

Theorizing the Contemporary World

Robert Brenner, Giovanni Arrighi, David Harvey

It is widely recognized that the past three decades mark a significant break with the social, political, economic, and cultural order that characterized the decades following the Second World War. Basic changes include the weakening and transformation of welfare states in the capitalist West, the collapse or fundamental metamorphosis of bureaucratic party-states in the communist East, and the undermining of developmental states in what had been called the Third World. More generally, recent decades have seen the weakening of national, state-centered economic sovereignty and the emergence and consolidation of a neo-liberal global order. Social, political, and cultural life have become increasingly global, on the one hand; on the other hand, they have become increasingly decentered and fragmented.

These changes have occurred against the background of a lengthy period of stagnation and crisis: since the early 1970s, the growth of real wages has decreased dramatically, real wages have remained generally flat, profit rates have stagnated, and labor productivity rates have declined. Yet these crisis phenomena have not led to a resurgence of working class movements. On the contrary, the past decades have seen the decline of classical labor movements and the rise of new social movements, often characterized by the politics of identity, including nationalist movements, movements of sexual politics, and various forms of religious “fundamentalism.” Trying to come to terms with the large-scale transformations of the past three decades, then, entails addressing not only the long-term economic downturn since the early 1970s, but also important changes in the character of social

and cultural life.

It is against the background of this problematic that I wish to discuss three very important works—by Robert Brenner, Giovanni Arrighi, and David Harvey¹—that attempt to grapple with current transformations. This paper is intended as preliminary. It does not attempt to provide a definitive critical analysis of these three authors' works, but rather approaches specific works by these authors on a meta-theoretical level, focusing on their theoretical assumptions, in order to problematize the nature and characteristics of an adequate critical theory of capitalism today.

Why a theory of capitalism—or better—a theory of capital? Let me begin with a point that Harvey and others have made in considering the period of postwar prosperity: During the period 1949–1973, Western states engineered stable economic growth and living standards similarly—through a mix of welfare statism, Keynesian management, and control of wage relations—although very different political parties were in power.² One could add that in all Western states the welfare state synthesis unraveled and was rolled back in the 1970s and 1980s regardless of which party was in power.

These large-scale historical developments can themselves be seen with reference to a still-larger historical pattern: the rise and decline of the state-centered organization of social and economic life, of the apparent primacy of the political over the economic. The beginnings of this period can be located roughly in the First World War and the Russian Revolution; its demise can be seen in the crisis of the 1970s and the subsequent emergence of a neo-liberal global order. This general trajectory was global. It encompassed Western capitalist countries and the Soviet Union, as well as colonized lands and decolonized countries. When viewed with reference to this general trajectory, differences in development appear as different inflections of a common

1. Robert Brenner, *The Economics of Global Turbulence: A Special Report on the World Economy, 1950–98*, *New Left Review*, no. 229, May–June, 1998; Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, London and New York: Verso, 1994; David Harvey, *The Conditions of Postmodernity: An Enquiry into the Origins of Cultural Change*, Oxford and Cambridge, Mass: Basil Blackwell, 1989.

2. See Harvey, op. cit., p. 135.

pattern rather than as fundamentally different developments. The general character of the large-scale historical pattern that structured much of the twentieth century suggests the existence of overarching structural imperatives and constraints that cannot adequately be explained in local and contingent terms.

Consideration of the general historical patterns that characterize the twentieth century, then, calls into question poststructuralist understandings of history as essentially contingent. This does not, however, necessarily involve ignoring the critical insight that informs attempts to deal with history contingently—namely, that history, understood as the unfolding of an immanent necessity, should be understood as marking a form of unfreedom.

This form of unfreedom is the object of Marx's critical theory of capitalism, which first and foremost is concerned with delineating and grounding the imperatives and constraints that are generative of the historical dynamics and structural changes of the modern world. The critique of capital does not deny the existence of historical unfreedom by focusing on contingency. Rather, it seeks to analyze that unfreedom socially and historically, uncover its basis, and point to the possibility of its overcoming. In other words, an adequate critical theory of capital seeks to elucidate the dynamic of the modern world, and does so from the immanent standpoint of its transformability. Such a critical theory of capitalism, of the historical dynamics of modernity, I would argue, can provide the best basis for a rigorous approach to the global transformations of the past three decades. It can do so, however, only to the extent that it adequately can deal with the deep social and cultural, as well as economic, changes of recent decades.

All three authors I am discussing attempt to come to grips with these recent transformations within the framework of a critical theory of capitalism. In *The Economics of Global Turbulence*, Robert Brenner marshals a great deal of evidence (data on real wages, profit rates, labor productivity rates, and growth rates) to demonstrate that the world economy has been basically stagnant for 30 years.³ Writing in the late 1990s, Brenner argues against the illusion, widespread in that

3. Brenner, op. cit., pp. 1–7.

period (actually, a recurrent capitalist illusion) that the problem of business cycles had been solved, that they had been left behind. His main concern is not only to explain the economic downturn of the early 1970s, but also why it persisted for such a long time. The fall in profitability, heralding the end of the postwar boom, began in the mid 1960s, according to Brenner and not, as many have argued, between 1969 and 1972.⁴ This, according to Brenner, contravenes what he calls “supply-side” theories that attribute the downturn as well as its duration to increased pressure on profits exerted by workers, inasmuch as it indicates that the downturn antedates such pressure.⁵ Moreover, approaches that focus on labor necessarily look at the specific situation in each country. They cannot explain the most salient characteristics of the late twentieth century downturn: that its onset and various phases were universal and simultaneous—encompassing weak economies with strong labor movements (UK) and strong economies with weak labor movements (Japan)—and that the downturn has lasted so long.⁶ On the basis of such considerations, Brenner argues that an explanation of the downturn and subsequent failure of economies to adjust must be on the level of the international system as a whole.⁷ The fall in the rate of profit was not the result of technological factors, or labor pressures, or political controls, according to Brenner, but, more fundamentally, was the result of international market competition and uneven development.⁸

Central to Brenner’s analysis is the general argument that capital in a particular industry cannot easily be diverted elsewhere when much of it is tied up in the form of fixed capital. Consequently, in such a situation, increased competition, resulting in lower margins of profit, does not lead to the diversion of capital to other areas as predicted by mainstream economic theory, but to systemic overproduction. Hence the downturn resulting from overproduction does not result in the predicted shakeout, which then is followed by a recovery, but by a

4. Ibid., p. 36.

5. Ibid., pp. 8, 18.

6. Ibid., pp. 18–24.

7. Ibid., pp. 23 ff.

8. Ibid., pp. 8–11.

long-term fall in the rate of profit.

Specifically, Brenner argues that, as a result of the devastation wrought by World War II, there was basically only one workshop in the world in the immediate postwar period—the United States. By the 1960s, however, the US began to be challenged economically by Germany and Japan. Because of the investment by American firms in fixed capital—for example in the automobile industry—those firms continued to produce at their previous levels, even though the Germans and Japanese were expanding (automobile) production. The result was endemic, global overproduction.⁹

Brenner's argument relates crises of overproduction in capitalism to the contingencies of competition. Were it not for these contingencies, firms would know how much they should be investing in fixed capital. But they do not and cannot have this knowledge; therefore they will be subject to unforeseen pressures. Because of their fixed capital investments, however, they cannot afford to cut back and invest elsewhere. Instead they are impelled to fight for market share. Consequently, profits fall. Firms try to counteract this tendency for profits to fall by squeezing labor, destroying unions, and cutting social welfare and pensions.¹⁰

Brenner's account of boom and bust successfully addresses important features of the long downturn, especially its global character. It clearly shows that capitalism constitutes a global order—one, however, that is dysfunctional. His account is a useful corrective to mainstream economic discourse. It demonstrates the inadequacy of mainstream understandings of capital flows resulting from competition, and the illusory character of the recurrent notion that business cycles are a thing of the past. Brenner's approach also contravenes the widespread idea that the long downturn of the late twentieth century emerged as a result of and response to working class successes between 1968 and 1972, and provides him with the basis for a critique of the Regulation School's account of the decline of Fordism and the emer-

9. Ibid., pp. 91 ff.

10. Ibid., pp. 27 ff.

gence of a post-Fordist regime.¹¹

In spite of Brenner's in-depth examination of the long downturn of the late twentieth century, however, he does not adequately address other, important, dimensions of the transformations of recent decades. In that sense, his approach does not really provide an adequate account of historical change. His analysis of the long downturn with reference to international competition and systemic overproduction does illuminate important dimensions of that crisis. Nevertheless, there is no indication in Brenner's account of a shift in the social, cultural, and political dimensions of life that could be related to the economic processes he discusses. Brenner's focus on economy is such that there is little sense that the general historical context of the late twentieth century is in any way different from earlier periods of downturn and intercapitalist rivalry. That is, Brenner does not thematize the question of qualitative historical changes in capitalist society. Hence, when he criticizes the Regulation School, he does not provide an alternate approach to a central dimension of that theoretical approach--the concern with fundamental social and cultural changes that occur with what regulation theorists call a new mode of regulation.

If a critical theory of capitalism is to adequately deal with the historical transformations of the past three decades, however, it cannot only elucidate economic developments, understood narrowly, but must be able to illuminate changes in the nature of social and cultural life within the framework of capitalism. Only then can a critical theory of capitalism claim to be a critical theory of the modern world, that is, of a historically specific objective/subjective form of social life, rather than a theory of a determinate economic organization—narrowly understood—of modern society. Relatedly (and this is crucially important) a critical theory of capitalism must be capable of elucidating qualitative, interrelated changes in social objectivity and subjectivity if it is to address large-scale cultural changes and social

11. Brenner characterizes the Regulation School as “left-wing Malthusianism,” which locates the source of the economy’s falling profitability in the declining productive dynamism of the Fordist technological paradigm. See Robert Brenner, “Reply to Critics,” in *Comparative Studies of South Asia, Africa, and the Middle East*, Vol. XIX, No. 2, 1999, p. 62.

movements. Only then can it be, at least potentially, a theory of capitalism's possible overcoming.

The question in this regard is not whether Brenner, or any other theorist, explicitly deals with such issues, but whether their approach is intrinsically capable of elucidating historical transformations of politics, culture, and society. Whatever its strengths, Brenner's approach does not deal adequately with the historical development and structure of capitalism as a form of social life. Changes in culture and subjectivity seem to be outside of its purview.

These limitations of Brenner's approach are related to his basic understanding of capitalism. The issue here is not simply one of analytic range—whether a critical account of capitalism should focus on economic processes alone, rather than also addressing other dimensions of social life. Rather, it is whether the basic categories of that account can intrinsically relate different dimensions of life as interrelated aspects of a determinate form of social life. Brenner's analytic point of departure is a traditional Marxist emphasis on the unplanned, uncoordinated and competitive nature of capitalist production.¹² That is, at the core of his analysis of the long downturn are the notions of uneven development and competition. These notions are centrally defining of capitalism in Brenner's approach, and implicitly point to rational planning as the most salient characteristic of the post-capitalist world. The focus of such a critique of capitalism, in other words, is essentially the mode of *distribution*. Issues of the form of production, of work, and, more fundamentally, of social mediation are outside of its framework. Notions such as competition and uneven development, along with categories central to Brenner's analysis, such as profit, fixed and circulating capital, however, are categories of economy; that is, they are categories of the surface that do not adequately grasp the fundamental nature and historical dynamic of capitalism as a historically specific form of social life.

In this essay I can only touch upon the theoretical significance of the distinction between surface and deep structure (as marking the distinction between critical political economy and the critique of

12. Brenner, *The Economics of Global Turbulence*, op. cit., p. 8.

political economy), and why it would make sense to revisit the category of value. At this point I simply wish to note that to characterize a notion such as that of uneven development as one of the surface does not mean that it is illusory, but signifies, rather, that it does not grasp what is most essential to capitalism.

Characterizing notions such as competition and uneven development and categories such as profit as surface phenomena, expresses a position that regards categories such as commodity, value, and capital as those of deep structure. Brenner, however, rejects the latter categories, characterizing approaches based on them as “Fundamentalist Marxism.”¹³ Differences regarding value theory frequently express different understandings of the categories. For example, value usually has been interpreted essentially as an economic category, a category of distribution that grounds prices, demonstrates exploitation (the category of surplus value), and explains the crisis-ridden character of capitalism (as a result of the growing organic composition of capital). The significance of value, so understood, often has been called into question on the basis of arguments that claim prices, exploitation, and crises can be explained without reference to such a category.

I would argue for another understanding of Marx’s category of value. It is not simply a refinement of that category as it was developed by Smith and Ricardo. Rather, it is a category that purports to grasp determinate abstract forms of social mediation, social wealth, and temporality that structure production, distribution, consumption and, more generally, social life in capitalist society. The temporal dimension of the categories of deep structure grounds the dynamic of capitalism; it helps explain, in historically specific terms, the existence of a historical dynamic that characterizes capitalism. Those categories, then, seek to grasp the general contours of that dynamic while indicating that an immanent historical dynamic does not characterize human histories and societies *per se*. Moreover, the categories of value and capital are not merely economic and are not even categories of social objectivity alone—but are categories that are at once social and cultural. Finally, the dynamic grounded in value is such that value becomes less and less adequate to the reality it generates. That

13. *Ibid.*, p. 11.

is, the dynamic gives rise to the objective and subjective conditions of possibility of a social order beyond capitalism.¹⁴ (I shall begin to further elaborate these contentions when I later discuss the notion of the falling rate of profit, as understood by Brenner and Arrighi.) Far from being categories of economic and social life in general, the underlying categories of the critique of political economy purport to grasp the essential core of a historically determinate form of social life—capitalism—in ways that indicate its historically specific and possibly transient character. The abolition of what the categories purportedly grasp would entail the abolition of capitalism.

Engaging this fundamental problematic fully requires interrogating the nature of temporality in capitalism, an issue that I cannot elaborate extensively in this essay. I would, nevertheless, like to pursue these considerations further with reference to Giovanni Arrighi's *The Long Twentieth Century*. Arrighi is among those theorists who conceptualize the period since 1973 as one of qualitative change, which he characterizes in terms of the "financialization" of capital as its predominant feature.¹⁵ Arguing against positions like Hilferding's, that the increased importance of finance capital marks an entirely new stage of capitalist development, Arrighi maintains that the primacy of financialization is a recurrent phenomenon, a phase of larger cycles of capitalist development that began in late medieval and early modern Europe.¹⁶

Arrighi's study of the crisis of the late twentieth century is embedded in a much larger framework—an analysis of "the structures and processes of the capitalist world system as a whole at different stages of its development."¹⁷ The latter, in turn, is deeply informed by Arrighi's ambitious attempt to think together what Charles Tilly characterized as "the two interdependent master processes of the [modern] era: the creation of a system of national states and the formation of a world-

14. For an extensive elaboration of these arguments, see Moishe Postone, *Time, Labor, and Social Domination*, Cambridge and New York: Cambridge University Press, 2003.

15. Arrighi, op. cit., p. xi.

16. Ibid.

17. Ibid., p. xi.

wide capitalist system.”¹⁸ In order to relate these two international systems, Arrighi has recourse to the theories of Fernand Braudel and Karl Polanyi. He adopts Braudel’s understanding of capitalism as the top layer of a three-tiered structure consisting of a bottom layer of what Braudel calls “material life,” the stratum of the non-economy that can never be molded by capitalism, a middle layer of the market economy, and a top layer of the “anti-market,” the zone of the giant predators. For Braudel, this upper level is the real locus of capitalism.¹⁹ On the basis of Braudel’s understanding, Arrighi claims that, historically, capitalist development has not been simply the unintended outcome of innumerable actions undertaken by individuals and the multiple communities of the world economy, but that the “expansion and restructuring of the capitalist world economy have occurred under the leadership of particular communities and blocs of governmental and business agencies.”²⁰ That is, Arrighi seeks to relate state system and capitalism on the basis of Braudel’s uncoupling of everyday economic activity from the upper strata of economically powerful groups.

He reinforces this approach by appropriating Karl Polanyi’s critique of the nineteenth century idea of a self-regulating economy. For Polanyi, the latter depended on transforming all elements of industry into commodities, including land, labor, and money. The commodity nature of the latter three, however, is completely fictitious, according to Polanyi. A system based on such a fiction is tremendously disruptive socially. Consequently, it generates a counter-movement to restrict its operations. This implies that, for capitalism to function long-term, market mechanisms have to be socially and politically controlled.²¹

On the basis of his appropriation of Braudel and Polanyi, Arrighi outlines the development of the capitalist world system in terms of four systemic cycles of accumulation, each dominated by a capitalist

18. Charles Tilly, *Big Structures, Large Processes, Huge Comparisons*, New York: Russell Sage, 1984, p. 147 as cited in Arrighi, op. cit., p. xi.

19. Arrighi, op. cit., p. 10.

20. Ibid., p. 9.

21. Ibid., pp. 255–258.

hegemonic state—a Genoese cycle, from the fifteenth to the early seventeenth century, a Dutch cycle, from the late sixteenth through most of the eighteenth century, a British cycle from the late eighteenth century to the early twentieth century, and a US cycle, which began in the late nineteenth century. Each of these cycles refers to the processes of the capitalist world system as a whole, according to Arrighi. He focuses on the strategies and structures of the governmental and business agencies of each of these states because of what he claims was their successive centrality in the formation of these stages.²²

Each cycle, according to Arrighi, is characterized by the same phases, from an initial one of financial expansion, through a phase of material expansion, followed by another financial expansion. Financialization plays a crucial role in the supersession of one hegemon by another, according to Arrighi. As he describes it, the upward trajectory of each hegemon is based on the expansion of production and trade. At a point in each cycle, however, a “signal crisis” occurs as a result of the over-accumulation of capital. Another state then provides the outlet for this accumulated capital. Within this schema, growing financialization entails transferring capital from the current hegemon to a rising new hegemon.²³ This developmental pattern is not completely cyclical however. It has directionality. Each new cycle is shorter; each new hegemon is larger, more complex, and more powerful. Each hegemon succeeds in internalizing costs its predecessor did not. The Netherlands internalized protection costs, Great Britain also internalized production costs, and the United States adds the internalization of transaction costs.²⁴ By establishing this pattern, Arrighi then argues that the current phase of financialization is a sign of the decline of American hegemony, the beginning of the end of the fourth cycle.

The pattern of development Arrighi outlines is very elegant and frequently illuminating. Nevertheless, there are problematic aspects of his account that, in my view, indicate its limits. So, for example, when Arrighi turns to more contemporary developments, his account

22. Ibid., pp. xi, 6.

23. Ibid., pp. x, 5–6, 214–238.

24. Ibid., pp. 214–238.

of the rise and fall of US hegemony since 1939 is much more eclectic than one would expect from his description of the larger cycles of capitalist development. In discussing the crisis of the 1970s, he refers to increasing competition internationally, a rise in real wages between 1968 and 1972 that outpaced growth in productivity, as well as a decision by American policy makers in the late 1970s to form an alliance with private high finance in order to discipline what were regarded as Third World threats following decolonization.

It is difficult to see how this account fits within the framework of cyclical development Arrighi presents. Although he characterizes the American cycle as anomalous, he does not explain its anomalous character. Consequently, a gap exists between his eclectic account of the 1970s and his larger framework, which suggests that the developmental pattern he outlines is essentially descriptive. He does not really present an analysis of what drives the developmental patterns he describes.

This issue also emerges implicitly when Arrighi discusses the decline of American hegemony. He argues that it can lead to the rise of a truly global world empire, based on the superiority of force of the West, or to a world market economy without a hegemon, centered in East Asia, or to systematic chaos. The first two possibilities are post-capitalist, according to Arrighi. They would signal the end of capitalism.²⁵

This is a remarkable statement because it makes clear that Arrighi considers the essence of capitalism in terms of a world system organized by a capitalist hegemon. This problematic position has its roots in Arrighi's appropriation of Braudel's distinction between market economy and capitalism. The latter, according to Braudel, cannot be explained on the basis of ongoing market relations, inasmuch as a world market economy antedated capitalism. What generated the latter was a fusion of capital and the state that was unique to the West.²⁶ The limits of this attempt to distinguish markets and capitalism by placing states at the very center of analysis become manifest, however, in Arrighi's reflections on the current phase of decline of US hegemo-

25. Ibid., pp. 23, 355–356.

26. Ibid., pp. 10–11.

ny. However important states may have been in capitalism's development, to define capitalism essentially with reference to the state becomes a conceptual straitjacket when Arrighi attempts to analyze the contemporary world.

Neither Braudel nor Arrighi seem to take cognizance of the very different way Marx and Weber distinguish modern capitalism from markets and trade, as they might exist in other forms of society. For all their differences, both Marx and Weber see modern capitalism as unique because it is based on a process of ongoing, endless accumulation, a process that cannot be grounded in trade or in the state and, indeed, transforms both. In Marx's work, capitalism's historical dynamic is its most salient characteristic. It entails ongoing transformations of social life that are driven by the essential core of capitalism, a core that is both unchanging and, yet, is generative of change. Marx's category of capital attempts to grasp this core and the dynamic it generates.

In Arrighi's treatment of the cycles of capitalism, the category of capital remains fundamentally under theorized. Consequently, his approach brackets any analysis of what constitutes the unique character of capitalism, its historical dynamic. Instead, as his conception of the end of capitalism indicates, Arrighi conflates this dynamic with the rise and fall of hegemons. His approach substitutes a description of a pattern for an analysis of what grounds the dynamic, and does so in a way that also brackets consideration of the ongoing structuring and restructuring of labor and, more generally, of social life in capitalism.

Although, then, the theories of Braudel and Polanyi provide Arrighi with a framework for thinking together the development of the state system and that of worldwide capitalism, they also give rise to serious theoretical problems. Braudel's tripartite division of modern society into the levels of material life, the market economy, and capitalism does not allow consideration of the relation of forms of everyday social life and capitalism, while Polanyi's insistence on the fictitious character of labor, land, and money as commodities obscures Marx's analysis of the commodity as a form of social relations. Within the latter framework, nothing is "naturally" a commodity.

Conversely no ontological ground exists on the basis of which “real” and “fictitious” commodities could be distinguished. Neither Braudel nor Polanyi allows for an adequate conception of capital and, hence, of the nature of the intrinsic dynamic of capitalist society as well as of the possibility of its overcoming.

These critical considerations are further reinforced when we look more closely at Arrighi’s treatment of the crisis of the 1970s. In addressing that crisis, he has recourse to the notion that, in capitalism, there is a tendency for the rate of profit to fall. Like Brenner, Arrighi roots that tendency in competition.

The theorem of the tendency of the rate of profit to fall has been frequently identified with Marx. It commonly has been understood as Marx’s attempt to demonstrate the crisis-ridden nature and limits of capitalism. This theorem, however, was not first developed by Marx, but by political economists such as Adam Smith, Thomas Malthus, and David Ricardo. It is the case that Marx addresses this theorem of classical political economy. Far from positing an inexorable fall in the rate of profit, however, he treats this theorem as a surface tendency, which, therefore, is subject to many countervailing factors, and tendencies.²⁷ To the degree to which the rate of profit does fall, according to Marx, it does so as a surface economic manifestation of a more fundamental historical development, the tendency of the organic composition of capital—that is, the ratio of constant capital (machinery, raw materials, etc) to variable capital (wage labor)—to rise.

The idea of a decline in variable capital relative to constant capital is central for understanding the thrust of value theory in Marx. Marx argues, as is well known, that value is constituted only by the socially necessary expenditure of direct human labor time. Unlike Adam Smith, however, Marx does not regard value as a transhistorical form of wealth but as the form of wealth historically specific to capitalism. The distinctions he makes between the production of value and that of use-value are not to be understood transhistorically and ontologically, but as constitutive of the growing contradiction of capitalism

27. Marx, *Capital*, Vol. III, trans. D. Fernbach, Harmondsworth: Penguin Books, 1981, pp. 317–375.

between value production as the structurally defining feature of capitalism and the enormous use-value production capabilities generated by capitalism. The potential embedded in capitalism's contradiction points to a possible fundamental transformation of the nature and social distribution of work. The realization of that possibility, however, is constantly constrained by the systemic reproduction of value-determined labor, even as that labor becomes increasingly anachronistic in terms of the productive potential of the whole.

The changing composition of capital, therefore, is not important in Marx's critique mainly to provide a better explanation for the tendency of the rate of profit to fall, thereby placing a theorem of classical political economy on a more solid foundation. Rather it is important first and foremost because, beneath the surface level of prices and profits, it expresses a transformation of work and production that points eventually to the possibility of a post-capitalist society. Far from being primarily a means of explaining crises, then, the theorem of the tendency of the rate of profit to fall, as reworked by Marx, expresses, indirectly, a process of the ongoing structuring and restructuring of social life, one marked by a growing gap between the actual structuring of labor and of social life and the way they could be structured in the absence of capital. Marx transforms a political-economic theorem—which many have taken as an indication of the economic limits of capital—into the surface expression of a more fundamental historical dynamic. The thrust of his critique is less to “prove” the inevitable economic collapse of capitalism than it is to uncover a growing disparity between what is and what could be, one that constitutes the objective/subjective conditions of possibility of a different ordering of social life. The idea of such a disparity as a lived disparity, would allow for an investigation of the historical generation of sensibilities, needs, and imaginaries that go beyond considerations of distribution, of direct material interests. Expressed differently, the growing contradiction of capitalism so (non-economistically) understood, generates the possibility of a qualitatively different future as an immanent dimension of the present.

This level of consideration, however, is absent in Arrighi, as it is in Brenner. Hence the categories that are essential to Marx's critique—

value, commodity, capital—are also basically absent, or implicitly are understood in narrowly economic terms. So, for example, when Brenner addresses Marx's treatment of the tendency of the rate of profit to fall, he claims that, according to Marx, the rise in the organic composition of capital leads to an increase in the output/labor ratio, which is insufficient to counteract the parallel fall in the output/capital ratio that it also brings about. Therefore, the rate of profit falls because overall productivity can be expected to fall.²⁸ This interpretation completely conflates value and use-value in Marx, obscuring Marx's point that an *increase* in productivity can lead to a decrease in surplus value. This, however, means, more fundamentally, that it fails to recognize Marx's analysis of value as an analysis of a historically specific, possibly transitory, form of wealth and social life. Consequently, the historical trajectory of capitalism leading to a possible qualitative transformation, as analyzed by Marx, becomes reduced to an economic analysis of crises.

Arrighi, for his part, claims that what he calls “Marx's version of the ‘law’ of the tendency of the rate of profit to fall” was identical to Adam Smith's thesis regarding the rate of profit. Both Ricardo and Marx accepted Smith's thesis in full, according to Arrighi. The only difference was that Marx criticized Smith's version of that “law” as too pessimistic regarding the long-term potential of capitalism to promote the development of the productive forces of society.²⁹ This equation of Smith and Marx, however, means that Arrighi also conflates political economy and its critique, that is, a transhistorical understanding of value as wealth and an understanding of value as a form of wealth historically specific to capitalism.

Arrighi's approach does introduce a very important dimension to the analysis of capitalism—that of the state or, better, the state system. It does so, however, at the cost of central dimensions of a critical theory of capitalism that point to the possibility of another form of life. Arrighi himself notes that his book has a narrow focus, excluding consideration of issues such as class struggle.³⁰ But the narrowness to

28. Brenner, *The Economics of Global Turbulence*, op. cit., p. 11.

29. Arrighi, op. cit., pp. 222–223.

30. Ibid., pp. xii.

which he alludes is not simply empirical. Given his framework, even if Arrighi did introduce such themes, he could not treat them as integrally related to his theoretical account.

At issue is not whether Arrighi and Brenner are faithful to a revealed (“fundamentalist”) dogma, but whether their approaches are fully adequate to the object of their investigations—the dynamic of contemporary capitalism. The considerations I have outlined seek to illuminate the differences between such critical political-economic perspectives focused on economic issues, and the project of the critique of political economy.

David Harvey in *The Condition of Postmodernity* also emphasizes the predominance of financialization in discussing the period since 1973.³¹ Harvey’s treatment of financialization, however, is less state-centric than that of Arrighi, which is tied to the question of rising and declining hegemons. Indeed, Harvey emphasizes that, in the contemporary world, capital has no determinate locus or site, but is pervasive and global.³² As a result of the universal competition for capital, marginal differences in profit rates become increasingly important, with significant consequences for wage levels in metropolitan countries, for the uneven global extension of wage labor, and for the direction and volume of global capital flows. These flows, according to Harvey, effect a form of discipline that is much more pervasive and effective than any governmental institutions could be.³³

Unlike Arrighi and Brenner, Harvey has recourse to a theory of capital in order to elucidate what he regards as a sea change in culture as well as political-economic practices.³⁴ He tries to deal with the period since 1973 not only in political-economic terms but also in terms of a changed configuration of life. By doing so with reference to a theory of capital, moreover, with its distinctions between surface and

31. Harvey, op. cit., pp. 160 ff. As an aside it should be noted that both Harvey and Arrighi have a non-romantic, non-reactionary critique of finance. Both treat finance as generated by capital, not as something that is separable from and imposed upon capitalist production.

32. Ibid., p. 163.

33. Ibid., pp. 164–165.

34. Ibid., p. vii.

deep structure, and between valorization and labor processes, Harvey is able to critically counter post-industrial approaches, arguing that what they understand as a new epoch is only one strand of a more complex dynamic of constraint, continuity and change. So, for example, in considering the transformation of capitalism in recent decades, Harvey focuses on the demands of valorization as mediating production, rather than on the nature of the labor process in an unmediated manner. Hence, he characterizes the newer configuration of capitalism in terms of “flexible accumulation” rather than the more labor-process-oriented term, “flexible specialization.”³⁵ In this way, Harvey is able to show that this latest phase of capitalist development is generative of a whole range of production practices—from the resurgence of sweatshops to robotics—that on the surface appear opposed, and that cannot adequately be apprehended by post-industrial theories with their one-sided focus on the labor process. This approach distinguishes the critical theory of capitalism from any theory of linear technological development and, certainly, from any theory of technological determinism.

Similarly, by focusing on capital, Harvey is able to show that this new phase of capitalism entails a complex dialectic of decentralization and centralization, heterogeneity and homogeneity. On this basis Harvey unleashes a scathing critique of postmodern approaches as hypostatizing one side of this dialectic, thereby misrecognizing current developments as marking an epochal, liberating break with the past. Because they critically grasp the existing order only in terms of centralization and homogeneity, such approaches celebrate the decentralization and heterogeneity also generated by contemporary capitalism. Far from being critical, postmodernist approaches, according to Harvey, are expressions of a new configuration of capital they do not apprehend. As such they serve to veil and affirm capital in its newest manifestation.³⁶

By seeking to relate postmodernist cultural changes to a new configuration of capital, Harvey moves beyond positions that understand

35. Ibid., pp. 124, 147, 186 ff. For the notion of “flexible specialization,” see Michael Piore and Charles Sabel, *The Second Industrial Divide*, New York: Basic Books, 1984.

36. Harvey, op. cit., pp. vii, 39 ff., 113 ff., 336 ff., 350 ff.

capitalism in economic terms alone. His approach to the relation of culture and capitalism also moves beyond that of regulation theory, which does attempt to take cognizance of culture as a constitutive moment of any given epoch of capitalism, but, by positing a completely contingent relation of culture and capitalism, does so on the basis of an understanding of culture that is essentially empty. Whereas the latter approach provides a functionalist account of the relation of cultural forms and any given large-scale configuration of capitalism, Harvey attempts to relate them intrinsically.³⁷

Harvey's approach explicitly raises the question of historical dynamics. His argument that the past decades have involved the emergence of a new configuration of capitalism, reminds us that this emergence involves both a process of change (a new configuration) and continuity (capitalism). By distinguishing surface from the underlying forms of capitalism, he also indicates that what remains unchanged is a core feature of capitalism.

These considerations help clarify some features of capitalism and the significance of the analysis of capital. Viewed retrospectively, the domination of capital has existed in various historical configurations, ranging from more mercantile forms through nineteenth century liberal forms, twentieth century state-centric forms, and, now, neo-liberal global forms. These changing configurations indicate that capitalism cannot be identified completely with any of its configurations. At the same time, to refer to these various configurations as forms of capitalism implies that a characterizing core—capital—underlies all of them.

This, however, suggests that the core of capitalism is generative of its various historical configurations. Although a full discussion of the issue of the historically dynamic character of capitalism is not possible within the space of this essay,³⁸ it should be noted that what is involved is a complex dialectic of change and reproduction, whereby the core features of capitalism both generate change and, at the same time, reproduce themselves. This dialectical dynamic is based on the

37. Ibid., pp. 201 ff.

38. For a fuller discussion, see Postone, op. cit.

distinction between surface and deep structure in capitalism, and opens up the possibility of a future, beyond capital, even as it reproduces the underlying core of the present, thereby hindering the realization of that future.

The approach I am outlining, then, does not presuppose the existence of a historical dynamic, as a characteristic of human social life, but analyzes the form of social domination intrinsic to modern, capitalist society as generative of a historical dynamic. That is, it grounds that dynamic in the historically specific social forms at the heart of capitalism—such as commodity and capital. By grounding the historical dynamic of modern, capitalist society in historically specific social forms, this approach seeks to overcome the opposition between the notion of a transhistorical logic of history and its related complement—a transhistorical notion of historical fortuity. I would argue that such a non-linear, dialectical approach allows for a more sophisticated theory of capitalist development than those that remain within the framework of the traditional, dualistic, essentially metaphysical, opposition of determinism and contingency.

Harvey's approach points to these issues. Yet his elaboration of the core of capitalism is such that important aspects of a critical theory of capital remain bracketed or, at the very least, underdeveloped. For Harvey, there are three core elements of capitalism: it is growth oriented, based on the exploitation of living labor in production, and necessarily is technologically and organizationally dynamic. These three core factors, however, are inconsistent. Consequently, capitalist development is characterized by a crisis-ridden tendency toward over-accumulation. The problem for capitalism historically, then, has been the management of over-accumulation.³⁹ On the basis of this analysis, Harvey then proceeds to analyze the transition from Fordism to post-Fordism.⁴⁰

This understanding of the core of capitalism allows Harvey to distinguish deep structure from surface, on the basis of which he formulates his critique of postmodern approaches, and to analyze

39. Harvey, *op. cit.*, pp. 180–183.

40. *Ibid.*, pp. 184 ff.

constraints and imperatives that have characterized the development of capitalism from one mode of regulation to another. Nevertheless, his focus on the crisis ridden character of capitalism does not address the growing gap between the form social life has under capitalism and the form it could have, were it not for capitalism. An approach that more explicitly would problematize and place at its center the category of capital could focus more rigorously on this gap.

The differences between the two approaches become clearer with regard to the issue of the relation of forms of subjectivity and objectivity in capitalism. Harvey treats changing conceptions of space and time, for example, as reactions to changes in capitalism. Capitalism effects what Harvey calls space-time compressions. These change peoples' experiences of space and time, which are then expressed culturally and reflected upon theoretically.⁴¹ As illuminating as Harvey's account might be, his emphasis on experience as mediating capitalism and culture remains basically extrinsic to the social forms expressed by the Marxian categories. As such, it lacks the epistemological/ subjective dimension of those categories, which allows them to address a wider range of issues pertaining to forms of knowledge and subjectivity. For example, the categorial approach can address other theories of economy or history, as expressing misrecognitions that are rooted as possibilities in the social forms themselves. Such an approach not only purports to explain perceptions and theories of the world, such as those of Smith and Ricardo, or Hegel, as not being fully adequate to their objects;⁴² it also seeks to ground the possibility of critique itself. The latter, of course, is related to the question of the historical generation by capitalism of needs and sensibilities that point beyond capitalism. Such a categorial approach, then, treats forms of subjectivity as intrinsic to the categories themselves.

41. Ibid., pp. viii, 201–325.

42. This approach is not limited to analyzing theories, but also serves as a point of departure for an analysis of widespread worldviews, of ideologies. It could, for example, begin to relate the increasing disengagement globally of capitalist society into post-industrial sectors and increasingly marginalized sectors to the rise of identity politics within a postmodern frame, on the one hand, and various forms of “fundamentalism,” on the other.

The differences between these two approaches become more evident when one considers Harvey's discussion of postmodernism and capitalism. When he relates the two, he does so in ways that implicitly treat capitalism as one-dimensional. Harvey does not, in other words, treat capital as pointing beyond itself even as it reconstitutes itself. That is, he does not raise the question of whether postmodernism also has an emancipatory moment, even if very different from that expressed by postmodernist self-understandings. Within the framework I am outlining, postmodernism could be understood as a sort of premature post-capitalism, one that points to possibilities generated, but unrealized, in capitalism. At the same time, because postmodernism misrecognizes its context, it can serve as an ideology of legitimization for the new configuration of capitalism, of which it is a part.

This raises a more general issue with which critical theories of capitalism have to grapple. In an earlier global transition of capitalism, Marxists frequently opposed general rational planning to the anarchic irrationality of the market. Instead of necessarily pointing beyond capitalism, however, such critiques frequently helped legitimate a subsequent state-centric capitalism. Similarly, the contemporary hypostatization of difference, heterogeneity, and hybridity, doesn't necessarily point beyond capitalism, but can serve to veil and legitimate a new global form that combines decentralization and heterogeneity of production and consumption with increasing centralization of control and underlying homogeneity.

Each of these positions, however, has also had an emancipatory moment. The difficult task is to conceptually separate out the emancipatory dimension of the possibilities generated by capitalism from the non- or anti-emancipatory forms in which they have been generated. A critical theory of capitalism should be able to elucidate, as forms of misrecognition, approaches that take a dimension of social life generated by capitalism to be the whole. By obscuring the underlying core of capitalism as a form of social life, such approaches are only apparently emancipatory. Their critical orientations end up promoting and legitimating the domination of capital in new forms, such as state-centric capitalism, and postmodern capitalism. This does

not mean that the emancipatory potential of general social coordination or of the recognition of difference should be dismissed. But that potential can only be realized when it is associated with the historical overcoming of capital, the core of our form of social life.

For all of their strengths, the different approaches formulated by Brenner, Arrighi, and Harvey do not succeed in fully elucidating the historical core of capital in a way that points to the possibility of its historical overcoming. Without such an analysis of capital, however, one that is not restricted to the mode of distribution, but that can, nevertheless, address the emancipatory impulses expressed by traditional Marxism, on the one hand, and postmodernism, on the other, our conceptions of emancipation will continue to oscillate between a homogenizing general (whether effected via the market or the state) and particularism, an oscillation that replicates the dualistic forms of commodity and capital themselves.

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