clear in the not-fully-developed capital markets of the late medieval Italian city-states; far clearer in the capital markets of early modern Amsterdam and London.<sup>25</sup> There is a logic here too: capital markets are intertwined with credit money, which, as we have already seen, requires the state enforcement of debts if it is to become general.

It would be possible to go a good deal further, and to approach the concrete it will be necessary to return, in a subsequent article, to the question of abstract capital and capital markets. But enough has been said to make it clear that the idea of a capitalism without the state is an illusion, and that an account of the self-movement of capital which abstracts from the necessary existence, activity and economic interventions of the state - as Marx's *Capital* appears to, because of its unfinished character - is necessarily one-sided ●

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## Notes

1. 'AWL, Iraq and "new imperialism"' (July 29 2004): [weeklyworker.co.uk/worker/539/awl-iraq-and-new-imperialism](http://weeklyworker.co.uk/worker/539/awl-iraq-and-new-imperialism); 'Imperialism lives on' (August 5): [weeklyworker.co.uk/worker/540/imperialism-lives-on](http://weeklyworker.co.uk/worker/540/imperialism-lives-on); 'Imperialism versus internationalism' (August 12): [weeklyworker.co.uk/worker/541/imperialism-versus-internationalism](http://weeklyworker.co.uk/worker/541/imperialism-versus-internationalism). See also my reply to some critics of these articles: 'Imperialism and method' (September 23): [weeklyworker.co.uk/worker/545/imperialism-and-method](http://weeklyworker.co.uk/worker/545/imperialism-and-method).
2. I say "what they claim is" a nascent workers' movement because there was, of course, a workers' movement in Iraq for decades; it was partly submerged within, partly suppressed by, the Ba'athist regime. The image of a nascent workers' movement serves the AWL as a support for its policy of opposing campaigning for the withdrawal of troops, since it suggests that it is the imperialist invasion that has made it possible for there to be a workers' movement at all.
3. In practice the CPGB's small forces mean that our ability to do either is largely limited to literary support.
4. *Workers' Liberty* reprinted in 2002 Kautsky's infamous 1914 'ultra-imperialism' article. The 'classical Marxist accounts' are in Rudolf Hilferding's 1912 *Finance capital*; Rosa Luxemburg's *The accumulation of capital* (1913); Bukharin's *Imperialism and world economy* (1915); and VI Lenin's *Imperialism, the highest stage of capitalism* (1916). I also referred in my 2004 series to Parvus (Alexander Helphand) and his *Der Kolonialpolitik und der Zusammenbruch* (1907). Karl Kautsky's 1898-99 trilogy of articles in *Die Neue Zeit* - 'Colonialism past and present' parts 1 and 2, and 'Kiaochow' (recently translated by Ben Lewis) - has been underused by historians of the theories. Kautsky's severely defective history of colonialism and some of his theoretical arguments in 1898-99 informed both his 'ultra-imperialism' article and the ideas of Hilferding, Bukharin and Lenin.
5. E Mandel *Late capitalism* London 1978, chapter 4; G Arrighi *The long 20th century* London 2000.
6. 'Lenin and imperialism in the 21st century' *Weekly Worker* September 9 2004: [weeklyworker.co.uk/worker/543/lenin-and-imperialism-in-the-21st-century](http://weeklyworker.co.uk/worker/543/lenin-and-imperialism-in-the-21st-century).
7. 'Imperialism and method' September 23 2004: [weeklyworker.co.uk/worker/545/imperialism-and-method](http://weeklyworker.co.uk/worker/545/imperialism-and-method).
8. Freda Harcourt in 'Disraeli's imperialism 1866-1868: a question of timing' *Historical Journal* Vol 23, pp87-109 (1980) argues persuasively for Disraeli's imperialism (or, at least, its political influence) as beginning with his 1866 re-election speech and the public promotion of the 1867 Abyssinia expedition.
9. See J de Vries and A van der Woude *The first modern economy* Cambridge 1997.
10. See, for example, JH Galloway *The sugar cane industry: an historical geography from its origins to 1914* Cambridge 2009, pp41-43 on the late medieval Venetian

11. R Harris *Industrialising English law* Cambridge 2000 has some useful examples.
12. 'Towards a theory of finance capital, part 2' (1986) *Critique* No17.
13. My 'Origins of fortress west' *Weekly Worker* June 14 2007: [weeklyworker.co.uk/worker/677/origins-of-fortress-west](http://weeklyworker.co.uk/worker/677/origins-of-fortress-west) and 'Floodtide of capital' June 28 2007: [weeklyworker.co.uk/worker/679/floodtide-of-capital](http://weeklyworker.co.uk/worker/679/floodtide-of-capital) offer a discussion in Marxist terms.
14. See, for example, H Ticktin 'The nature of an epoch of declining capitalism' *Critique* No26 (1998) and I Mészáros *Beyond capital* London 1995, chapter 5. I have argued in outline a slightly different take on what 'decline' should be expected to look like in general historical materialist terms, focusing on statisation, in, for example, 'Marxism and freedom of communication' *Critique* Vol 37, No4 (2009) and (with more of a focus on the relation of capitalist decline to the current situation) 'World politics, long waves and the decline of capitalism' *Weekly Worker* January 7 2010: [weeklyworker.co.uk/worker/799/world-politics-long-waves-and-the-decline-of-capital](http://weeklyworker.co.uk/worker/799/world-politics-long-waves-and-the-decline-of-capital).
15. 'Law and state as holes in Marxist theory' *Critique* Vol 34, No3.
16. As will appear later, I am actually arguing that states are *subordinated* to ruling classes: ie, that the state is not as such a *primum movens* in social dynamics. But it is necessary to recognise that it has a direct material role as a component of the relations of production: ie, the state is *not* comparable to genuinely 'superstructural' legal, cultural and ideological forms.
17. MH Crawford 'Aut sacrum aut publicum' in P Birks (ed) *New perspectives in the Roman law of property* Oxford 1989.
18. A recent discussion of the state of the literature, of the archaeological evidence and its difficulties, is R Brian Ferguson 'War before history' in P de Souza (ed) *The ancient world at war* London 2008.
19. C Wickham *Framing the early Middle Ages* Oxford 2005 (especially pp306-33).
20. I make this judgment tentatively. It is possible that a significant *part* of the accelerating tendency of the development of the forces of production between antiquity, the central and later Middle Ages, and the modern period is merely a cumulative effect within the development of the forces of production, rather than being much affected by the relations of production. The evidence in favour of this view is primarily from technical development in pre-modern China. The point is substantially immaterial to the argument, since it is clear that the relations of production and the state *can* cause stasis or regression of the forces of production.
21. The London stock market: S Banner *Anglo-American securities regulation* Cambridge 1998, chapters 1-3.
22. There is a useful discussion, albeit on the basis of an originally-commodity theory of money, by Walter Scheidel in *Rome and China* (Oxford 2009), chapter 7.
23. On the empirical point, see Jeff D Opdyke's 'Rethinking gold: what if it isn't a commodity after all?' *Wall Street Journal* August 20 2010: [online.wsj.com/article/SB10001424052748703908704575433670771742884.html](http://online.wsj.com/article/SB10001424052748703908704575433670771742884.html). Marxist arguments for supposing that gold is still monetary are offered by John Weeks in *Capital, exploitation and economic crisis* Abingdon 2011 and by Sam Williams at [critiqueofcrisistheory.wordpress.com](http://critiqueofcrisistheory.wordpress.com). On the other hand, Hillel Ticktin has recently argued that state money after the US came off the gold standard is "nationalised money" and "not really money at all": 'The decline of money' *Weekly Worker* March 1 2012: [weeklyworker.co.uk/worker/903/the-decline-of-money](http://weeklyworker.co.uk/worker/903/the-decline-of-money). Since pre-capitalist money is, on both Weeks's and Ticktin's accounts, not truly money (I think better to say, not *fully* money), and gold, though demanded as a store of value and a currency hedge, cannot *practically* be used as a means of payment or have prices quoted in it even in international trade, I think it is best to speak in terms closest to Ticktin's account, of a *partial* but incomplete demonetisation of gold.
24. Costas Lapavistas's critique of Geoffrey Ingham's account on this front, in 'The social relations of money as universal equivalent: a response to Ingham' *Economy & Society* No34, 2005), proceeds from the analytical *possibility* of inter-state barter as the beginnings of markets (which I concede) to historical claims which are neither adequately supported in Lapavistas's article nor capable in principle of being so supported.
25. Bruce G Carruthers *City of capital: politics and markets in the English financial revolution* Princeton NJ 1996 reviews the literature, as well as arguing for political motivations among economic actors in the early London financial market.



*Have A Nice Day*