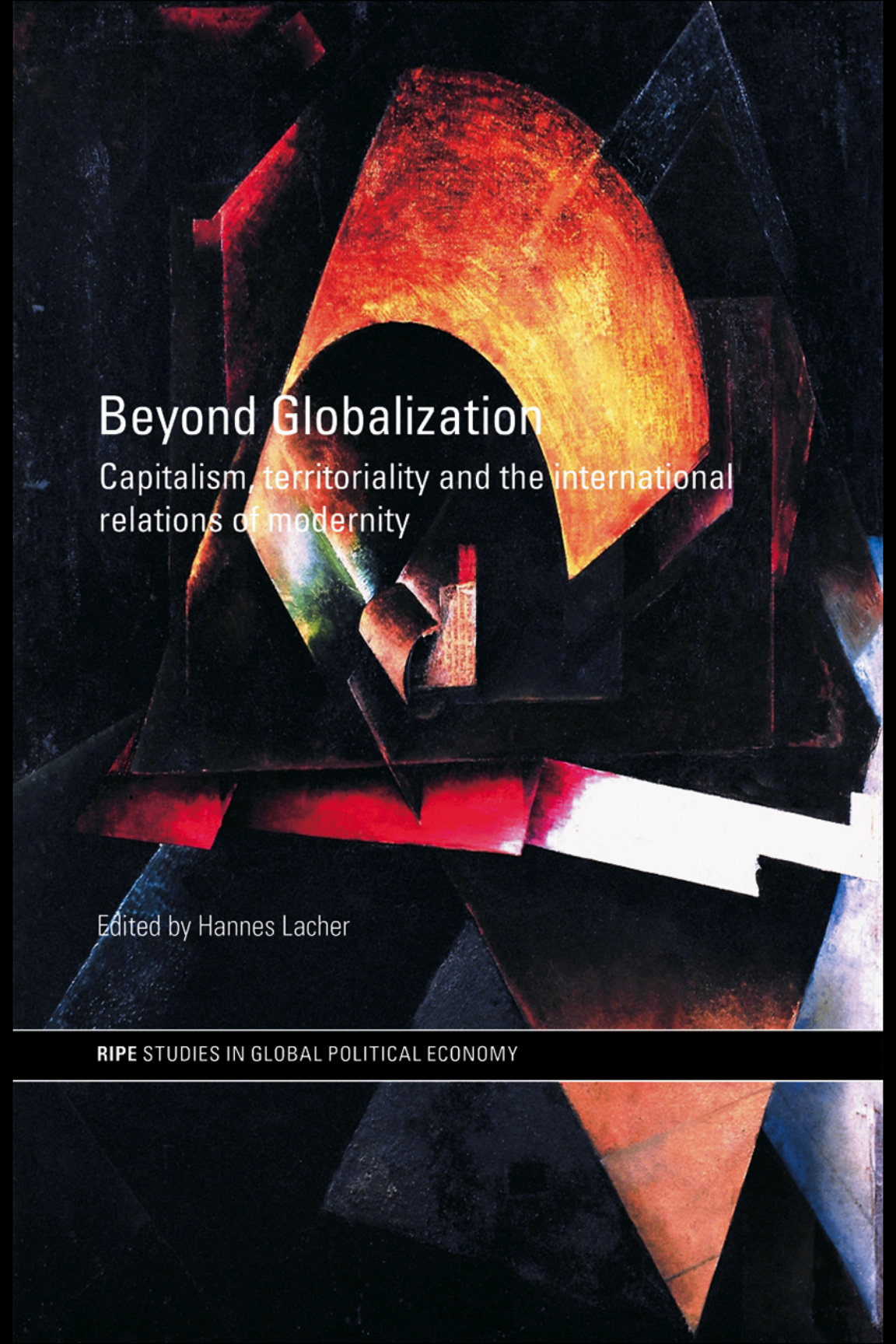




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Capitalism, territoriality and the international relations of modernity

Edited by Hannes Lacher

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Hannes Lacher is Associate Professor of International Relations at the Eastern Mediterranean University in Cyprus and currently a Visiting Professor at York University, Canada.

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Preface and acknowledgements

Modernity has, over the past quarter of a century, become one of the central categories of the social sciences, building on the work of the founders of the 'modern' social science, who frequently invoked the historical specificity of 'modern society'. Its use allows theorists to refer to a historical epoch without committing them to a monolithic understanding of a core or essence underlying its many dimensions while yet retaining a sense of a package deal that comprises individualism, secularism, scientific rationality, private property, the capitalist enterprise, industrial production, sovereignty and the nation-state. While earlier notions of an encompassing process of rationalization popularized by Parsons' interpretation of Max Weber have since been muted, the idea that modernity derives its extraordinary dynamism from the institutionalization and insulation of different 'value spheres' in which rational action is geared to different ends remains central to contemporary social theory (including, in an inverted form, post-modernist thought).

If the social sciences' preoccupation with modernity speaks to an overriding concern with the historical specificity, and indeed the uniqueness of the 'present' form of organizing social life, such an interest has long been absent from the academic discipline of International Relations. Its theorists declared international politics 'beyond history', though the consequences of the operation of the perennial laws of power politics may contribute much of the content of history books. This, however, is changing, and a newer breed of International Relations scholars have sought to reconstruct their subject matter in line with the thrust of contemporary social theory. The post-modernist intrusion into International Relations first provoked a more systematic enquiry into the epochal distinctiveness of 'modern' international politics. By now, more conventional images of international modernity prevail that coalesce around the concept of the 'Westphalian system' and its legal and institutional underpinnings.

What this shift in perspective has yielded is a claim that international politics, too, is a historical practice that takes distinctive epochal forms. Indeed, international relations, as the interactions between bounded, sovereign and equal states, may itself be considered the particular modern variation of the militarized pursuit of power and territory (for which we may employ a generic category of 'geopolitics' shorn of its geographical determinants). Sovereignty, territoriality,

and even 'anarchy' may then be historicized and placed in the context of the rise of modernity. From the perspective of the institutional structure of modernity, international relations then appears premised on the differentiation between 'the internal' and 'the external', and hence the re-orientation of political action towards different ends in a way that sets it apart, for instance, from feudalism.

The debate about just how to conceptualize and interpret the modern international system is complex, and alternative proposals abound. This book seeks to contribute to this debate. It does so with a thoroughly contemporary point of reference in mind: the question whether we are in the midst of a shift from a modern to postmodern system of geopolitics, from international relations to global politics. More generally, it addresses the meaning of 'globalization' which is often identified as the force that might bring about this transformation. But what starts as a straightforward enquiry into the 'international relations of modernity' soon encounters a number of categorical problems that relate to the concept of modernity itself.

The first problem is one that I anticipated when I set out on my research project. Indeed, it is the problem that opens up the whole problematic on which this study was to be based: the claim that modernity is misunderstood if it is conceptualized, in its spatial aspect, as premised on territoriality and the notion of the nation-state as a 'container' of social relations. Noting the transnational dimensions of modernity inherent in capitalist social and economic organization, which I suggest are submerged but crucial for the process of modern development, I intended to reconceptualize modernity as a basis for rethinking globalization. But this attempt to refill the content of modernity while retaining the term itself increasingly appeared to be problematical and unsatisfactory. Put simply, I started to wonder whether 'modernity' is indeed a useful historical-sociological term, and able to capture the historical specificity of our epoch.

The key issue in this respect, predictably for someone engaged in the construction of a critical social theory of International Relations, turned out to be capitalism. The relationship between capitalism and modernity is, of course, the subject of a never-ending debate that has turned rather stale, and it was with some reluctance that I accepted its continuing relevance. Historical materialists have long argued for the superiority of capitalism over modernity as an epochal concept. More recently, they have embraced the term modernity while seeking to show that all those phenomena usually associated with modernity have their basis in capitalism, thus effectively conflating the two categories. With little time for base-superstructure models, and with some dissatisfaction regarding Marxist and post-Marxist attempts to overcome economism, I nevertheless found myself in agreement with the argument of some historical materialist social theorists who argue that capitalism *must* be an epochal concept that circumscribes a form of society, and could *not* simply refer to an economic structure. The emergence of a capitalist economy presupposes a complete transformation of social relations, including the nature of political authority, and it is the explication of this process, and of the capitalist social structure thus created, that helps us to understand capitalist economics, rather than vice versa.

Having accepted this much, the next logical step would seem to be to discard the attempt to conceptualize the 'international relations of modernity' and start the quest to theorize the 'international relations of capitalism' (or to mean the latter when referring to the former). This, I found, is indeed the logic that underlies much of contemporary Marxist International Relations theory. However, there seems to be a theoretical short-circuit in these approaches as none of them could actually explain, on a conceptual basis, why capitalism requires an international system at all, and neither could I find one. This conclusion necessitated, therefore, a turn to history. Employing the revised historical materialist framework indicated above, my historical enquiries led me to conclude that the territorial division of political space that underlies the inter-national system of sovereign states had, in fact, different social and temporal origins than the rise of capitalist social relations. The two derived from different social processes and geographical contexts, though territoriality came to structure capitalist social relations as a historical legacy.

So at this point it had become quite clear that 'modernity' was indeed a problematical and misleading concept, as it throws together diverse institutions that have no relationship with each other and which did not emerge conjointly (and not even in the sense of a loose interaction that historical sociologists point to). Put differently, many of the phenomena that emerged since the sixteenth century and which are commonly considered central to 'modernity', from sovereignty to 'modern individualism' to 'modern science', had nothing to do with capitalism, and did not actually develop together. But if this was a 'modernity without capitalism', this conclusion also implies that capitalism, when and where it emerged, did not create much of what we consider 'modern'. In short, modernity and capitalism can no longer be considered synonymous as Marxists tend to do (and neither can capitalism be considered a sphere or level of modernity, as historical sociologists do).

A solution to deal with this conundrum is suggested by Ellen Meiksins Wood (1991), who argues that we may distinguish an 'absolutist modernity' from a 'capitalist modernity', which while originating in early modern England, began to universalize itself in the nineteenth century. Wood makes it clear that this does not entail taking 'modernity' as the primary and overarching concept, as in fact these were not two variations on the same theme. Rather, the emergence of capitalism marked a world-historical rupture in the whole organization of society, which had no inherent or evolutionary relationship to the preceding form of absolutist society. Absolutism (or absolutist modernity) did not engender the rise to capitalism (or capitalist modernity), but once capitalism emerged, it did reproduce and incorporate some institutions created in absolutism.

To emphasize these continuities and speak of a modern age that emerged around 1500 would be to miss the crucial rupture that the rise of capitalism meant. To assume, on the other hand, that capitalism arose in a form of 'virgin birth' and that all the institutional forms that we find in capitalism were actually the product of capitalism, and are aspects of 'capitalism in the totality of its social relations', is to miss the historical antecedents of certain institutional forms that retain structuring force within capitalism. Both approaches create false

abstractions and inadequate epochal concepts and theories. Indeed, discarding the category as an epochal concept also implies that capitalism is reconceptualized, precisely because it has so often been conflated with modernity. Simply substituting one term for the other is not enough, as they have not only distinctive theoretical presuppositions, but refer to distinctive historical processes and epochs, though with partial overlaps.

For me, this then circumscribed the framework for conceptualizing the international relations of *capitalist modernity* as a form of interaction that is, on the one hand, structured by the new social relations that constitute capitalism, while at the same time remaining shaped by the territoriality of political space that capitalism inherited from absolutism. Where in earlier chapters I use capitalism and modernity at first synonymously, and subsequently increasingly, but haphazardly, turn to the term capitalist modernity, this concept is developed as a systematic concept only in chapter 6. While this may seem to indicate a lack of rigour, it is in fact in the logic of enquiry, as the problematization and reconceptualization of modernity (and capitalism) is a product of the research process. I have also chosen to retain the reference to 'the international relations of modernity' in the sub-title of this book as this volume is, in the end, a contribution to the larger effort to historicize International Relations, and as such addresses and challenges directly the prevailing framing of historical specificity through the concept of modernity.

Some parts of the present book have their origins in a PhD thesis completed at the London School of Economics. I would like to thank Mark Hoffman, my supervisor, for his constant encouragement, and his unstinting support and interest. I am also grateful to all those who helped me to develop my arguments during those years at the LSE: Justin Rosenberg (later at Sussex University), who forced me to strengthen them by remaining unconvinced; Fred Halliday, who appreciated their relevance; Hazel Smith (now at Warwick University) who pushed me to take them further; and my fellow students, as they were then (many but not all of them at the LSE): Chris Boyle, Andrew Wight, Alex Colas, Rick Saull, Maryam H. Panah, Ayla Göl, Eddie Keene, Christian Heine, Mandy Turner, Gareth Dale, Sebastian Budgen, China Mieville, Samuel Knafo, and particularly Pinar Bedirhanoglu and Emma Bircham for the many discussions we had over them. I am also grateful to Sertac Sonan for his help in preparing the final manuscript for publication.

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it has also allowed me to find my own way into understanding the international relations of capitalist modernity.

Some of the ideas presented in this book, especially those in the historical section (chapters 4 and 5), were conceived collaboratively with Benno Teschke during our research student years at the LSE and the UCLA's Center for Social Theory and Comparative History. Their development benefited greatly from discussions with Robert Brenner (UCLA), on whose historical arguments regarding the origins of capitalism they draw. I first presented these chapters at the *350th Anniversary of the Westphalian Peace Conference*, Twente University (Netherlands), July 1998 and subsequently revised them in response to comments made by Charles Tilly and other conference participants. Since then they have remained unchanged. Instead of updating chapters 4 and 5 in light of the results of Teschke's research, I refer the reader to his outstanding *Myth of 1648* (2003).

There are some people without whom this book would not have been written. George Comninel, at York University, Canada, introduced me (against much initial resistance on my part) to the perspective from which this book draws and to which it seeks to contribute. Without his exciting and dedicated approach to teaching, this book would not have been started. But without Sabine Dreher, it could not have been completed. Her impact is present on every page, as her innumerable readings and discussions of numerous drafts helped me to shape ideas and forced me to rethink their presentation. Finally, my parents made it possible for me to pursue the path at whose end this book stands, though they would probably have preferred me to turn some different corners. For their generosity and support I am grateful.

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1 From the international to the global?

The state of the future: National, global, imperial?

Having long adhered to the claim that, for all the encompassing societal transformations, the international system has essentially remained the same over the millennia, theorists of International Relations today find it hard to shut themselves off against a widespread sense of rupture that concerns the very nature of 'the international'. Some of the responses to this perception have sought to elucidate changes in the international system in geopolitical terms, diagnosing, for instance, a turn from interstate rivalry to a 'clash of civilizations'. The dominant thread over the past 15 years or so, however, posited a more profound transformation that, according to many analysts, threw into question the assumption of an independent realm of international politics itself. 'Globalization', on this view, was fundamentally transforming the world's social and geographical parameters.

The crunch of globalization theory was always the relationship between processes of social, cultural and economic integration on the one hand, and the state (and interstate system) on the other. Notwithstanding the disagreements on details, the central claim of globalization theory finds its condensation in the image of the 'incontinent state': The movements of money, goods, services, ideas and communications across state borders are just too fluid for states to be able to control them. States thus become increasingly incompetent in the face of global transactions; their ability to fulfil basic state functions is thrown into question. Effective authority leaks away from the state, and political power is consequently absorbed by other organizations, from formal and informal apparatuses of governmental coordination outside state boundaries, to the organizations of (global) civil society with which states are increasingly forced to cooperate, collaborate and negotiate. But not only was the state as an actor increasingly overshadowed by other transnational actors; globalization theory also diagnosed a general structural shift from the state to the market. As Susan Strange paradigm-definingly argued: 'Where states were once the masters of markets, now it is the markets which, on many crucial issues, are the masters over the governments of states' (Strange 1996: 4).

If, subsequently, some of the claims of early globalization theory were somewhat

moderated by self-proclaimed 'transformationalists' such as Held *et al.* (1999) and Scholte (2000) – whose distinctiveness, arguably, derived less from any significant differences in diagnosis than from the politically moderate, and indeed comforting, conclusions they drew from their analyses of globalization processes) – this detracted little from the claims for a fundamental transformation in the nature of society and the international system. These theorists, too, envisaged a profound relativization of the national state and the emergence of a post-international system of 'global politics'. Though they do not proclaim the disappearance of the state, the institution of sovereignty, so central to the 'Westphalian' system of international politics, would count for little in the postmodern system of the future. National government would, of course, remain an important level of governance, but only one level among others, to be subsumed and rearticulated in a system of global governance. Indeed, some of the more far-reaching transformationalist formulations envisage a 'global polity' (Ougaard and Higgott 2002) or a 'global state' (Shaw 2000), and share much common ground with similar descriptions articulated by ardent advocates of the globalization thesis such as Robinson (2004) or Hardt and Negri (2000). Globalization, then, was widely seen as involving (and generating) the formation of a transnational structure of authority, and most formulations envisaged this process on the basis of some form of cosmopolitan internationalism that would tie in the centres of global capitalism both at the intergovernmental and the transnational levels.

Today, the notion of an encompassing and inevitable process of globalization has lost some, if not most, of its lustre, and it is the nature and location of global political authority that is at the heart of the current re-evaluation. The events since September 11, 2001 have highlighted the degree to which the possibility of a 'global' future depends on the role of one particular state, the United States of America. Developments that during the 1990s may have appeared as aspects of the drive to globalist universalism (such as 'humanitarian interventions' in former Yugoslavia and elsewhere, or the extra-territorial application of national laws) now look less like the gestation process of a universal Empire – or even just a 'global western State' (Shaw 2000). They may instead be reinterpreted as the initial steps that mark the path of the US from the recognition of the new opportunities provided by the 'unipolar moment' to a fully-fledged imperial strategy. The empire in question here is not some transnational construct based on an abstract universalism that supersedes the national state. If the ultimate political expression of the global age was to be the 'global state' or a global 'empire', we now seem to be faced with the rather grimmer reality of an *American* Empire.

Globalization itself has come in for reconsideration, as recent events have strengthened the case of those scholars who (even before 2001) stressed the close link between global economic integration and US efforts to reconstruct its hegemony since the 1970s. Peter Gowan (2003 and 1999), in particular, has argued that globalization is, in essence, Americanization. This involves three dimensions of restructuring. First, it includes measures to open up spaces of accumulation in which American firms are highly competitive, especially in

financial services. Second, it entails the reconstruction of global financial institutions so as to underpin the management of America's trade and budget deficits in all their internal and external aspects. Third, it involves the partial reconstruction of domestic political economies along the lines of the American model (or at least according to American prescriptions). In this perspective, then, 'globalization' is in fact the global mercantilism of one particular state/society complex. Consequently, current institutions of global governance are not so much the seeds from which a future 'global state' may eventually arise. Rather, they are an adjunct of the American Empire; as such, they increasingly fail to conceal the mercantilist nature of global neoliberal restructuring and crisis management.

Ironically, some of the cheerleaders for the new *Pax Americana* have hailed its formation as the culmination of globalist aspirations. On this view, there is little, if any, tension between globalization and America's imperial ambitions. Just as economic and cultural globalization were rooted in the universalization of capitalism in its American form, and the reconstruction of global institutions along American specifications, so the American Empire complements these processes by providing a universal framework for global politics. For the globalization of American state power is not simply the imperialist projection of the US 'national' interest, but expresses the interests of the world at large. The US, as the 'universal nation', pursuing universal values and defending universal rights, can claim to speak and act for the people and peoples of the world even (and especially) when dispensing with the sovereignty of states. Thus, according to proponents of this perspective, the international order has indeed entered a post-national era beyond sovereignty and territoriality, as globalization theorists envisaged – though the latter misunderstood the essence of this transformation by misunderstanding the role of the US.

Not surprisingly, the underlying notion of an identity of American and global interests has been widely challenged, not least by Realists who regard the recent turns in US foreign policy as a resurfacing of quasi-idealist hubris or imperialist temptation. For scholars such as Mearsheimer and Walt (2003), the imprudent display of American power in the pursuit of interests that have little to do with national security is bound to provoke challenges to America's temporary pre-dominance. Far from ushering in a post-national, imperial system, the current 'imperialist moment' must create its own nemesis and turn us back to the age-old logic of balance-of-power politics. For Realists, globalization, too, is unlikely to outlast this return to great-power rivalry, as it always depended on the hegemonic status of the US. Far from being an evolutionary and inevitable process capable of bringing about a structural transformation in the international system, globalization was a temporary anomaly whose preconditions are fast eroding. As other states challenge the US, they will also challenge the global economic system from which the US derived so many benefits and which burdened other states and regions with considerable costs.

For Realists, then, the current conjuncture heralds not the turn towards a global age – with a global empire (of whatever type) at its apex – but the imminent

reassertion of the persistent dynamic of the Westphalian system: the formation of opposition to the imperial rule of a single state. In view of this basic structural continuity, a turn to history is not considered a necessity for International Relations and International Political Economy (IR/IPE). However, properly understood, history may serve to provide us with valuable experiences of recurring imperial adventures and their consequences, generating lessons which present-day empire-builders ignore at their peril (Mearsheimer and Walt 2003); it may also help to immunize us against the gullible and ultimately dangerous illusions of globalization theorists (Gray 1999).

Contemporary realism thus predicts impending conflict and geo-economic competition among the advanced capitalist centres of the world which so far have made up a more or less unified 'West' (as well as the entry of rising powers such as China into this competition realm). Such predictions were previously voiced during the 1970s, as American hegemony seemed on the decline in the face of defeat in Vietnam, the collapse of the Bretton Woods system, and the re-emergence of western Europe and Japan as competitors in the world market. They resurfaced after the end of the Cold War, as the demise of the Soviet Union seemingly removed the glue that had bound the western states together. Visions of a return to the pre-1914 world of unmitigated great-power conflict thus have a long-standing tradition – and it is not least that which makes them suspect. Today, too, what is most noticeable is not the headlong charge of erstwhile allies into rivalry, but the degree to which general unease with, and opposition to, US foreign policy remains ineffectual, at least in terms of balancing strategies. If, as many commentators have recently noted, the power of the US over its geopolitical realm (which today for the first time encompasses the whole globe) is unprecedented even when compared with that of Rome, then we should surely expect – on the basis of the Realist model – a more vigorous response to this unique constellation. Realism, after all, predicts not the pursuit of power by *one* state, but its contestation by those subject to its sway.

The question therefore arises whether those who can conceive of the future only in terms of a repetition of the past may indeed be missing some significant changes in the nature of the world political economy. This is not to re-embrace the globalist conception of a world-historical transformation. Globalization theory has indeed failed to develop an adequate conceptualization of the role of the state (and of the US in particular) and of interstate competition in the processes of socio-spatial restructuring that have taken place over the past quarter century or so. It has, as a result, generated mostly evolutionistic accounts of historical transformation informed by a simplistic narrative that rests on the notion of an epochal movement from 'the (inter)national' to 'the global'. This approach assumes the limitless malleability of the state as a social and spatial structure in the face of increasing levels of transnational interactions. There is no doubt that the structure of the state has indeed been altered over recent decades, and that some of these changes are indeed related to processes of 'globalization'. But in the final analysis, as Eric Hobsbawm (2003) notes, 'Our era is still one of nation-states – the only aspect of globalization in which globalization does not work'.

If this is indeed the case (as I will argue in a more systematic way in the final chapters of this book), then globalization theory, with its notion of a transition from a national to a global age, must remain an unsatisfactory intellectual framework for the consideration of the socio-spatial transformations of the present. Realism, conversely, suffers from its dogged adherence to a state-centric ontology that has been problematic for a long time now. It is this reduction of social relations to the nation-state framework, which analyses societal processes primarily through the prism of state sovereignty, that accounts both for the resurgent attractiveness of Realism in the current situation and for its conceptual weaknesses. Realism's permanent expectation of a return to great-power rivalry between traditional competitors, I suggest, is grounded in its inability to grasp the nature of capitalism, and the implications of capitalist development since 1945 in particular. Even in its political-economic variations, Realism remains wedded to inadequate conceptualizations of the state-market relationship that posit a merely 'interactive' relationship between these two institutional structures, which continue to be considered as following distinct logics of their own. This theoretical baggage renders such approaches unable to comprehend both the internal relation between these structures, and the mutual reconstitution of markets and states in the historical process of modern development, including state/society relations, state functions and national interests (and indeed the constitution and efficacy of 'interests' more generally at the level of the territorial state and beyond).

The potentially system-transforming effects of mature capitalism have, however, been highlighted by Barry Buzan and Richard Little (1999), whose 'structural realist' approach indebted to the English School shows a greater sensitivity to systemic change in the international system. Capitalism, in their view, reshapes political units, the nature of international society, and its dominant process through the twin processes of democratization and globalization. As the pursuit of wealth in liberal democracies becomes divorced from the control and expansion of territory, the constant reproduction of the competitive dynamic of the Westphalian system through incessant struggles over sovereignty, security and border lines is punctured. Rather different patterns of international interaction can thus emerge (Buzan and Little 1999: 96–7). In its 'postmodern' form, the international system has, in this sense, finally come to reflect the capitalist rationality that had started to pervade European societies many centuries earlier.

Important as the elaboration of this dimension of capitalist development is, however, it comes dangerously close to the globalist illusion. It projects forward the pacifying tendencies of liberal capitalism, on the basis of a synchronic conceptualization that is untempered by any recognition of its exhaustion (cf. Zakaria 2003), an appreciation for the limits to globalization, or a more fundamental consideration of the contradictions of capitalism. In the absence of such appraisals, the presumed shift of political rationality from classical *raison d'Etat* to the mentality of the 'market state' remains based on foundations that would appear no firmer than the great illusion to which Norman Angell fell prey before the First

World War. What we need in order to make sense of the present conjuncture is, therefore, an approach that can illuminate and elucidate the changing configuration of capitalist modernity without falling into the twin traps of the liberal delusion of international harmony and the globalist discounting of the nation-state scale. If that implies giving the sovereign state its due, it also means that we need to beware both the tendency to take the nation-state as a given (a fixed point of reference whose past and future are taken for granted), and the inclination to absolutize 'state space'. Taking the state seriously requires both its historicization and its relativization, a task that takes us well beyond theories of international systems as supposedly autonomous structures, and into social theory, historical sociology and political economy.

The danger, of course, lies in such an endeavour becoming 'additive'; clearly, to assert the simultaneity of globalization and the nation-state may make good descriptive sense, without providing firm grounds for theory building. Moreover, the perspective indicated so far may seem to introduce yet another attempt to claim a stake in the crowded centre occupied by the 'transformationalist' camp. But, as I noted above, this perspective merely tends to replace an unrestrained evolutionism with a more cautious version of the same thing.¹ Thus, while transformationalists seemingly accept that globalization is not irreversible, there are in fact few attempts to theorize the contradictions between national and global forms of social organization in such a way that the outcome is not already inscribed in the assumptions, models and methods employed. There may be some bumps on the road to the 'global age', but the direction of the road itself remains clear.

The point of social science, however, is not to presage the results of contradictory dynamics and social struggles; the task of the social scientist is not to prejudge historical processes still in the making or to proclaim certainty where nothing is definite. Instead, we need to explicate the configuration of structures and institutions that shape the actions of those multifarious agents who seek to transform, but also to reproduce, the social and spatial parameters of world order. This takes us back, inevitably, to history. Though the historical narrative suggested by globalization theory is inadequate, this does not vindicate the Realist denial of international transformation. International relations can only be understood in the context, and as part, of the larger social structures that give shape to an historical epoch.

In as much as this insight has gained a foothold in contemporary IR/IPE, it is mainly the category of 'modernity' that has come to frame historically oriented enquiry. Unfortunately, such enquiry has all too often been satisfied with reproducing the simplistic, nation-statist image of modernity, that has allowed globalists to declare the modern period closed in the face of Transnational Corporations (TNCs) roaming the globe, information circulating the world through the internet and pollution crossing borders and heating up the planetary atmosphere. It is, I suggest, in the re-examination of the social and spatial order of modernity that the solution to reconstructing IR and IPE as historical social sciences lies. It is through this endeavour, moreover, that we are enabled to overcome the sterile

choice between 'alternative' perspectives on globalization whose incapacity to illuminate the contemporary process of socio-spatial transformation has become so obvious over the past few years.

Modernity, territoriality and globalization

By framing the interpretation of social and international change in terms of an essentially linear narrative that takes us from the (inter)national to the global, globalization theory situates the present in between an imagined future and an imaginary past. Indeed, its misunderstanding of the future as 'global' is directly rooted in its misrepresentation of the past as 'national'. In this respect, in the conceptualization of the 'old' order, globalization theory is remarkably similar to Realism.

Globalists will of course contest the notion that Realism is the timeless truth about international politics which it represents itself as being. They tend to see Realism as a rationalization or praxeological knowledge that derived its explanatory value or policy relevance not from an ahistorical structure of anarchy, but from the anarchical structure of modernity. In this sense, they restrict the scope of Realism to a particular historical period – an epoch with a beginning and now coming to an end.² Crucially, however, they also embrace the notion that, while this historical epoch lasted, Realism (or at least some other form of state-centrist analysis) was quite adequate. For in modernity, it is held, the territorial state *was* at the centre of social organization. 'After all', notes Scholte, 'the Westphalian states-system that arose in the seventeenth century and spread worldwide by the middle of the twentieth century was quintessentially territorial' (Scholte 1999: 17). Society, in this perspective, *was* until very recently a nationally bounded realm, contained by the state's authority and capacity to control and regulate social, economic and cultural interactions between the members of their societies. And the economy, while never limited to the territorial space of individual states, *was* at heart a national economic system; the interaction between national economies, and between economic actors across boundaries, was shaped decisively by the boundedness of economic spaces (constituting a territorial rather than a functional world division of labour) and the regulatory regimes defined by states.

In all these ways, then, this was, it is argued, a world premised on national and inter-national institutions and patterns of interaction; 'nationality-internationality', as Martin Shaw puts it, was the 'central organizing principle of difference in modernity' (Shaw 2000: 28). At the heart of this order were the sovereign, territorial state and its borders, whose pre-eminence precluded the 'unification of the social world and the relativization of difference within it' that is the hallmark of globality (ibid.: 77). This is the world of traditional international relations theory; nationality-internationality directly implies (and in this perspective actually constitutes) the anarchical system. To be sure, just what the logic of anarchy is has become the subject of heated debate between neo-Realists, liberal institutionalists, English School theorists, and constructivists. But as long as nationality-internationality prevailed, it seemed clear that the enquiry into the

consequences of anarchy was the unavoidable starting point for anybody seeking to understand world politics.

No assumption has been more debilitating for IR/IPE. It remained in place even as Realism itself was challenged; it also continues, in a curiously inverted form, to structure the debate about globalization, by providing the supposedly unproblematic baseline against which theorists of a post-modern order (who are not necessarily post-modern theorists) can develop their arguments for a historical rupture. Martin Shaw argues in this vein that while the notion of a multitude of discrete societies may have fit the realities of the nineteenth century, it has *now* lost its relevance: '*today* the concept of "a society" can only be applied fully and consistently . . . to human society on a world scale' (Shaw 1994: 129, emphasis added).³ Andrew Linklater and John Macmillan similarly point out that the 'wasteland between states . . . is *now* pervaded with complex global economic and social linkages which suggest that Global Politics should replace International Relations'. For this reason, they argue, 'International Relations can *no longer* be regarded as the analysis of the relations between clearly and securely bounded sovereign states responding to the challenges of an immutable anarchy' (Linklater and Macmillan 1995: 4, emphases added).

But when could the world ever be adequately understood in these terms? Certainly not over the past 200 years. The notion of a golden age of sovereignty, whether in the postwar period or in the nineteenth century, in which states exerted full control over societies neatly delimited by territorial boundaries, is a myth which serves only to reinforce a crude conceptual alternative between 'the international' and 'the global'. It is hardly surprising that, on the basis of this dichotomy, 'heterodox' theorists tend to associate sovereignty and 'globality' with two different phases of historical development, in which sovereignty appears ultimately as the hallmark of modernity, whereas globalization signals a move towards a post-modern age (or at the very least towards a new and qualitatively distinct form of modernity).

Theoretical progress in the debate over the nature of contemporary socio-spatial transformation – and with regard to the urgently necessary historicization of international relations more generally – can only be achieved, I submit, by problematizing the categorial and historical framework that structures the globalization debate. Rather than accepting the globalist argument that, as the world has moved towards globality, we need to discard the concepts and theories of the past that had been informed by methodological nationalism, we really need to ask how well this nation-statist methodology actually served us in the past, as an approach to modernity. For, as Fred Halliday notes, the modern social sciences, International Relations included, have systematically overstated modernity's international dimensions, and downplayed its global aspects. Conversely, in today's globalization theory, the traditional 'banishment' of globalization as a historical tendency of modernity itself 'has given way to promiscuity', thereby obscuring the 'continued adaptation of the global and the particular' which obtains today as it had at the beginning of the modern age, if not in the same form (Halliday 1994: 2).

From this perspective, methodological nationalism or territorialism did *not*, *pace* Scholte, offer 'a broadly viable intellectual shortcut in an earlier day of social enquiry'. The notion that modernity was based on the social and spatial pre-eminence of the national state was always a one-sided and highly ideological representation. If the modern social sciences, International Relations included, were overwhelmingly based on methodological nationalism, as they surely were (cf. Taylor 1999: 7; Smith 1979: 191), then this is not simply because 'methodological territorialism reflected the social conditions of a particular epoch when bordered territorial units, separated by distance, formed far and away the overriding framework for macro-level social organization' (Scholte 1999: 17). For the 'nationalization' of the social sciences since the last quarter of the nineteenth century was itself part and parcel of the process through which was forged the nation-statist order, which now seems under strain.

In this sense, the increasingly prevalent representation of the world as but a collection of territorial units was partly constitutive of the 'age of the nation-state' in that it contributed to the valorization of 'the nation' as the embodiment not just of cultural but of political community.¹ This was, in turn, premised on the denigration of alternative forms and visions of political community, not least those based on class, which often arose out of a global imagination. Moreover, the modern social sciences, at their inception, also legitimized the state's claim to represent the national community. According to Martin Albrow, late-nineteenth-century social theory sought to theoretically and historically underpin the claims of the nation-state to be the true embodiment of society. 'But the fact is that a particular version of the state, the nation-state, sought to create society in its own image' (Albrow 1996: 43).

Clearly, these arguments complicate the prevailing understanding of the role of the modern social sciences in modernity, as they now appear as deeply implicated in this process, as champions even rather than mere analysts of the nation-statist transformation of social relations. They also indicate the need for a very different perspective on the relationship between modernity and the modern social science than we find in the globalist call to discard a categorical framework that was once supposedly appropriate but has now become obsolete. I will return to these issues in chapter 7, but two possible objections to this change of perspective need to be addressed here.

First, it may be argued that the nation-state was but one instantiation of the territorial principle that held sway since the Peace of Westphalia (or thereabouts); consequently, the particular form that social theory assumed, and the social role it played in the late nineteenth (and most of the twentieth) century is not really the issue in the face of this more fundamental continuity. However, the 'nationalization' or 'territorialization' of social science is very much a phenomenon of the century from the 1870s to the 1970s. This itself suggests that the centrality of territorial space to social organization for much of the 'Westphalian' epoch may be vastly exaggerated. Indeed, Raymond Grew (1984) argues that the notion of the fifteenth-century origin of the modern state is itself a myth invented by the founders of modern social theory as they sought, *in the late nineteenth century*, to

explain the new centrality of the state and its borders to social organization. But this myth in turn served to underpin the state's claim to legitimacy and the loyalty of its citizens.

Albrow makes the even more far-reaching suggestion that, confronted with both apocalyptic and revolutionary theories based on class divisions, the modern social sciences promoted the notion of an 'unlimited modernity' premised on the march of rationality. Against the 'epochal' mode of theorizing developed by Marx and others, which suggested that societies had beginnings and ends, these social theorists not only harked back to the period circumscribed by the Renaissance and the Reformation as the blossoming of rationality which was to bear the fruits that Weber and others saw as the direct result; they also discerned the buds of this rationality even further back, in occidental Antiquity. By implication, the rooting of the 'modern state' in the deepest cultural soil of 'the West' allowed theorists such as Weber to posit the persistence of the national state into the future – 'a future with no promise except more of the same' (Albrow 1996: 16).⁵ Once again, these arguments clearly show the need to fundamentally reconsider modernity – and not simply to declare its end while taking for granted the previous analytical and ontological appropriateness of those theories that proclaimed the national state to be the linchpin of the modern age.

A second objection might start from the observation that methodological nationalism could not have pervaded the social sciences for a century without a solid basis in the social reality of this period. In this sense, it may be argued that while the role of modern social theory was at first as much ideological as it was explanatory (if they are ever neatly separable), the territorialism of the social sciences became the more relevant to the study of all aspects of society, the more successfully the nation-statist project reconstituted the nexus of state apparatus, territorial borders, and citizenship in theory and practice. Indeed, Albrow himself argues that the period from 1870 to 1970 *was* the age of the nation-state, precisely because the essentially and necessarily territorial project of modernity was so successful in defining – socially as well as spatially – societal organization for this period. This, then, would imply that we merely need a more sophisticated understanding of the mutually constitutive relationship between modern social science and modernity along the lines suggested by Albrow; the conclusion of less nuanced versions of globalization theory, which take the representation of society as national to be a faithful reflection of the reality of modernity, would nonetheless continue to stand: new global times need a new globalist methodology.

But while it cannot be denied that political community came to be organized around the nation represented by the territorial state after 1870, the principle of nationality/internationality never completely occluded the global dimensions that are inherent in modernity, deriving from the innately non-territorial (but not for that matter aspatial) social relations and dynamics of capitalism. Capitalism is a fundamentally transnational form of economy and society. Even during the age of imperialism and protectionism, or at the height of the welfare state in the postwar period, the nation-state arguably never 'contained' the economy and

society to the degree implied by the proponents of the globalization thesis and defenders of classical state-centrism alike. As Michael Mann points out, while social relations became increasingly 'caged' by the nation-state and its international relations since the mid-nineteenth century, this is only part of the story. For 'the expansion of these national and inter-national networks always proceeded *alongside* the expansion of certain "transnational" power relations, especially those of industrial capitalism and its attendant ideologies' (Mann 1997: 476).⁶

Capitalism's global character was, of course, central to Karl Marx's theory of what later came to be called 'modernity'. Though Anthony Smith sees Marx, together with Weber and Durkheim, as part of the trinity that put methodological nationalism on the map, as it were, this is a reading that is highly contentious. Simon Bromley, for instance, argues that Marx, while seemingly taking the 'national societies' of Britain, Germany or France as his starting point, developed a theory of capitalism that 'had no necessary national reference and his historical depiction of its emergence and consolidation was explicitly global in scope'. In this sense, Marx may even be seen as 'the first significant theorist of globalization' (Bromley 1999: 284). Considering the prescient words of the *Communist Manifesto*, it is indeed hard to charge its authors with an excessive concern with states and borders.

The bourgeoisie cannot exist without constantly revolutionizing the instruments, and thereby the relations of production, and with them the whole relations of society . . . All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind. The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country. To the great chagrin of the Reactionists, it has drawn from under the feet of industry the national ground on which it stood . . . In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations.⁷

(Marx and Engels 1998: 7–8)

For Marx and Engels, the world is unified by capital. Once constituted, capital can never rest, but has to penetrate new areas and more and more productive activities (including forms of cultural production formerly regarded as 'non-economic') in order to expand its value, and thereby to reproduce itself economically and socially. Moreover, the expansion of capital is never just the universalization of exchange relations; it is also the expansion of capitalist social relations, generating a system of universal 'interdependence mediated by things'. Commodities moving across boundaries not only embody particular social relations, they also *socialize* the relations between those who are thereby brought into contact. Capitalism is constitutive not just of a world market, but of a global(izing)

civil society as well.⁸ For the capitalist world market is not simply a system of trade, but a system of production (cf. Smith 1984: 61). Capitalist production, in turn, is premised on social power relations – the privatized power to extract surplus. *These* power relations, unlike the sovereign authority of territorial states, are not in principle (and rarely in practice) confined and contained by state borders.

Marx's understanding of capital allows us to excavate a system of global social relations beneath the institutional order of modernity. And yet, to simply replace the orthodox territorialism of modern social theory with a globalist perspective would not gain us very much. Marx's vision of increasing 'universal interdependence' has clearly not fared all that well during the first 125 years following the publication of the *Communist Manifesto*. National conflicts were not, contrary to Marx's expectations, increasingly replaced with transnational class struggles; quite the contrary: geopolitical competition increased soon after Marx's death and the working classes as well as the bourgeoisies of most countries were integrated and subordinated into the national state. Despite the assertion of some Marxists today that there cannot be much that is new about contemporary 'globalization' as Marx already described its fundamental aspects 150 years ago, it is clear, therefore, that Marx himself expected this process to be much more linear than it turned out, anticipating it to be ruptured by a communist world revolution rather than to be transformed by the strengthening of nation-states and their boundaries. While it is therefore necessary to insist on the transnational nature of capitalism, and to challenge the prevailing sociologism which can only conceive of society in unitary terms, either as a bounded national society or a single global society, our understanding of capitalist modernity and its international system cannot be *simply* transnational. As Fred Halliday notes:

To stress the broader, capitalist, character of the international system is not to argue that the social relations are in any simple sense transnational. Marx in the nineteenth century and much apparently contemporary sociological thinking make the same mistake in assuming that the state was simply being swamped by transnational processes.

(Halliday 1994: 92)

The structuration of capitalism's social relations cannot be understood in abstraction from the (changing) role of the state in the spatial and social reproduction of capital. This role cannot be reduced to a perpetual jostling for position in a preconstituted global division of labour (leading to a pattern of hegemonic rise and decline at the top), as Wallerstein suggests. In the world-systems perspective, the structuring logic of the modern world-economy is indeed global, based on the imperatives of global accumulation. Sovereignty is, most of all, a systemic precondition for the modern world-system, in that it opens the space between jurisdictions that capital needs in order to retain autonomy *vis-à-vis* the state; but it is also the club card that enables political communities to participate in the world market. Nevertheless, this is not a world that can be described in terms of a

collection of national systems of political economy. The primary spatial category remains 'the world' itself, and territoriality even has to take third place behind the core-periphery model.

Wallerstein's approach overcomes the tendency prevalent in both the traditional social sciences and contemporary globalization theories to conceptualize globality and nationality/internationality as inherently dichotomous. Sovereignty and global economic processes are seen as two sides of the same coin. For world-systems theory, sovereignty is a capitalist institution that makes it possible for the modern world economy's global dynamics to prevail. Yet the price of this attempt to combine the radical globalist perspective sketched out by Marx and Engels in 1848 with the emphasis of Marxist theorists of imperialism on the state-organized competition for the global surplus is high. Wallerstein's static conceptualization of global space is closely related to his essentialist view of capitalism as a social system. Both in time and space, the capitalist world-system is determined by a structural-functionalism that is determined at the global level. The requirements of the system as a whole, i.e. as a *world* system, are the crucial explanatory focus of this approach. What is missing, however, is any sense of the contradictions inherent in the disjuncture of the spaces of accumulation and governance.

This tendency is obvious also in more recent reformulations of Marxist IR theory. By contrast to most theorists of globalization, Simon Bromley sees capitalism as defined, at heart, not by territoriality, but by the social relations of capitalism. According to Bromley, 'the historical spread and social reproduction of these new types of social relations . . . accounts for both the national form and for the universal interdependence of global capitalism' (Bromley 1999: 287). But Bromley also adds that the development of global capitalism was uneven, stemming from both the universalization of capital relations *and* the pressures of interstate competition, a process, he notes, that Marx failed to theorize. It is within this context, he suggests, that we have to situate the strengthening of state apparatuses since the late nineteenth century. Crucially, however, this process was itself part of the further globalization of capital: 'the growth of regulatory bodies and practices has, on the whole, served to provide the conditions for the expanded reproduction of capital on a global scale, thereby *underwriting* the sovereign form of political power that is the basis of the liberal capitalist states system' (ibid.: 300).

The point made by Bromley is important in that it highlights that the global dimension of modernity emphasized above cannot fully be captured by pointing to, say, transnational patterns of investment in the nineteenth century, thereby complementing the traditional image of a world economy based on international trade. The issue this raises, in other words, is not that of a 'global residue'; rather, it suggests that the rise of the 'age of the nation-state' after 1870 is itself an aspect of the conscious and purposive mediation of the crises and contradictions inherent in capitalism's global social relations. The global and the national are here not mutually exclusive, but constituted through each other. This relationship, moreover, is seen as dynamic and subject to transformation. Nevertheless, in the end

Bromley arrives at a conclusion similar to Wallerstein's when it comes to the interpretation of globalization: in a nutshell, globalization cannot involve the demise of national sovereignty, as this is still capitalist modernity – and the national state is just as fundamental to this historical system as the world market. Thus, today's transformations are by necessity about something much less than a shift from 'the national/international' to 'the global'.

But, like the globalizers' case, this argument, too, is based on an unwarranted sense of closure. Though building on a more sophisticated understanding of capitalist modernity as simultaneously global and national, the relationship between the national state and a global system of socio-economic relations is conceptualized as complementary. The national state and the global system of market relations presuppose and condition each other; capitalism can neither be purely national/international nor completely global. Yet while, historically speaking, it is true that modernity was never defined principally by the national (and, by corollary, international) dimension, it is a very different argument altogether to suggest that the national state remains the *necessary* framework of political space in capitalist modernity. This would require (within the parameters of this perspective) the derivation of territorial sovereignty from the nature of the capital relation itself. The viability of this particular historical materialist perspective, and its approach to 'globalization', depends, in other words, on its ability to show that the capitalist state *must* be a national state and *cannot* take the form of a global state. As I will show at a later stage, there are good reasons to doubt this ability.

It is, thus, not enough to come to a more encompassing description of modernity; what is crucial, not least with regard to the interpretation of the nature of contemporary socio-spatial change, is the conceptualization of the relationship between politics and economics, between the national state and the global market, and the theorization of the role of the territorial state – and of the *system* of states claiming sovereignty over territorially demarcated realms – in capitalist modernity. In addressing this issue, we do not have to follow the globalization thesis into positing successive stages in which either international or global aspects prevail; this would do justice to neither 'stage'. Instead, capitalist social relations must be seen as *simultaneously* transnational *and* national/international. The crucial theoretical and historical issue is then the dialectic of territoriality and globalization, which is, in different forms, at work throughout modern history.

For a historical materialist theory of IR/IPE, to which this book seeks to make a contribution, this implies two fundamental conceptual challenges. The first is to develop a theory of the different regimes of capitalist space generated in the 'national processing of global capitalism'. To insist that capitalism was always, *in some sense*, global (just as it was always national/international), is not to argue that it was always global (and national/international) in the same way. The point is that the real socio-spatial differences in the process of capitalist development cannot be grasped adequately through the national–global dichotomy, but require a more complex and differentiated conceptualization of the distinct 'geo-economic' regimes in which the national and the global have become articulated in specific

historical forms. This presupposes, second, that we have found an answer to the rather more elementary problem, concisely formulated by Fred Halliday, of explaining just

why, if there is a world economy in which class interests operate transnationally, there is a need for states at all. What, in other words, is the specificity and effectivity of distinct states within a single economic totality?

(Halliday 1994: 91)

In the first part of this book (chapters 2–5), I will seek to develop an answer to this question through historical concept formation. I will show that capitalism developed into a configuration of social space that was already structured by the territorial sovereignty. The second part of the book (chapters 6–8) will then consider the implications for our understanding of capitalism as a social totality and its historical development and geographical organization.

Outline of argument

The critical examination of the dichotomy of the national (and, derivative of that, the *inter*-national) on the one hand, and the global on the other, is at the heart of this book. It provides a powerful prism through which some of the most vexing issues that confront the discipline of IR/IPE in its attempts to come to terms with current transformations can be explored. Most crucially, it allows us to de-reify socio-spatial arrangements by highlighting the historicity of spatial structures and practices. IR, as John Agnew has argued, has long been caught in a ‘territorial trap’ by its propensity to regard the territorial form of political space as a timeless feature of social life. ‘Theorizing is thus put beyond history’ by conventional IR’s geographical assumptions (Agnew 1994: 72; cf. Youngs 1999: 34–50).

The study of the social production of political space is a necessary part of the development of a critical social theory of IR/IPE. This field of study has to reinvent itself as a theory of *historical* international systems, and thus as a theory of international change. It has to concern itself centrally with the social forces which created the modern state and the modern international system, as well as with the transformations within the institution of sovereignty and the changes in the patterns of modern international relations. But in all of this, it can never simply strive to develop a theory of interstate relations as such. It has to generate a theory of the *international relations of modernity*: of a historical society which is inherently transnational, yet is politically organized in the form of states claiming sovereign authority over the population of territorially delimited realms. Crucially, then, the historicization of political space will achieve only an incomplete transcendence of the territorial trap if it leaves uncontested the notion of the sovereign state as the true master of space in the modern period.

That leaves the question: what sort of history can best recover the social practices that constitute the sovereign, territorial state that has been identified as the specifically modern form of organizing political space? How are we to

conceptualize the relationship between this form of state (and the system of states constituted on the basis of territorial sovereignty) and the capitalist system of market relations? I suggest that, despite the problems indicated previously, historical materialism provides essential conceptual resources for this task. In the next chapter, I will begin to outline the methodological foundations for a historical materialist approach that can deal with these questions in a non-economistic, non-reductionist way. Both economic determinism and structuralism are undeniably problems that such an approach has to confront. I will argue, however, that an alternative form of historical materialism is not only possible, but enables a more thoroughgoing historicization of categories than theories of modernity based on an admittedly more popular methodological pluralism.

Much of this discussion draws on theoretical advances achieved in the debate over the Marxist theory of the state. This is also the starting point for a number of Marxist theorists of IR/IPE, whose work I will critically review in the chapter 3. But these theorists, I will argue, proceed too quickly from the theory of the capitalist state to a theory of capitalist states (and the system of power relations they form). Their interpretation of capital as a social relation which finds institutional expression in the institutionally differentiated spheres of 'the political' and 'the economic' does not explain why the capitalist political space is territorially segmented and governed by competing sovereignties. I will suggest that the exclusive territoriality of capitalist political space derives not from the inner nature of capital, but from the way in which capitalism came to be born into a pre-existing system of territorial states.

This argument is explored historically over the two chapters that follow. In chapter 4, building on an interpretation of the transition from feudalism to capitalism that takes the radical distinctiveness of capitalist modernity as its starting point for the conceptual framing of this process, I will suggest that the emergence of capitalism should not be seen as the product of the 'long sweep of history' which led up to this event by some inherent necessity. Indeed, I will argue that most of Europe did not experience a transition to capitalism in the early modern period. According to this view, territoriality of political authority is not only an outgrowth of the feudal logic of 'political accumulation'; absolutist state formation also embodied a logic of process diametrically opposed to capitalist development as it was based on a fundamentally different property relationship, which, following Robert Brenner (1985b), can be understood as 'politically constituted'. Politics and economics were not differentiated in absolutism. The logic of political accumulation had also been operating in feudal England, but it was short-circuited by the rise of a qualitatively distinct form of property relation; the English state came to express very different social relations of sovereignty from those embodied in the absolutist states of continental Europe, which relied on the empowerment of the property in things to mediate the appropriation of surplus. On this foundation, political domination and economic exploitation could assume different institutional forms.

Chapter 5 then considers the implications of this argument for our understanding of the absolutist international system, which, I will argue, should be regarded

as fundamentally non-modern. More specifically, I will show that the pressures of international conflict did not translate into a 'modernization' of the state and the economy; the 'rationalization' it effected remained circumscribed by the particular rationality of absolutist property relations. The chapter also shows how this rationality pervaded the dynamic of the international relations between these absolutist states. With the industrial revolution in Britain, however, the existence of the absolutist ruling classes organized as sovereign states became threatened. The nineteenth century saw successive waves of 'revolutions from above' through which these state classes tried to secure their internal and external reproduction by imposing capitalist property relations on their societies. The capitalist transformation of continental Europe thus took place within the framework of exclusive territoriality, which was reproduced despite a fundamental change in the nature of social space. But while capitalist politics is very different from absolutist politics, sovereign territoriality continued to structure the social relations of capitalism.

The question of what the structuration of capitalism by the territoriality of political authority means for capitalist development is at the heart of the second part of this book. Chapter 6 will seek to specify the consequences for capitalism's 'logic of process' in conceptual terms. I will argue that the non-coincidence of the spatialities of authority and accumulation presents a constant source of tension, as states strive to internalize the conditions under which they have to secure the reproduction of 'their' capitals. But while states are agents in the production and structuring of global space, their policies cannot be grasped in terms of some innate 'national interest'; they arise out of the mediation of class struggles and crises of accumulation. This is, then, a highly dynamic process which gives rise to changing patterns of international conflict, in which state strategies of competition and the competitive strategies of individual capitals can enter into different relationships. It also generates different 'spatial regimes' through which the relationship between the national and the global is constituted on a temporary basis.

In chapter 7, I will provide a schematic overview of some of the socio-geographical regimes which have characterized the history of capitalist modernity. I will also attempt to explain why, over the course of capitalism's development, there has been a clear tendency to nationalize the economic space of the world economy through the deployment of the territorial power of states. Thus, while exclusive political territoriality has its roots in pre-capitalist social relations, it has become more rather than less entrenched since the 1870s, and it has gone hand in hand with the increasing 'caging' of transnational relations. This tendency was expressed most clearly by the rise of the nation-state (to be distinguished from the more generic 'national state' of which it forms a particular instantiation). This process, I will argue, was a reaction both to the much more transnational organization of the world market, centred on the British economy, in the preceding period, and to the transnational aspirations (and to some extent organization) of the working class since the 1870s.

The result was a double segmentation of capitalism's global society, based, first,

on the promotion of the state as an alternative ‘imagined community’ to that of class; and second, on the incorporation (at least by tendency) of a part of the world economy into the political jurisdiction (and sometimes even the boundaries) of these national/imperial states. This implies a complication of the notion prevalent in the globalization literature that there has recently been a progression from the national to the global. The ‘national economy’ was not the starting point of capitalist development, to be superseded now that communication and transport technologies have developed sufficiently to allow for a single global market to emerge. Nor was this national caging of capitalism’s global society and economy ever more than a tendency, even at the height of the welfare state. In the final sections of chapter 7, I will highlight the transnational or global context of ‘embedded liberalism’. I will argue that the postwar international order composed of national states and national economies was premised upon the increasing incorporation of further areas and social relations into capitalism’s global society.

The turn towards increasing global economic integration during the 1970s thus appears less as a transition from the international to the global than as a rearticulation of world capitalism. This does not mean that the transformation is irrelevant – far from it. But the question remains how are we to conceptualize this transformation. In chapter 8, I will suggest that we should pose the problem of globalization not so much in terms of the demise of national sovereignty (or even just autonomy) as a consequence of increasing international interdependence or a change in the nature of the world economy. Indeed, if there is one lesson to be found in the history of capitalist development, it is that global economic integration does not produce global political integration in any causal or functional sense. States have different possibilities to react to the ‘spatialization strategies’ of economic actors. How they will use their territorialized authority will not simply depend on the requirements of capitalists (or the supposed dictates of the ‘national interest’), but will be shaped in the process of mediating the contradictions of capital accumulation and class struggle, as well as the competitive pressures between states themselves. In the end, the spatialization strategies of states may be as important for the socio-geographical patterning of capitalist modernity as those of economic actors – if not more so.

More pertinent than the question of what will be the consequences of economic globalization for the state, then, may be the question whether global economic integration is sustainable in the face of the resilience of the national state. Territorial states, arguably, remain the prevalent (though not necessarily effective) loci of regulation and governance of the world economy and of capitalism’s global society. But, and this is crucial, if the national form of capitalist statehood should be reproduced in the current period of geo-economic integration, this is a *contingent* rather than a necessary aspect of capitalist development. Capitalism may exist politically in the form of a ‘global state’, and the concept of capital may in fact require the existence of global sovereignty to make possible the reproduction of capital at a certain level of development. This would suggest that if, contrary to the *needs* of global capitalism, no such global state formation is in

fact taking place (or its actual forms remain stunted), then the consequence may once again be a return to heightened geopolitical competition. At this point, we will finally return to the debate about the possibility of an imperial 'solution' to the disjuncture between global accumulation and territorial governance.

2 Modernity, historicity and epochal theory

A noticeable shift in the orientation of theoretically innovative scholarship in IR/IPE has taken place over the past two decades. The classic anarchy *problematique* of IR (i.e. the explication of the rational forms of action and the resultant repetitive patterns of interaction that are said to prevail where no overarching political authority exists) has received diverse renditions, as neo-Realists confronted liberal institutionalists, and constructivists joined in for good measure. Instead of seeking to understand anarchical international relations on purely rationalist grounds, by attributing particular motives of action to actors whose existence and identity were taken for granted and beyond explanation, numerous scholars have started to highlight and examine the historical parameters within which actors, identities and, indeed, rationalities are situated.

The upshot of these works has been a certain historicization of the structure of the international system. Instead of presuming a timeless structure of anarchy with invariable systemic effects on the 'conflict units' (no matter whether they be empires, city states or territorial polities), these approaches have elaborated historically distinctive 'logics of anarchy'. Rejecting Kenneth Waltz's (1979) extreme structuralism, and his rather narrow definition of 'structure', scholars have highlighted the potential for structural change on the basis of distinct modes of political differentiation (Ruggie 1983a and 1993), patterns of interaction (Wendt 1992), or a combination of the two (Buzan *et al.* 1993). Such innovations have enabled these theorists to conceptualize the specifically modern logic of anarchy, residing in the Westphalian mode of organizing authority claims, which are expressed as claims to sovereignty from which both particular internal and external consequences follow.

Thus, by pursuing the conceptual conundrums that present themselves in the exploration of the anarchy *problematique*, these scholars have gone some way to indicating an alternative *problematique of modernity* that puts the historically specific, and socially constituted, structures of the international relations of modernity at its centre. But no more than some of the way, as most recent writings fall far short of a genuinely social theory of international relations.¹ For even as they developed their critiques of neorealist structuralism, they allowed their efforts to be circumscribed by the frame of reference established by Kenneth Waltz. In particular, the prevailing mode of historicization of international relations remains firmly, well,

international; international transformations are conceptualized self-referentially in terms of changes in international norms, practices and institutions.² Rarely do these approaches situate 'the international' in the wider structures of the prevailing social relations of the historical epoch in question; instead they usually hold on to traditional notions of 'the international' as a discrete realm of human action.³

While these approaches may yield a more 'socialized' image of the relations between states, they fail to uncover the societal foundations of historical international systems, including those of the 'Westphalian' system. Conversely, and perhaps even more importantly, they miss the real social content of the international relations of modernity: the mediation (both cooperative and conflictual) of the social, economic and political crises thrown up in the process of 'modernization'.⁴ International Relations, I suggest, has to reinvent itself as a theory of *historical* international systems. Instead of the positivist fixation on the consequences of an anarchical structure for the relations between independent states, which takes as axiomatic all that needs to be explained historically, IR needs to tackle systematically the challenge of modernity. This challenge, Justin Rosenberg points out, is to determine the role of the international system in the rise and development of modern society and to ask how this international system itself expresses and mediates the dynamics and contradictions of modernity.⁵ And how could we hope to understand those dynamics, crises and contradictions without making a central category of enquiry that of capitalism? But just how do we conceptualize the relationship between capitalism and international relations? Such concerns, moreover, raise an even broader question, namely how we are to conceive of the nature of historical epochs such as capitalism, and the forces that led to their emergence and development.

Historical materialists and critical theorists have long stressed the need to examine international change in the context of more general social transformations. Just as, according to Marx, an abstract concept of production will not allow us to understand the economic and social structure of any particular historical society, even though production takes place in all of them, so the concept of anarchy, according to contemporary Marxist theorists of IR, will not tell us much about the logic and dynamics of international relations in any particular historical epoch. On this view, then, it becomes necessary to historicize international change, and specific historical logics of anarchy, as part of the more general transitions between 'modes of production', allowing us to decode the 'modern' international system as the capitalist international system, and to distinguish it from feudal and other historical forms of geopolitics (cf. Teschke 1998).

The question then arises whether such an endeavour is not, from the outset, marred by an irredeemable economism. For most social scientists, for instance, 'capitalism' designates a particular way of organizing the economy and as such can only be of indirect relevance when it comes to conceptualizing international systems. While there may, in this perspective, be some point to exploring the relations between the economic and the international spheres (as International Political Economists of various provenance regularly do), the notion of a capitalist

international system would seem to confuse distinct realms of action. There would, consequently, appear to be little point in talking about a 'capitalist international system' when we consider the international relations of modernity. Moreover, even if this way of framing the historicity of international relations were to be accepted, there is, of course, the question whether historical materialism as such is fundamentally able to provide a satisfactory account of the structures as well as the emergence of capitalism (or modernity). In this respect, too, there are reservations regarding historical materialism's presumed 'economism', and in particular to the emphasis that they have traditionally placed on economic factors as causes and structural determinants of capitalist development. Historical materialist theories have also been criticized for their evolutionistic tendencies and their association with positivist models of 'scientific' research. Should we, therefore, turn to the historical sociological alternatives to historical materialism, which according to their proponents provide the basis for non-reductionist theories of modernity? This chapter seeks to outline a non-reductionist historical materialist approach to the study of historical societies. In the next chapter I will then return to the conceptualization of international relations within the context of epochal theory in general, and modernity in particular.

Epochal theory: Historical sociology versus historical materialism

The very concepts that International Relations scholars and social theorists more generally use in order to think about historical epochs are, of course, far from objective signifiers of social relations, and have themselves often become battlegrounds in the political and scholarly struggles for interpretive hegemony. The use of the category of 'modern society' by social theorists such as Simmel and Weber signalled the rejection of any attempt to define 'our epoch' (from the vantage point of the late nineteenth century in this case) in terms of 'capitalism'. Quite apart from all the contemporary and often heated debates about the nature of modern society, the employment of the concept proclaimed a 'wider' understanding of the elements that made this historical period distinctive. Most of the classical social theorists of what we now term 'modernity' saw the 'modern economy' (based on the market, industrial production and private property) as one aspect of its dimensions, and some were even willing to apply the term capitalism to the economic structure in its modern form. Yet none would accept the notion that capitalism defines modernity.⁶

For Weber, indeed, capitalism was not even specific to the modern period; it is 'present wherever the industrial provision for the needs of a human group is carried out by the method of enterprise' (Weber 1961: 207), based on the calculation of expected profits. Capitalist activity in this sense could be found in ancient Greece as well as China, along with many other parts of the world and periods of world history (cf. Collins 1986: ch. 3). But for Weber, it was the generalization of this form of economic action that characterized the '*peculiar modern Western* form of capitalism' (Weber 1958: 24). What happened in the West, unlike

any other part of the world prior to the twentieth century, was an ongoing process of rationalization that, through many intermediate steps, led to a situation where 'rational permanent enterprise' had become the form through which most economic provisioning took place, based on methodological capital accounting. That such a situation could emerge during the Reformation, and increasingly unfold itself in Europe and thence across the world, could not be explained in terms of the properties of economic action or economic institutions themselves. The process of economic rationalization was but one dimension of the modern manifestation of the *spirit* of rationality in the West, which encompassed the rationalization of political, military, aesthetic and other spheres of action. Each advance in the degree of rationalization in one sphere became the presupposition for further steps in the other spheres of society. Thus, the rationalization of economic enterprise could hardly have taken place without the simultaneous emergence of a modern, rational state, based on bureaucratic organization and formalistic legal administration. Moreover, each step in these autonomous, but mutually reinforcing rationalization processes could have been blocked by historical contingencies, with traditional institutions being reinforced by social actors in order to defend particular ideal or material interests.

And yet, for all the contingency and specificity, and in spite of all the particular configurations and combinations of causes that effected each step, there is a clear sense of inevitability in Weber's thesis. The rationality of the West, owing to its origins in Greek and Judaeo-Christian culture, was almost predestined to reach the apogee of rationality that characterizes modernity, while it necessarily eluded 'the East' (though it subsequently became the object of externally induced and enforced rationalization). Only in the West was there a progressive (though not uninterrupted) dismantling of the obstacles to rational action guided by means-end calculations, and rational institutions premised on predictability. Weber's account of the 'rise of the West' is, ultimately, a teleological story that knows no real historical ruptures (apart perhaps from the one that set the West on its unique trajectory – but that is before the story begins). It posits its true subject, rationality, at its outset, and charts the processes through which the concrete obstacles to its sway were removed in one part of the world. In this process of abstraction, human action and social institutions do not assume a new character, but rationality prevails to a greater extent – hence the 'uniqueness' of the West (cf. Albrow 1996).

This logic is particularly crucial with respect to economic rationalization. Weber's explanation of the emergence of modern capitalism seeks to explain its rise by showing how the incipient, pre-modern capitalism came to shed its political, cultural and religious restrictions. As Ellen Meiksins Wood (1995: 171) notes: 'Modern capitalism becomes simply more of the same old thing – freer, more mature – but not fundamentally different. To explain the rise of capitalism is then simply to account for the removal of impediments.' Profit-oriented production for market exchange is what Weber considers the most rational form of economic action. Such action was limited before the modern period by non-economic influences. In modernity, by contrast, it becomes possible, and even necessary, for

enterprises to make economic choices based on economic calculations alone; economic logic prevails in the economic sphere.

For Weber, then, economically rational action *is* capitalist action. He does not consider the possibility of distinctive economic rationalities; if rational economic action is not pursued in all cases, it is not because there were alternative forms of rational economic action available to economic actors, but because rational/capitalist economic action is thwarted by non-economic intrusions on the economic sphere. This conceptual universalization of capitalist rationality is clearly one of the many expressions (among them the Marxist base–superstructure model) of the ‘economistic fallacy’ identified by Karl Polanyi (1977). Enthralled by the dynamism of the capitalism that nineteenth-century social theorists encountered in their own epoch, they generalized its historically specific attributes and discovered their rudiments everywhere in history. The technological and economic dynamism of the present is then held to be the product of the same, though originally inhibited and protracted, dynamism operating in the past. Polanyi, by contrast, rejects the story of a gradual expansion of the realm of free, rational economic action in the medieval cities and later in the mercantilist states of early modern Europe. Instead, Polanyi develops a strongly discontinuist interpretation of the rise of the ‘market economy’, which charts the imposition of ‘an entirely new institutional mechanism . . . on Western society’ (Polanyi 1957: 40). This *market mechanism* is but one of four distinctive ‘institutional patterns’ (apart from the market pattern, they include symmetry, centricity and autarchy) that historical societies have relied on for the organization of their material reproduction. Corresponding to these patterns Polanyi identifies four ‘principles of behaviour’: in addition to the trade or exchange principle that is institutionalized by the market pattern, they include the principles of reciprocity, redistribution and householding (ibid.: 55).⁷

The question that Polanyi asks is how the market pattern was institutionalized and how market-rational behaviour became the dominant principle of economic action. His answer involves none of the implicit teleology of Weber’s. Rather than a gradual liberation of a submerged rationality that was always there, Polanyi shows how the market economy was created, in the period of a few decades, through ‘no less a transformation than that of the natural and human substance of society into commodities’ (ibid.: 42). In this process, first and foremost through the commodification of labour, a new ‘motive of action’ was created which came to dominate production and exchange: the motive of gain replaced the motive of subsistence (ibid.: 41). This reorientation of economic action towards gainful pursuits is itself the result of people’s livelihoods everywhere becoming dependent on the market for their self-reproduction through the sale of goods, services or their labour. And this, ultimately, is the hidden origin of the ‘unnatural’ world of the ‘modern’ economy: its ‘rationality’, according to Polanyi, is born of hunger (Polanyi 1968: 64).⁸ For it was not some technical process of rationalization that abstracted a universal rationality from particularistic impediments as Weber would have it – and he included among his components of rationalized capitalism the concentration of property and the existence of a propertyless labour force compelled to work ‘under the compulsion of the whip of hunger’ (Weber 1961:

209) – but the very concrete divestment of millions of people of their lands, customary rights and communal support structures that allowed them to subsist without incomes realized in the market (cf. Wood 1994).

Market rationality, for Polanyi, is thus the product of the creation of the market pattern; the imposition of this pattern on European society was in turn achieved through the state-organized restructuring of social relations in response to the emergence of ‘the machine’ (Polanyi 1957: 40–2). This introduction of the industrial revolution as a *deus ex machina* whose origin is not itself accounted for in terms of social relations, is the great weakness of Polanyi’s accounts. But what remains, once we discount this ad-hoc technological determinism, is his challenge to think about the emergence of capitalist modernity in terms that do not already presuppose its logic, dynamic or rationality as elements of historical explanation. Polanyi’s fundamental contribution to social theory and international political economy is precisely his explication of just how unique modern society really is – and how different consequently the conceptual frameworks must be that we employ to understand non-modern societies. His theory of how the latter gave way to the former, however, though bold and powerful (and far superior to the Weberian alternative in that it at least seeks to specify a mechanism that could bring about the truly epochal rupture of the ‘great transformation’), remains deficient.

Polanyi’s failure to provide a satisfactory explanation of the ‘great transformation’ is indicative of fundamental shortcomings in his approach, which stem from his inability to account for the social relations that generated the coming of ‘the machine’ except in terms of an external factor of ‘inventions’ that subsequently precipitated transformative state action.⁹ I will argue further below, in the historical chapters of this book, that the epochal challenge posed by Polanyi is best met by an approach that, first, grounds the industrial revolution itself in the social relations of the period; that, second, shows how these social relations emerged as a result of the decay of the previous form of society; and that, third, explains this decay not in terms of the incipient and expansive dynamic of the triumphant rationality, but in terms of the ‘logic of process’ of the vanquished society and the contradictions of its own structures (and the rather distinctive rationalities they engendered). But can all this be achieved by the historical materialist approach that I previously indicated as my preferred framework?

In its thrust, Marx’s work represents arguably the most far-reaching attempt to theorize the radical specificity of the capitalist epoch; the tradition of social thought that he inspired also goes further than any other in recognizing the differences between historical epochs and societies. Wood (1995: 175) notes in this vein that Marx’s fundamental premise was that ‘every distinct social form has its own distinctive mode of economic activity with its own systematic logic, its own “laws of motion” and developmental patterns, and that capitalism is only one of several, or indeed many, such forms’. Such an approach would indeed seem to provide an obvious basis for the kind of epochal theory I am seeking to develop here. Nevertheless, Marx (as well as whole generations of Marxists) has of course been chastised for a whole range of problems pertaining to this issue. Karl Popper (1966) charged Marx with what he termed, in rather idiosyncratic usage,

'historicism', attributing to him a belief in the predestination of the course of history; such an approach, Popper argued, is not only deeply unscientific in its belief in the law-like evolution of society, but also totalitarian in its political implications as it seemed to justify the most extreme measures in the name of supposedly inevitable historical outcomes. Although what Popper took to be Marx's argument was in fact its (mis-)representation by the author of a Stalinist textbook which Popper read in lieu of the original, the indictment for historical evolutionism, totalizing theory, and totalitarian politics persists.

Perhaps somewhat ironically in the light of Popper's charge of unscientific procedure, Marx has also frequently been identified as a positivist himself in that he emulated the scientific model of the natural sciences. According to John Ruggie, Marx shared with the classical and neo-classical economists, whom he (and subsequent Marxists) so frequently criticized, this materialist and positivist bias. From this perspective, it is Weber, once more, who promises greater rewards to today's post-materialists and post-positivists studying historical change, as Weber sought to avoid the pitfalls of the shared

positivism of the Austrian Theoretical School (marginal utility theory) and Marxism. Although the latter two differed in many respects, both sought to reduce problems of social action and social order to material interests, and both embraced a naturalistic monism – that is, the belief that the natural sciences embody the only valid model of science to which the social sciences should, therefore, aspire.¹⁰

(Ruggie 1999: 219)

Now, it is clear that Marx's work is marked by deep ambiguities and even contradictions (cf. Gouldner 1980: ch. 2). The charges of positivism and economism can only stick because they can be backed up by textual evidence. Marx frequently invokes the 'immutable', 'inevitable' and 'iron' laws of capitalist development. To be sure, these laws have a completely different epistemological status from those elaborated by positivists, in that they do not claim universal validity but only applicability to a particular form of society, and only as long as individuals find themselves in those historical relations which produce as an outcome the patterns that Marx describes as laws. Yet they remain uncomfortably homothetic in form, seemingly asserting that the 'facts' of capitalist development follow inevitably from unchanging causes. And even if the laws of the capitalist mode of production are to be regarded as the laws of a specific historical epoch, there remains Marx's own notorious summary of his method in the preface to *A Contribution to the Critique of Political Economy*, which clearly states laws of historical development. Here, he asserts the transhistorical primacy of the economic base over the political, legal and ideological superstructures; he specifies a model of law-like and necessary evolution of different 'modes of production'; and he posits a mechanism of historical development driven by the contradictions between the 'forces' and 'relations' of production (Marx 1978: 4–5).

There are also, of course, numerous theoretical statements in Marx's work (as

well as the body of his historical and journalistic analyses), which point in the opposite direction and which suggest a much more radical anti-positivism (based on a form of dialectical reasoning) than his critics have been able to recognize.¹¹ Thus, while Marx stressed the 'natural laws' of capitalism, these cannot be laws of social behavior in general. Their full appreciation, with all their contradictory consequences, requires us to remind ourselves of the entirely 'unnatural' and violent history of their emergence. Moreover, Marx saw these laws as obtaining only as long as individuals were not the masters of the social order which forced them into relationships with each other that produced as their outcome these laws. While we do find Marx accepting – often too quickly, it is true – the laws of political economy as 'surface' phenomena, the intention was a critical one: to show that these laws are natural only as long as they are accepted as natural.¹² Their naturalization was precisely the effect of the positivist social sciences (and certainly not one that has decreased in importance today), which do not enquire into the underlying historical systems of social relations, but construct a relationship between 'facts' in a purely external way, as 'factors' influencing each other. It is not surprising that these social scientists, among whom we may count Weber, have read Marx as if he was positing the same sort of laws (or correlations) that they were seeking to 'discover'. But for Marx, social laws were not statements about the causal relationship between analytical abstractions under which specific 'cases' or 'instances' could be subsumed. Thus, as one Weberian historical sociologist notes perceptively:

It is true, for Marx, that history did not have an unlimited plasticity. However, the 'eternal laws' which Weber ascribed to him are not in Marx's thought. When Weber accused the historical materialists of having an ahistorical and monocausal notion of law, he was not criticizing Marx, but rather those who interpreted him rigidly and non-dialectically. Of course, Marx didn't always follow his own historical-dialectic approach, and above all Marx's concept of the relation of the universal and the particular in history can be understood only on the basis of its origins in Hegelian logic. By the turn of the century and especially in the decades following, such concepts were interpreted by a public which no longer shared the assumptions and insights of Hegelian logic; even Weber may have succumbed to this type of misunderstanding.¹³

(Kocka 1985: 139–40)

Contemporary critics of Marxism like Ruggie seem to continue to partake in this misunderstanding. Similarly, while Marx is adamant that idealism cannot yield an explanation of historical development, it should be noted that the 'idealism' he criticized was not one which asserts that norms, values or ideas influence social processes, as traditional Weberians and contemporary 'constructivists' claim (cf. Wendt 1999: 92–6). The possibility of 'ideal interests' or 'ideas' intervening in the historical process is not one that Marx precludes (or that historical materialists *must* preclude). Marx's main point of reference (and opposition) was to the Hegelian notion of the 'Absolute Idea' coming to an increasing self-consciousness of itself through the movement of history, realizing itself in progressive stages of

materialization. Thus, when he notes that it is not consciousness that determines being, but being that determines consciousness, he opposes mainly the idea that the empirical world is the product of mind, of a consciousness which increasingly develops towards ever higher stages of self-consciousness and self-realization in an autonomous process of philosophical progress. This consciousness is not the consciousness of individuals; for Hegel, it is, as Derek Sayer (1989: 86) notes, ‘an independently-acting historical subject in its own right’.

For Marx, by contrast, the subjects of history are ‘real, living individuals’ endowed with a consciousness through which they seek to *come to terms* with the conditions in which human beings find themselves situated and gain their livelihood (cf. Sayer 1989: 86). People gain consciousness of their world in experiencing the conditions under which they live – their possibilities and their limits – in the effort to transform these conditions. Every form of human praxis involves ideas through which people seek to make sense of their actions and the contexts within which they take place. But while their ideas and their consciousness will never be *independent* of their experiences, they are, for Marx, ‘not to be understood as an effect of “material existence”’, dictated by the economic ‘base’ (Kocka 1985: 138).

Thus, many of the charges against Marxism are based on rather spurious grounds and reflect the prejudices of their authors more than expressing the weaknesses of historical materialist arguments (which is not to deny the existence of deterministic forms of Marxism). In the end, however, it is the critique of Marx’s economism that has been the most persistent aspect of the critique of historical materialism. Max Weber, for instance, strongly took issue with ‘the common materialist view of history, that the “economic” is in some sense an “ultimate” in the chain of causation’, which he regarded as ‘totally worthless as a scientific statement’.¹⁴ If the issue of economic causation, as noted above, was not, in Marx’s work, quite as simple as it seemed to Weber, it has, over the course of the twentieth century’s second half, become central to numerous attempts at reconstruction and theoretical development within historical materialism. Notions of ‘expressive totality’, structural determination, relative autonomy and over-determination, hegemony, and regulation were deployed to deal with the problem of economism. Marxists also embraced the category of modernity, which allowed them to engage with, and contest, mainstream interpretations of the nature of our historical epoch both by highlighting the essentially capitalist character of modernity and by tracing the dynamics and contradictions of capitalism in its non-economic spheres.

Nevertheless, the criticisms of Marxist economism continue. The Weberian position has recently been vociferously restated by John M. Hobson, who declares that all Marxist attempts to overcome their economistic biases have ‘failed’, and insists that ‘the “base–superstructure model” is and must be fundamental to, or the “ordering principle” of, *any* Marxian political economy approach’. Indeed, he suggests that ‘a *non-reductionist Marxism is a non-sequitur*’ (Hobson 1998b: 356, emphasises in the original). Instead of reducing ‘all phenomena to a single essence’, Hobson pleads for an embrace of multi-causal explanatory frameworks of social change that accord autonomy to different ‘sources of power’ and institutional

structures (Hobson 1998a: 287; cf. Mann 1993: 6–10). Similarly, Martin Albrow, despite his own misgivings regarding Weber's evolutionary conceptualization of historical development, rejects any attempt to explain historical change through economistic models: the 'impetus for change may originate equally in religion as in the economy, in disease as in ideas. To this extent, Weber's multiple factor account remains intact' (1996: 19).

I will not defend the merits of economism and mono-causal explanations (for there are none), if this is meant to imply that 'economic factors' alone account for social, political and cultural outcomes, or are the sole source of historical change. But is historical materialism premised upon economism defined in this sense? Hardly. Though there are many Marxists who may subscribe to such economistic views, they are not necessarily inherent in the structure of Marx's work. At least according to Antonio Gramsci, the

claim, presented as an essential postulate of historical materialism, that every fluctuation of politics and ideology can be presented and expounded as an immediate expression of the structure [the 'economic base'], must be contested in theory as primitive infantilism, and debated in practice with the authentic testimony of Marx, the author of concrete political and historical works.

(Gramsci 1971: 407)

The point here is that there is no reason for historical materialists to reject the consideration of non-economic factors in shaping historical processes, and many Marxists have highlighted such factors in their works. The point of historical materialism was never (or perhaps more accurately, should never have been) that 'the economy' dominates always and everywhere, and that every aspect of social life has to be 'reduced' to economic or, more generally, material factors. Unfortunately, the issue cannot be allowed to rest at this point. For if Marx himself, and many historical materialists, readily allow for the operation of multiple causes in accounting for the determination of particular social outcomes, there is in their approach a less immediate, but nonetheless palpable reliance on explanatory mechanisms that do indeed privilege economic changes when *structural* transformations (in particular those between different historical types of societal organization) are concerned. Though the concrete causality of social processes and even epochal transformations can never be reduced to economic and technological sources, the forces and relations of production nevertheless, in the final analysis, operate as the underlying dynamic motor of history – much like Weber's process of 'rationalization', which is not itself conceived of as cause, in fact assumes the status of meta-cause whose historical effectiveness underneath all the multi-causal interaction ultimately gives Weber's history its direction.

This argument, I suggest, allows us to understand better the status of the above-mentioned preface in Marx's work: never meant to imply the stark economistic causality that primitively infantile Marxists and Weberians alike take to be historical materialism's core when it concluded that 'the economy' always determines all else, it nevertheless indicates the underlying thrust of Marx's view of historical

development. It specifies the sources that underlie the complex causalities that enter into the making of any historical process and was not meant to substitute for the historical tracing of concretely operative causes. But if this understanding of the nature of the 'economic base' implies a rather more indirect role for 'economic factors' in accounting for historical change than is generally assumed, it would nevertheless seem that Marxism can scarcely dispense with this 'remote economism' that clearly pervades its interpretation of both history and structure.

If this is indeed the case, then Marxism clearly partakes of the 'economic fallacy' identified by Polanyi. Under the impression of modern capitalism's extraordinary productiveness, for instance, Marx, and much of historical materialism, has taken the unique dynamism of the *capitalist* economy to be representative of *all* forms of society (cf. Block and Somers 1984: 63).¹⁵ Marx, like most Marxists, consequently constructed his explanation of the rise of capitalism by relying on capitalist dynamics in accounting for the rise of the society which *constituted* these dynamics. Technological development, under the impression of rapid technological change in the nineteenth century became, in Marx's work, a transhistorical source of social transformation. Moreover, and for the inner logic of Marxism most crucial, the centrality of property in the 'means of production' to capitalism became the foundation on which Marx sought to conceptualize the 'base' of all historical societies. Even if Marx then distinguished between different relations of production, this focus on property relations in production is quite inappropriate to the analysis of pre-capitalist societies and universalizes elements of the structure of capitalist modernity, thereby impoverishing the historical accounts it circumscribes conceptually in this way.

To develop a historical materialist theory of capitalism, then, we have to tackle some fundamental problems with Marxism itself. In the face of rampant economic determinism of much liberal globalization analysis, the challenge for historical materialism is today to develop vigorously the non-economistic, non-reductionist and anti-positivist resources which the historical materialist tradition provides. For alongside those economically fallacious aspects of Marx's work, there are also to be found some of the most radical efforts to think of capitalism historically, in the sense envisaged here. Historical materialism provides us with some of the best resources for genuinely epochal theorizing. This is not to be achieved by, once more, seeking to uncover the 'real Marx', but by theoretical development that does not hesitate to discard historical theorems and even fundamental premises long considered essential.

One possible and seemingly obvious path out of the conundrums of economism, however, will *not* provide a fruitful basis for the reconstruction of historical materialism: the embrace of 'multi-causality'. Methodological pluralism, I suggest, is itself as much an obstacle to epochal theorizing as economism, as it, too, participates in the conceptual universalization of particular (though different) aspects of capitalist modernity and thus inscribes the structure of the present into the study of the past. A particular historical form of social organization is thus 'ontologized', and historical analysis reduced to establishing the interaction or articulation of these structures. As Karel Kosik notes (1976: 64), the choice between mono-causal and

multi-causal methodologies 'is itself the consequence of a *particular* view of reality. This view has first extracted certain isolated abstractions from social reality, promoted them to ontological existents (factors), and then backtracked and introduced these metaphysical constructs into various contexts, interactions or causal dependences'. Whether such analyses are mono- or multi-causal, the histories they generate are necessarily ahistorical and circular in their explanatory logic, though the particular histories they generate may be rather different.

Multi-causal approaches, like the Marxist base/superstructure model, impose a categorial framework created in the attempt to graft the structure of capitalist modernity on to pre-modern societies. Those who, like Albrow, endorse Max Weber's multi-factor approach, can no longer take the most crucial step in achieving a genuinely 'epochal theory' that would put a premium on the radical differences between historical epochs, for in some crucial respects these differences have already been assimilated by the insistence that these societies, like capitalist modernity, can be analysed as a collection of autonomous, but interacting institutional clusters of 'politics', 'economics', 'culture' (or any number of alternative categorizations). Indeed, by considering 'the economy' an independent structure throughout history, both economism and methodological pluralism are products of the 'economistic fallacy' identified by Polanyi. According to Polanyi, it is precisely the historically unique separation of politics and economics, and as a result the existence of an autonomous realm of 'the economic', that marks out modern society as radically different from all other forms of societal organization.¹⁶

Neither under tribal, nor feudal, nor mercantile conditions was there, as we have shown, a separate economic system in society. Nineteenth century society, in which economic activity was isolated and imputed to a distinctive economic motive, was, indeed, as singular departure.

(Polanyi 1957: 71)

Taking this insight seriously implies that the historicization of society and the conceptualization of epochal change cannot be achieved through either mono-causal or multi-factor approaches. Instead it requires us to radicalize and historicize our ontologies in such a way that they become adequate to the non-universalizing and non-totalizing examination of the past and of the way we became 'modern'.¹⁷ If historical materialism is to address this challenge, it has to question the base/superstructure model of social change, to revise its understanding of historical change, and to put the radical historicity of capitalist modernity at the very centre of its theoretical and historical efforts. This requires a fundamental revision of the Marxist model of historical development as a necessary and predetermined succession of stages of development leading by necessity to capitalism – a model of social change, incidentally, that Marx appropriated from the mechanical materialist stages theory of classical political economy, to which he added the perspective of a transition to socialism (Comminel 1987: 146–55). This, in turn, necessitates the reconsideration of the central Marxist concept of the 'mode of production'.

Capitalism: Structure, historical structure or structured process?

The Marxist notion of history as a succession of 'modes of production' has lent itself to structuralism, as well as to technological and economic forms of determinism, and underpinned the worst excesses of teleological theorizing. It has thereby served as much to squeeze history into a theoretical straitjacket, elaborating general historical laws in ahistorical grand theories, as it has helped to illuminate the historical specificity of the periods it distinguishes. But if the modes of production framework is a problematic tool for the analysis of historical societies as well as structural change, this does not imply that capitalism cannot be conceptualized systematically.¹⁸ Nor does it mean that we are faced with the alternative of either establishing the immutable laws of capitalism, working themselves out historically with iron necessity, or dissolving the notion of capitalism into some more historically specific concepts with their own set of laws or regularities. What is required is a theory that is able to conceptualize capitalist modernity as, on the one hand, a distinctive and unique form of organizing social relations, and, on the other hand, something that accounts for the spatial and temporal changes and variations within the institutions and dynamics of this historical epoch. 'It is not just that competition and the market, economic growth and the profit motive are historically contingent, but that the form they take changes and develops within the history of capitalism itself' (Smith 1984: x).

The starting point to such a theory is the conception of capitalism not so much as a structure but as *process*. For E.P. Thompson, the conceptualization of historical development as process allows us to understand history as

open-ended and indeterminate eventuation – but not for that reason devoid of rational logic or of determining pressures – in which categories are defined in particular contexts but are continuously undergoing historical redefinition, and whose structure is not pre-given but protean, continually changing in form and in articulation.¹⁹

(Thompson 1978a: 84)

Capitalism, understood in this sense, has to be conceptualized as a *historical category* capable of absorbing the development and transformations of this society into its concept. This alternative retains the categorial emphasis on capitalism while embracing the neo-Gramscian caveats against its ahistorical and static conceptualization. We have to take seriously Marx's acknowledgement (more seriously, perhaps, than Marx himself did) that 'the present society is no solid crystal, but an organism capable of change, and constantly engaged in a process of change' (Marx 1977: 93).

But a processual theory cannot be constructed by freezing history into structural models representing the development of capitalism at a specific conjuncture. Such ideal-typical constructions, even if the 'synchronic' account of the functional fit between structures is accompanied by an emphasis on their 'diachronic'

dislocations and class conflicts, may narrow the distance between the abstract and the concrete. This is the limitation, for instance, of approaches such as those of regulation theorists that seek to specify historical regimes of accumulation, or Robert W. Cox's (1996) attempt to delineate a number of successive 'historical structures'. Yet such approaches do not mediate the gap itself; worse still, they do not even allow us to theorize the gap, as it is itself concealed (cf. Bonefeld *et al.* 1992: xvi).²⁰

Instead of ideal-typical concept formation, the development of the notion of capitalism as process has to be saturated by the analysis of the actual history of this form of society. But a social theory of capitalism cannot simply be a historiography of the endless variations and permutations of modern societies. We have not only to analyse the concrete actuality of capitalism in all its manifold appearances, but to uncover its abstract and generic existence in the concrete, without in the process reducing the latter to the necessary products of the former. The abstract concept of capitalism can never be an 'independent variable', directly and causally linked to the concrete. The concrete is always, to some extent, contingent and irreducible. And yet, concrete 'facts' cannot be understood as isolated data, related to each other *only* by coincidence. Their meaning and relevance arise only within particular historical totalities, to which they have to be related in thought.

For Thompson, the infinity of variations of capitalism has always to be understood within the confines of an epochal context characterized by the dominance of a specific 'logic of social process'.²¹ In the modern period, this 'logic of capitalist process has found expression within all the activities of a society, and exerted a determining pressure upon its development and form' (Thompson 1978a: 62). But instead of a determination of historical development by the 'laws of motion' of capital, the notion of a logic of social process suggests determination in terms of the exertion of pressures and the setting of limits. The history of capitalism can thus be understood as a 'structured process', subject to determinate pressures yet only partially determined (ibid.: 98). Such a theory would not understand the 'limits of the possible' as constituted by specific historic blocs and embodied within particular historical structures. Instead, it asks how the capitalist logic of social process *itself* sets limits to the particular forms in which capitalism exists and, indeed, *can* exist, without assuming that the concrete existence of capitalism is directly given by the requirements or internal dynamics of capital.

The question then is: what generates these pressures that structure historical process? Thompson does in fact locate the fundamental social dynamic of capitalism in its 'mode of production'. Conceptualized by Marx as an 'integral structure', this concept is taken by Thompson to explain the *possibility* and *necessity* for capital to expand, but also for capitalist social relations to be reproduced in the process of capital's self-valorization. In this sense, the mode of production specifies the 'rules of capital' which structure the process of capitalist development (ibid.: 153). But Thompson is adamant that a 'capitalist mode of production is not capitalism' (ibid.: 154).²² The development of capitalism, for all the pressures exerted by capitalist social relations, for all the limits posed by the capitalist mode to the

development of social institutions and the realization of social ideals within societies organized on its basis, cannot be understood directly in terms of the unfolding of capital according to its inherent conceptual logic (cf. Wood 1995: 58f).

If, as Thompson insists, historical materialism nonetheless has to pursue knowledge of capitalism as a totality, then this totality can only be theoretically reconstructed through close empirical and historical study. This has to show not only how the mode of production impresses itself on all aspects of social life, but also how capital and its particular dynamic themselves are reproduced *and* continuously reconstituted through these social relations, and for that reason themselves forever changing and mutating. But if so, then society cannot be understood as a conglomeration of spheres and levels, each interacting with the other, yet always externally related to each other. How could law, for instance, be confined to a superstructural 'level' when, historically, it was present 'at *every* bloody level; it was imbricated within the mode of production and production relations themselves (as property-rights, definitions of agrarian practice)' (Thompson 1978a: 96)?

What can be discerned in these remarks, and in the historical work of E.P. Thompson more generally, is a conception of historical materialism which points beyond the base/superstructure dichotomy, without reneging on the idea that class relations are the dynamic centre of any class society. For these arguments make it plain that the key to capitalism, as to any other form of society, lies not in giving prominence to 'spheres' other than the economy. It lies in recognizing that certain supposedly 'superstructural' forms constitute the 'base' itself. The 'material base' consists of all those social relations which together constitute the mode in which production and distribution are organized in a historical form of society. Derek Sayer argues, consequently, that the 'base' must be understood as

comprising the totality of social relations, whatever these may be, which make particular forms of production, and thus of property, possible. These social relations are simultaneously forms of material relation of human beings to nature. This totality is Marx's 'groundwork of society', and its extensiveness indicates why he could plausibly treat material production as being synonymous with production of 'the society itself, i.e. the human being in its social relations'.²³

(Sayer 1989: 77)

If this argument is accepted, then we have to stop talking about an 'economic base' as opposed to political, ideological, juridical 'superstructures', with the former determining the latter directly or in the last instance, structurally or through instrumental class agency.

The separation of politics and economics

The historical materialist perspective developed so far provides the basis for a conceptualization of capitalism that rests neither on a mono-causal economic

determinism nor on the vacuous and ahistorical methodological pluralism of much of IPE and social theory. Moreover, it should have become clear by this point that the use of the term 'capitalism' as an epochal concept does not commit us to an economic perspective on social life. *Pace* Albrow (1996: 30), who takes historical materialists to task for their supposed failure to understand that modernity is 'more than a production process, or even an economic system', it is now clear that capitalism itself could never be grasped as an economic system or production process. For the very possibility for capitalist economics, which includes not simply a particular form of production, but the very possibility for surplus to be appropriated through economic means, is premised on a reorganization of social power *in toto*. Capitalism, I suggest, is best understood, not as a distinctive type of economy that determines social organization at large, but as a societal disposition of power that gives rise to, *inter alia*, an insulated 'economic realm'.

It is precisely to this complex disposition of social power, with its unique institutional differentiations and mutually constitutive relations (Thompson's 'imbrication' rather than Weber's 'interaction'!) that capitalism as an epochal concept refers. As such, the category of capitalism is in fact as 'wide' and 'encompassing' as that of modernity – though ultimately more useful in that it is premised on a much deeper grasp of what makes 'our epoch' distinctive. Anthony Giddens (despite his insistence elsewhere that capitalism is but one of four irreducible dimensions of modernity) seems to use the concept in this epochal and encompassing sense when he notes that 'the emergence of modern capitalism does not represent the high point (thus far) of a progressive scheme of social development, but rather the coming of a type of society radically distinct from all prior forms of social order' (Giddens 1985: 31–2). For Giddens, as for Polanyi, this distinctiveness finds expression in the separation of political and economic spheres.

Before exploring further the implications of this argument for epochal theory, we have to confront, at this point, inevitable questions as to whether the separation of politics is indeed a hallmark of the capitalist epoch as such, rather than a historically more limited pattern within capitalism. Objections along these lines might draw, for instance, on E.H. Carr, who maintained that by the 1920s the 'illusion of a separation between politics and economics – a belated legacy of the *laissez-faire* nineteenth century – had ceased to correspond to any aspect of current reality' (Carr 1981: 117).²⁴ Cox similarly argues that the separation of politics and economics had its ideological foundations in the hegemony of the historic bloc that underpinned the *Pax Britannica*. This separation became 'blurred' when states assumed, with the rise of Keynesianism, 'a legitimate and necessary overt role in national economic management' (Cox 1996: 104).²⁵

For Giddens (whom we may allow to carry some water for us – for at least he is going in the right direction here – before replacing his somewhat leaky buckets with historical materialist ones), by contrast, the separation of politics and economics is not just a discursive or ideological construct; nor is its analytical value restricted to the liberal period of European development. Conceptually, it should be understood not as referring to the non-intervention of the state in the economy,

as ‘based in the capitalist labour contract’, but as designating the institutional ‘insulation’ of these two spheres, ‘whereby relations between capital and labour are kept “non-political” ’ (Giddens 1981: 128). Therefore:

The insulation of the economic and the political should . . . not be equated with competitiveness in labour and product markets. Such a view has often been taken by those influenced by classical political economy, even where in other respects they have been critical of it. The classical economists tended to identify the sphere of the ‘economic’ with the competition of independent and autonomous capitalist firms, in which any form of state intervention breaches the division between economy and polity. This not only greatly underestimates the ways in which the existence of an insulated ‘economy’ depends on the state in the first place, it suggests a decline in the scope of the ‘economic’ with the increasing state intervention in productive activity. But what is usually termed the ‘intervention’ of the state may have the consequence of actually protecting the insulation of the economy – in fact, it may even be its necessary condition.

(*ibid.*: 135–6)

The implication is thus not a liberal understanding of state–market relations, but a particular understanding of the *underlying unity* of politics and economics even in the most liberal periods. Even when the state does not intervene strongly in the economy, or when hegemony does not prevail, the institutionally separated spheres of the political and the economic are *internally* related to each other, in that their very separation is a consequence of the commodification of labour and the establishment of absolute private property (cf. Giddens 1981: 122; Giddens 1985: 211).

Capitalism is unique, then, in that here – and only here – the analytical distinction between political and economic structures or spheres corresponds to their institutional separation. Only in capitalism do these ‘spheres’ acquire something like a dynamic of their own and appear to follow some innate laws, which seem to stem from the nature of the pursuit of wealth or power themselves. There is no need to accept early-nineteenth-century *laissez-faire* ideology as reality; even the most liberal ‘night watchman state’ was strongly involved in economic development. Yet for all the interventions of the state in the economy, for all the economic restrictions placed on political action by economic interests and resources, in short, for all the reciprocity between economics and politics, these spheres assume, according to Giddens, an autonomy which they do not have in non-capitalist societies. Only with its institutional insulation does something like a self-referential realm emerge in which productive activities are governed, to a large extent (but never exclusively), by considerations of profitability – and, crucially, systematic reinvestment of profits into productive property so as to generate further profits.

The control over property in the means of production, rather than the possession of political authority, is here the decisive aspect in the dynamic of productive

and commercial development.²⁶ Capitalism, and with it the separation of politics and economics, emerges when the control over objects becomes the regulating instance of the 'allocative' dimensions of social life, and the control over people is relegated to a socially delimited sphere of 'the political' (Giddens 1981: ch. 9). For Giddens, this argument provides the basis for a critique of Karl Marx's theory of history in that it allows us to see that it is only in capitalist societies that allocative resources drive societal change. Before the rise of capitalism, the control of, and struggles over, authoritative resources were much more important for the process of social change. This also implies that class conflict cannot be the 'prime mover' of history, as class (which Marx defined by the relation of people to the means of production) necessarily refers to the control of allocative resources (which for most of history was less important than the control of authoritative resources). An essential aspect of the uniqueness of capitalism is, therefore, that the category of 'class' only assumes a central role in this society, both in terms of the organization of production and exploitation and with regard to its general developmental dynamic; only capitalism is a 'class society', whereas pre-capitalist societies were merely 'class-divided'. Classes existed, but their conflicts did not form the central axis of social organization and transformation (ibid.: 92).

Giddens's critique of the Marxist understanding of pre-capitalist societies, and of Marxists' discounting of the fundamental differences between pre-capitalist and capitalist societies, is highly pertinent. In as much as Marxists take class relations to be 'production relations' in all historical forms of society, they are in danger of radically misunderstanding pre-capitalist history, including the transition to capitalism. At a minimum, historical materialists have to be able to accommodate this aspect of Giddens's critique. Does this mean that they have to give up on the idea that pre-capitalist societies were 'class societies' and that class struggle is central to fundamental historical change?

Perhaps not, but this presupposes that the Marxist concept of class is redefined. Class relations may be better understood as 'property relations' than as 'relations of production'. *Pace* Giddens, we should not regard 'class' as inherently 'economic', expressing differential access to *allocative* resources; the reason is that *property* itself only became an economic category in capitalism. Giddens's trans-historical identification of property with 'allocation' (control over things, and ultimately over nature), and of political power (control over people) with 'authorization', effectively allows the separation of politics and economics to creep back into his framework (ibid.: 46–52). This prevents Giddens from developing an account of the transition to capitalism which does justice to his demand for a 'discontinuist' interpretation of history, as he continues to rely on the traditional model of economic commodification and political rationalization.

It may be more fruitful, instead, to historicize the category of class itself by pointing out that the *forms of property* through which surplus is appropriated vary from society to society.²⁷ In feudalism, for instance, it was the *property in the means of violence* rather than *production* which gave access to socially produced surplus. Only in capitalism is the form of property that mediates exploitation 'economic', pertaining to the control over things rather than people; only in

capitalism is surplus appropriated within the process of production itself; only in capitalism, therefore, are class relations also 'relations of production'.

The crucial point here is that, in capitalism, social power does not enter the sphere of 'material production' from outside, to give the relationship between humanity and nature a concrete social purpose. The existence of a separate economic realm presupposes the reorganization of social power, which leads to the privatization of the power to extract surplus. As Ellen Meiksins Wood argues, the transition to capitalism can be conceived as a 'long process in which certain *political* powers were gradually transformed into *economic* powers and transferred to a separate sphere' (Wood 1995: 36, emphasis in the original). This process, at the same time, left the political 'sphere' devoid of any *direct* implication in the process of appropriation. In this sense, 'capitalism represents the ultimate privatization of political power' (ibid.: 40). The privatization of some forms of political domination in the economy is paralleled by the reconstitution of the impoverished political dimension as a 'public sphere'. This abstraction allows the capitalist state to represent itself as the embodiment of the 'general interest', even as its very existence is premised upon the privatization of the power to exploit and its relocation to a 'private' sphere of 'economics'. According to Wood,

The state – which stands apart from the economy even though it *intervenes* in it – can ostensibly (notably, by means of universal suffrage) belong to everyone, producer and appropriator, without usurping the exploitive power of the appropriator.²⁸

(ibid.: 40)

Modi vivendi: Towards a theory of capitalist states and markets

The discussion so far has highlighted the inadequacy of simply supplementing the 'economic' base with the social 'superstructures' in the hope of thereby softening some of the more deterministic and economistic tendencies of orthodox Marxism. The process through which capitalist class relations emerged was simultaneously the process through which relations of domination, rooted in the control of authoritative resources, were abstracted from processes of exploitation and allocation. In this sense, the very autonomy of the 'purely political', public capitalist polity, and of the private economy based on a market system are both understandable as 'social forms' of the 'capital relation'.

The challenge for historical materialism is to develop a conceptual vocabulary that allows us to combine in thought the very *effective* autonomy of the political and the economic in capitalism, and the fact that this autonomy is only *apparent* in light of their underlying unity. This cannot be achieved by reducing 'appearances' to underlying 'essences'. Rather, Bertell Ollman (1976) seeks to capture this complexity by developing the Hegelian notion of an 'internal relation' between these 'forms of appearance'. In this perspective, politics and economics do not simply interact with each other 'externally', as spheres with an independent ontological

reality; they are not simply 'elements-in-relation', but are differentiated 'elements-of-relation', whose meaning cannot be understood by abstracting them from this relationship, as they could not exist outside it.²⁹

Ultimately, these arguments lead us to conceptualize institutional orders such as the state and the market *as* social relations, and even, more specifically, as production relations. In this perspective, the capitalist state and the capitalist market are to be understood as social forms *assumed* by the capital relation, as organizational loci, in which particular aspects of this relation become ossified. They are the institutional products of the abstraction of coercive power from the process of surplus appropriation (cf. Holloway and Picciotto 1991: 114ff.). But while these forms are the *forms of appearance* of capital, they are also its *modes of existence* (cf. Bonefeld *et al.* 1992: xv). The capital relation is not an economic relation; it can exist only in and through differentiated social forms, such as the 'political' state and the 'economic' market.

Having started from the argument that political, social and cultural structures must be shown as operating within the base, it becomes possible – now that we have found the social relations which appear in ossified form as institutions or structures – to reformulate this notion. For the relations of production which are at the 'base' of society must encompass all those structures and institutions which we have discovered to be social relations. In that sense, capital as a social relation encompasses not only the market, but also the state. To go even further: the autonomous political form of the state *is a relation of production*.

The concept of production which is implied by these arguments can, of course, no longer be defined economically in a narrow sense. In the process of producing commodities, human beings in definite social relationships also produce and reproduce the social relations which make capitalist production possible; society itself has to be understood as *produced*.³⁰ Production refers not just to the production of material goods, but to the production of the social relations, institutions and ideas which make it possible for material goods to be produced in a specific historical form, in particular social relations, and which, in turn, are reproduced through 'economic' production. Capitalist relations of production are not something confined to the economic 'sphere', nor can the state and the market be understood in abstraction from the social relations which produce them as distinct institutional orders (cf. Wolf 1982: 21). These are the social relations by which capitalist society is produced and reproduced. Clarke therefore argues that

the economic, in the narrow sense, the political and the ideological are not defined abstractly as frameworks within which relations of production are subsequently to be defined, as politically and ideologically constituted and reproduced relations within which material production takes place. Rather, *the economic, political and ideological are forms which are taken by the relations of production*. Political and ideological relations are as much relations of production as are strictly economic relations within which production takes place.

(Clarke 1991a: 84–5)

Social form, in the sense developed by Clarke, can be understood as ‘the *modus vivendi* of antagonistic relations and, as such, form is “generally the way in which contradictions are reconciled” ’ (Bonefeld 1992: 105).³¹ This cannot but be a dynamic, conflictual process. Consequently, social forms have to be conceived of as ‘form processes’, not as static and unchangeable things: ‘The determinate forms of capital are not only the forms of existence of capital, but the form-processes through which capital is reproduced’ (Holloway 1991: 239). In other words, social forms are not the modes of existence of capitalist relations of production by virtue of some structural set-up of capitalist society; they do not ‘express’ class relations as a matter of fact. As Simon Clarke argues:

The separation of the economic and the political is not an objective feature of a structure imposed by the logic of capital, it is an institutional framework which is only imposed on capitalist relations of production through a permanent class struggle, a framework which is accordingly a constant object of class struggle, which is only reproduced and transformed through that struggle.³²

(Clarke 1991b: 46)

Capitalist social relations could not exist apart from these forms and they could not exist only ‘economically’. This should not be taken to mean that the relations between social forms engendered by capitalist relations of production are simply functionally complementary. On the contrary, these relations are deeply contradictory precisely because they are constituted as parts of the ‘ensemble of social forms’ of capitalist society which are yet autonomous (and not just relatively). Capital can indeed only be reproduced through all the forms which this social relation takes. It cannot be reproduced as a purely economic phenomenon through the ‘circuits of capital’ alone; capital does, in particular, require the state to reproduce the property rights and the ability for capital to be reinvested profitably.

Even if we add the caveat that this does not mean that the state actually fulfils these ‘functions’ (or even always tries to), this argument may seem to re-admit an orthodox class-reductionism. It should be noted, however, that while the capitalist state and the capitalist market are ultimately forms of the capitalist class *relation*, the very autonomy of the political sphere in capitalism prevents us from understanding *state policies* as determined by class strategy, even if the latter is understood in terms of the construction of hegemony rather than immediate instrumental control. Grounding the capitalist nature of the ‘modern state’ in the capital relation allows us to interpret capitalist political processes as taking place within the ‘limits of the possible’ set by capitalism’s logic of social process, without claiming that state actions are directly given by instrumental or structural causation, or by functional requirements of capital. This step, clearly, takes from historical materialism some of the explanatory powers which positivist and deterministic Marxism claimed for itself. But, given the weaknesses of the explanations produced on this basis, the move towards an interpretive historical materialism entails only limited costs.

It has to be noted, however, that the emphasis on the concept of social form can easily lead into static modes of analysis. This may find expression in one of two ways. The first alternative is a 'deep sociology' of modernity which, similar to Althusser's structuralism, is incapable of bridging theory and history. The second is an approach in which the institutions of capitalist society assume quasi-personal character and ossify into things, and which reifies them into unchanging building blocks that motor around in history according to their inbuilt dynamic conferred upon them by 'capital'. In short, there is the danger of *formalism*. History may indeed be understood as the movement of the forms of capitalist social relations of production. But this movement of the forms must not be allowed to become a substitute for the real history of the production, reproduction and reconstitution of these forms by 'real, living individuals'.

The social forms in and through which capitalism exists do not exist apart from human *praxis*. To understand capitalism as a 'form process' with a particular logic of social process is impossible without a conception of agency that recognizes, as Thompson puts it, the 'crucial ambivalence of our human presence in our own history, part subjects, part objects, the voluntary agents of our involuntary determinations'.³³ Thompson refuses to reduce human praxis to a narrow conception of rational action (which effectively takes the 'rules of capital' as given and presents them as having their sources within individuals). His arguments for a historical materialism that conceives of social being and social consciousness as dialectically related rather than as locked in a deterministic, uni-directional relationship, point to the ways in which cultural and ideological forms of capitalist society can be conceptualized: as attempts to make sense of a world, and of their places in a world, in which the objects and social forms that they produce gain power over their lives as if they were independent of them, seemingly following laws of their own.

Thompson insists that the cultural mediation of social being has to consider the existing cultural resources which people mobilize in order to understand what is happening to them in their 'material lives'. Forms of consciousness cannot be read off the 'material base', as in the mechanical materialism of Feuerbach against which Marx argued so vehemently. Ideas and concepts do not reflect production (to be understood in the wide sense outlined above) in a passive way; they arise from the *active* appropriation of life in thought (Kosik 1976: ch. 1). By the same token, 'the material' is not a pre-social realm; production is always premised on specific class relations. In addition, however, it has to be recognized that 'the activity of material production is conscious activity' (Wood 1995: 67). Thus, while consciousness does not have an existence independent from 'modes of production', neither can the development of the latter be understood in abstraction from the conscious praxes of historically situated men and women (Sayer 1989: 86–93). We therefore have to ask not only how being finds expression in consciousness, but also how the conscious praxis of real human beings becomes a moment of the 'material base' of capitalist society itself and shapes the way in which the dynamic of capital permeates society as a whole. Culture and ideology can hence no longer be understood as levels which may or may not fit the dominant

economic structure; the point is rather to understand how 'culture' is an aspect of the material production and reproduction of capitalism (of the struggles for and against its reproduction).

Have we, after all, ended up with the old concept of the 'expressive totality'? For it seems that here, too, it is proposed to understand capital 'in the totality of its relations'. But the concept of totality suggested here is not quite Lukacsian: rather than taking the forms merely as the 'expressions' of capital I argue that we should understand social forms as *constitutive* of the concrete existence of capital. The capital relation is constituted by the internal relation between state and market, and the development of the social forms of capitalist society, as well as their concrete historical relation to each other, reconstitutes the capital relation itself. The social struggles which *re-form* the state and the market also *transform* the nature of capital within the limits of the capitalist logic of social process.

The perspective outlined here also implies a need for a much more historical approach to the mental construction of the totality of capitalist social relations. While the emergence of the social forms organizing the capitalist logic of social process does indeed mark a fundamental rupture in the flow of history, this cannot be taken to mean that *all* the institutions (or all aspects even of, say, the state form) of the modern epoch have been produced by – and are specific to – capitalism. There is a very real danger in any approach which starts from some notion of totality or system that it reifies empirically existing institutions as a *necessary* moment of the historical nature of a given social totality. The present approach, by contrast, not only enquires into how capital finds expression in particular social forms, but also investigates how these forms in turn constitute the capital relation. This also implies that we have to ask how those aspects of, for instance, the capitalist state that have their origins in *pre-capitalist* history themselves become constitutive of capital's concrete existence.

Capitalism, then, is never capitalist in all its aspects. The social forms in which capital as a social relation manifests itself often carry 'historical legacies' (Wood 1995: 26). What Marx observed of mid-nineteenth-century Germany may still be true today, though not to the same degree: 'We suffer not only from the living, but from the dead. *Le mort saisit le vif*.'³⁴ These aspects may add to the contradictions of capitalism and become the focus of concrete conflicts and struggles. Human praxis is therefore '*not only the production of [the] new but also a – critical and dialectical – reproduction of the old*' (Kosik 1976: 85). Moreover, the cultural resources which concrete individuals are able to mobilize in their attempts to come to terms with the reality they confront, may partly have developed in circumstances which long preceded the present, under different conditions of capitalism or, indeed, in pre-capitalist societies. As Karel Kosik notes,

The society which gave birth to the genius of Heraclitus, the era in which Shakespeare's art was generated, the class in whose 'spirit' Hegel's philosophy was developed, have *irretrievably* vanished in history. Nevertheless, the 'world of Heraclitus', the 'world of Shakespeare' and the 'world of Hegel'

continue to live and exist as living moments of the present because they have enriched the human subject *permanently*.³⁵

(ibid.)

Conclusions

The point of historical materialism is not the establishment of general laws of the determinations between the different spheres of society, but the attempt to find answers to the question why, in capitalist societies, human praxis seems to take place in differentiated 'spheres of action'. By developing a historical and socio-logical argument, in which history and theory are dialectically related rather than opposed as different levels of analysis, a historical materialist approach would be able to make visible the historical and social content not just of the various structures of capitalist society, but of the separation of structures itself. It has been argued that this separation is a form of social power, one which has to be understood before we can analyse the mutual relationships between political, economic and other structures.

The crux of this argument is that the heuristic pivot of analysis should not be the ways in which the political sphere *intervenes* in the economic in order to create stability, provide legitimacy, and secure the profitability of capital. To make sense of modernity, three factors – the institutional separation of politics and economics, their structural interaction, *and* their co-constitution in the capitalist labour contract – *all* have to be combined in thought. To focus on just one of these aspects of modernity is to mystify its historical nature, and tends to universalize it in different ways.

The consequence of the argument that politics and economics are separate in capitalism is not the re-affirmation of the ideological representation of the relationship between the 'night-watchman' state and the 'free' market of classical liberalism. It is, most emphatically, not that politics and economics can be adequately studied by different disciplines, each of which abstracts specific social processes from the totality of social relations. On the contrary, the form of historical materialism outlined in this chapter does not, as Ellen Meiksins Wood emphasizes, recognize any 'sharp discontinuities between economic and political spheres'. Instead, it sets out from the notion that 'the ultimate secret of capitalist production is a political one' (Wood 1995: 21), though it insists that the meaning of the politics entailed here cannot be understood if we reduce it to the impoverished modern social science notion of 'rule' that Weberian historical sociologists take to be the essence of politics across the ages, when in fact this limited form of political power is itself the product of capitalism.

Capitalist production itself presupposes capitalist relations of production. The emergence and reproduction of these relations can be understood in terms of a privatization of political power in the 'economy' which is yet internally related to the political, legal, cultural and other forms that make such private production possible. This is not a statement of functional necessities, but a reminder of the *constitutive* disposition and differentiation of social power upon whose existence

(which cannot be guaranteed conceptually, but is reproduced, contingently and sometimes precariously, in the face of structural contradictions and political challenges) capitalist economics (and politics) are themselves premised. The reproduction of capital is thus inseparable from the reproduction of the distinctiveness of its social forms.³⁶

How, then, do we integrate the ‘international’ into this understanding of capitalism? We may find a starting point in the claim frequently made by historically oriented scholars of IR/IPE, that the emergence of a differentiated sphere of international relations is itself a relatively recent phenomenon. If so, can the ‘modern’ or ‘Westphalian’ system itself be regarded as one of capitalism’s ‘forms of existence’, as one of the set of differentiated and institutionalized social relations through which capitalism is organized? These questions inevitably point to the conundrum of sovereignty, as so many aspects of our understanding of what constitutes modern (or capitalist) politics are directly tied to this concept.

The theoretical and historical probing of sovereignty over the next three chapters will lead to a further problematization of the category of modernity itself, whose limited value for epochal theorizing and for grasping the historicity of ‘our epoch’ this chapter should have begun to indicate. However, if capitalism now appears as a superior epochal concept, its capacity to grasp the structure of contemporary societal organization, too, will be found to be stretched by our investigation of sovereignty. This will ultimately necessitate further modifications of historical materialism, which in turn will provide the basis on which we can return to our exploration of the relationship between the national/international and the global.

3 The international relations of capitalist modernity

Non-reductionist historical materialism is possible, I have argued in the preceding chapter, if we take ‘the economy’ to be, not an asocial sphere of ‘material’ relations, but a particular form of social organization that emerges, along with other specifically capitalist social forms, when capitalist class relations come into existence. While this approach *does* locate the very possibility for an ‘autonomous’ economy and an equally ‘autonomous’ state to exist in particular class relations, it *does not* maintain that everything about the economy or the state has thereby been said. It certainly does not imply that particular economic or political processes can be explained directly by reference to the interests of the dominant class.

This qualification also applies to foreign policy and to the patterns of international relations in the modern period. In this respect, too, historical materialism cannot reduce international politics to capitalism’s ‘laws of motion’ or the agency of capitalists. However, it can and must provide an account of how the relations between capitalist states mediate the dynamics and contradictions of capitalist society. The first step in the development of a historical materialist theory of the international is to find an answer to a question which orthodox IR/IPE theorists do not even pose, namely how to account for the existence of an interstate system in a historical period in which the social relations of surplus extraction are essentially non-territorial. The challenge here is to decode the system of sovereign states exercising political authority over territorially delimited realms as a form of existence of the capital relation.

This may seem not much of a theoretical challenge given that we have already shown that the separation of politics and economics is the basis for the existence of the abstractly political state of capitalist modernity. Even though the form-theoretical renewals of Marxism that we have surveyed in the preceding chapter appear to assume that ‘the capitalist state’ exists in the singular – or at least do not explicitly problematize the fact that the capitalist state exists only as part of a system of states – we may yet be able simply to extend the argument to the international sphere.¹ In fact, this assumption that theories of ‘the capitalist state’ can provide the basis for the theorization of the *multiplicity* of capitalist states underlies the ‘third wave’ of historical materialist theories of international relations that emerged in the 1990s.²

These theories draw heavily on the ‘capital relation’ approach of Bonefeld,

Clarke, Holloway and Picciotto, on the 'political Marxism' of Brenner and Wood, and on the 'internal relation' approach of Ollman, to ground the modern international system in capitalist social relations. They all take the specifically capitalist separation of politics and economics (or, more precisely, the social relations which give rise to, and find expression in, this separation) to be central to theorizing the modern international system.³

In order to better understand the contribution and the distinctiveness of the 'third wave' (which, while far from being homogeneous, is marked by important commonalities), I will first situate it in the development of Marxist thinking on the international system. It will be shown that the central question asked by Marxists about international relations has changed significantly over time. Marx and Engels, in as much as they considered international relations at all, were mainly concerned with the effects of war and of the foreign policy of specific states on the likelihood of revolution in European countries. The classical theorists of imperialism and their successors were concerned with explaining the effects of changes in capitalist production on the foreign policy of states whose existence as separate political units was taken for granted. By contrast, the problem that has become central in recent years is how to establish the capitalist nature of the modern system of sovereign territorial states.

The second part of this chapter will look at the answers given by Peter Burnham, Mark Rupert, and Justin Rosenberg. These authors draw on the results of the Marxist debate over the nature of the capitalist state which emerged in the 1970s and 1980s, and which has given rise to a 'form-theoretical' reformulation of the Marxist understanding of the state. I will argue that their work does not, in the end, provide a satisfactory answer to the question they pose; at best, they offer a partial determination of the modern international system as a social form of capitalist society. They are ultimately unable to account for the exclusive territoriality of capitalist statehood. For while the form-theoretical reconstruction of Marxism allows us to understand why capitalism needs and entails *statehood*, it does not explain why capitalism is fractured politically along territorial/national lines – and hence the existence of *multiple and distinct* capitalist states. This is not to say that these approaches are without merits; on the contrary, they go a long way towards pointing the way to a Marxist theory of the international. Ultimately, however, they fail to resolve the question which has marred Marxism from its very origins, namely why capitalist politics assumes a *geopolitical* form.

War and revolution: Marx and Engels on international relations

To the authors of the *Communist Manifesto*, the relations between states were of secondary interest. In particular, Marx and Engels seemed to agree with their liberal contemporaries that the importance of war in social life had declined since the Vienna Congress. This tendency, Marx and Engels suggested, was the result of the development of capitalism:

The national differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world-market, to uniformity in the mode of production and in the conditions of life corresponding thereto.

(Marx and Engels 1998: 36)

This argument did not imply the end of the state as such, which would only become possible with the end of capitalism. In the meantime, capitalist states remained the guarantors of private property, and the means of sustaining capitalist class relations. But the more the 'universal interdependence of nations' developed, the more the conflicts between states would be overshadowed by the struggles between the antagonistic classes of global capitalist society (cf. Linklater 1996: 119–24).⁴

Such, at least, was the perspective of the 1848 *Communist Manifesto*. Subsequently, its authors paid increasing attention, especially in their historical studies and journalistic work, to the influence of the foreign policy of particular states, as well as to the concrete dynamic of international relations in their era, on the likelihood of revolution in specific European countries.⁵ They argued that while a revolution was most likely to occur first in Germany, it was unlikely to succeed while Russia remained the guarantor power of the social status quo. From this concern followed a keen interest in the issues which might divide Russia and Prussia, and more generally those which led to increasing conflicts between the European Great Powers. The extension of the revolutionary process to encompass the whole capitalist world depended on a revolution in Britain, which, in the view of Marx and Engels, financed the suppression of movements for radical democratization and socialism. But revolution in England would only be possible after a socialist revolution in France, which might then lend support to Irish movements for colonial liberation or contribute to a crisis of the British imperial system in Asia, thus undermining the British economic and social system at home. As Terry Kandall argues, for Marx and Engels,

the class struggle in Europe after 1848 could be fought only by altering the nineteenth-century form of Russian and English imperialism versus the proletarian revolution. And this would occur only when the secondary contradictions between states resulted in a '*world-wide war*' between the 'proletarian revolution and the feudalistic counter-revolution'.⁶

(Kandall 1989: 57)

In various ways, war between the states could therefore contribute to the success or failure of social revolutions. To some extent, the causes for wars in the capitalist epoch may be found in the tensions between national states, each pursuing strategies of world market expansion, pitching national bourgeoisies against each other (cf. Benner 1995: 211–12). In declining states, especially, this may increase the chances for successful revolution. This generates a powerful interest in cooperation between the national ruling classes of different states. But war may

also be a direct result of the class struggle itself, and ascending states may rely on it to disrupt the transnational organization of the working class, and to integrate its members as individual subjects (and later citizens) into particular nation-states (Kandall 1989: 55). Engels, in particular, increasingly stressed the potential for war to foster nationalism and chauvinism, leading peoples to fight for their national existence, rather than classes to struggle for social revolution (Linklater 1996: 124–6; Kandall 1989: 53; Benner 1995: 213). This second form of war does not, in the capitalist period, simply internationalize a supposedly ‘domestic’ conflict, but also seeks to domesticate a transnational social struggle.

Military conflict between capitalist states can thus be an expression of ‘intra-capitalist competition’ as well as of ‘national war’. According to Erica Benner, Marx and Engels did not integrate these aspects of capitalist international relations. Moreover,

in failing to draw a systematic connection between intra-capitalist competition and national war, Marx and Engels also failed to offer satisfactory explanations of two related developments which were gathering powerful momentum by the 1870s: the build-up of military power within the state apparatus, and the political integration of the working classes into separate nation-states. These developments were highly conducive to the survival and, indeed, the strengthening of national particularism in an era when it was becoming more and more difficult than ever for particular states and peoples to opt out of a global economy.

(Benner 1995: 212)

While clearly recognizing the danger of a shift of loyalty from class to nation, Marx and Engels were unable, Benner suggests, to explain this tendency, given their view of capitalism as necessarily producing greater polarization between its classes. The historical development of capitalist modernity witnessed, quite contrary to the predictions of the *Communist Manifesto*, increasing levels of conflict between nation-states together with the pacification of class conflict. This process can only be understood if we stop to assume that capitalist industry had de-nationalized economic processes and start to give more prominence to the ‘role played by the state and international competition in the development of capitalism’ (ibid.: 1995: 217).

What, precisely, this role is cannot, however, be established on purely empirical grounds. The failure of Marx and Engels lies deeper, I suggest, than their lack of attention to the interaction between national states and the world market. Their fundamental shortcoming is that they do not even provide a theoretical basis for the existence of a system of national states in the modern period, which is, after all, based on transnational social relations of surplus appropriation. Indeed, when Marx, in the first volume of *Capital*, sets out to determine the laws of capital accumulation, he notes:

In order to examine the object of our investigation in its integrity, free from

all disturbing subsidiary circumstances, we must *treat the whole world of trade as one nation*, and assume that capitalism is established everywhere and has taken possession of every branch of industry.

(Marx 1977: 727, emphasis added)

The first volume of *Capital*, of course, explicitly seeks to establish the *abstract* laws of motion of capital. Yet this raises the question whether the abstraction from the real multiplicity of capitalist nations and states is indeed a useful procedure. At the very least, this would necessitate a theoretical argument to demonstrate that the 'law of value' obtains *within and across* bounded nation-states in the same way, and to the same extent, as it does within the fictitious global nation. Alternatively, it requires the explication of the modifications of the law of value in international transactions, and an answer to the question whether different forms of world market integration lead to different modifications. Most of all, however, it requires a theory that accounts for where the states of really existing capitalism came from and what roles they play in capitalist modernity.

Marx and Engels themselves, in any case, did not enquire into these problems. While the world market tendency of capital is obvious, and the impossibility for capital to exist other than in the form of distinct and competing individual capitals is immediately clear, such is not the case with the territorial fragmentation of capitalism's political space. Thus when Marx and Engels argue that civil society (*bürgerliche Gesellschaft*) 'embraces the whole commercial and industrial life of a given stage and, insofar, transcends the State and the nation', it is simply not sufficient to add that this transnational civil society also 'must assert itself in its external relations as nationality, and internally must organize itself as State' (Marx and Engels 1978: 163). Nor does it explain the existence and roles of national states when they suggest soon after that the state 'is nothing more than the form of organization which the bourgeois necessarily adopt both for internal and external purposes, for the mutual guarantee of their property and interests' (*ibid.*: 187).

These remarks, as one observer accurately notes, are 'essentialist, underived and unfounded quasi-analytic statements which are ultimately of a rather descriptive nature'; they *presuppose*, rather than *examine*, 'the multi-state nature of the world market' (Braunmühl 1978: 166). Exactly *why* capitalist civil society must take political shape as a system of national, territorial states – and just *what* compels the bourgeoisie to adopt a national state, rather than one that is, for instance, spatially co-extensive with the capital relation – is not answered by Marx or Engels.⁷

From imperialism to dependency

The next generation of Marxists were confronted with a very different international system than their predecessors. As Fred Halliday suggests, their attempt 'to theorise the international system around the concept of imperialism, by which they meant inter-state strategic rivalry, is one of the most ambitious and creative

ever made' (Halliday 1994: 56). The classical Marxist theorists of imperialism responded to the transformations of capitalism in the last quarter of the nineteenth century, which Marx and Engels recognized but were unable to conceptualize: namely, the rising levels of international conflict between the developed capitalist states, and the increasing incorporation of the working class into nation-states. These theorists therefore finally posed the problem of the relationship between the national state and the world market, and of the role of the state in global accumulation.

Bukharin and Lenin suggested that even while capitalism became global and brought about international interdependence, it also became increasingly marked by the division of global capital into rival national blocs. As a consequence of a supposedly inevitable tendency towards the centralization and concentration of capital, competition was all but eliminated within state boundaries, while states themselves began to advance the interests of their national monopolies in the world market. Thus, according to Bukharin, the internationalization of the economy and of capital was accompanied by the 'nationalization' of capital interests. While economic intercourse and interdependence increased with the export of commodities and, characteristically for the period of finance capitalism, the export of money capital, this did not lead to a harmonization of the interests of individual capitals in the world market, which appear as state monopoly capitals. As Bukharin argued: 'The process of the internationalization of economic life can and does sharpen, to a high degree, the conflict of interests among the various "national" groups of the bourgeoisie' (Bukharin 1972: 61). Thus, the tendency for capital to expand beyond the borders of any given state does not, under conditions of the dominance of finance capital, lead to increasing transnational political integration of capitalist states, but to their increasingly vicious politico-economic competition and ultimately to war.

The emergence of finance capitalism through increasing centralization and monopolization of capital is, for Bukharin, a response to the contradiction between the growth of the forces of production and their limitation by the national organization of production. Imperialism is thus an aspect of the 'adaptation of modern society to its conditions of existence':

there is here a growing discord between the basis of social economy which has become world-wide and the peculiar class structure of society, a structure where the ruling class (the bourgeoisie) itself is split into 'national' groups with contradictory economic interests, groups which, being opposed to the world proletariat, are competing among themselves for the division of the surplus value created on a world scale . . . The development of the forces of production moves within the narrow limits of state boundaries while it has already outgrown those limits. Under such conditions, there inevitably arises a conflict which, given the existence of capitalism, is settled through extending the state frontiers in bloody struggles, a settlement which holds the prospect of new and more grandiose conflicts.

(*ibid.*: 106)

The notion of a new relationship between state and capital, as a result of the emergence of monopoly capitalism, was also taken up by Lenin. The change in the character of capitalism is taken to account for the difference in the dynamics of international relations compared with its position during the period of 'competitive capitalism' in which Marx wrote. It forces capitalist states to divide the world in the interest of their national capitals (Lenin 1973: 88–92). The unequal development of the productive forces within each of the contending imperialist powers gives rise to constant demands for the redivision of the world economy, which is ultimately decided by the relation of force between states (*ibid.*: 144). Finally, for both Lenin and Bukharin, the 'super-profits' that can be derived from the monopolistic exploitation of colonies are crucial for the maintenance of the capitalist system, as these profits allow the European ruling classes to integrate the working classes of their respective countries by offering them higher wages and social security standards (Bukharin 1972: 161–7).

After 1900, questions of war and international relations thus emerged at the centre of Marxist theories of capitalist development. These theories no longer assumed that the world market competition was driven by the actions of economic actors in the economic sphere. The state and its foreign policy became crucial concerns for Marxist revolutionaries, as the activities of states no longer simply threatened the success of revolutionary activities within particular countries, but undermined the will and capacity of the 'world proletariat' to struggle for radical social transformation. If it became harder, therefore, to convince workers of their necessary exploitation and immiseration under capitalist conditions, it became imperative to show that any improvements in living standards and even in participatory rights was premised upon the extension of exploitative relations across the world. Even more vital, however, was the demonstration that capitalism now *necessarily* meant imperialism, and that imperialism, in turn, *necessarily* led to world war. In this sense, the critique of capitalism shifted, to some extent, from exploitation to war, even though the classical theorists of imperialism retained the notion of an indissoluble relationship between the two.

But if 'the international' came to play a much more prominent role in the classical Marxist theories of imperialism than it had had in the work of Marx and Engels, the depth of the questions asked about international relations was limited. Crucially, while the (changing) content and function of the capitalist state in capitalist accumulation was subjected to sustained analysis, *the nation-state as a social form was taken as given*.⁸ As Anthony Brewer points out, Lenin never explained why finance capital organized itself at the level of territorially bounded states, and why 'countries' are 'a relevant unit' in the process of imperialist expansion; indeed, his 'crucial failing' is his 'failure adequately to theorise the place of the nation state in the world economy' (Brewer 1990: 122).⁹

Dependency theorists have built, to a considerable extent, on the theories of imperialism of the early twentieth century. In as much as they are concerned with the ties of domination and exploitation between core and peripheral states, they tend to take capitalist statehood as given, though they highlight the role of

external force in the creation of dependent states. World-systems theorists, by contrast, have sought to locate the emergence of the modern international system of sovereign states in the general process of the transition from feudalism to capitalism. This simultaneity, according to Wallerstein, was not coincidental but systematic: the dissolution of the universal empire of the European Middle Ages was the precondition for the emergence of a capitalist world economy, allowing capitalists to make use of political differences. The interstate system is therefore the necessary form of politics under capitalism (Wallerstein 1979). Indeed, Chris Chase-Dunn argues that 'the interstate system of unequally powerful and competing states is the political body of capitalism' (Chase-Dunn 1991: 107).

Capitalism, in this perspective, is 'not possible in the context of a single world state'; it can only exist in an inter-national form and needs to reproduce the 'division of sovereignty in the core (interimperial rivalry)' (ibid.: 142 and 150). A world state would allow for the control of resource allocation, and thereby undermine the capitalist market. But the emergence of such a world state is highly unlikely within the framework of capitalism. Not only does the 'multicentric interstate system' make possible the emergence and reproduction of capital and enable markets to determine prices and profits to a great extent, but capitalism, in turn, makes for the reproduction of the modern interstate system, thereby underpinning the balance of power. For capitalists are able, because of the international mobility of their assets, to limit the budgets which states pursuing world-imperial strategies have at their disposal (ibid.: 155–6). International capitalists generally have an interest in preventing world empire not only because of the possibilities for economic control that such a form of political organization potentially affords to subordinate social forces, but also because of the 'overhead costs' that world empire entails: 'Capitalists want effective and efficient states – that is, states which supply sufficient protection for successful capitalist accumulation *at cost*' (ibid.: 114).

World-systems theory, it may be concluded, does provide a theory of the *interstateness* of capitalism's global social system. It is thus able to ground the dynamic of modern international relations in the particular historical character of the capitalist epoch, rather than having to rely on a transhistorical logic of 'war'. Yet its mixture of structuralism, functionalism and instrumentalism diminishes the value of its theory of 'the international'. Moreover, its ability to show the systemic and historical relationship between the national state and the world market in capitalism rests on a highly problematic understanding of what capitalism is and how it came into existence. This particular theory of the rise of capitalism is premised upon the economism, determinism and evolutionism which can no longer provide the basis for a critical social theory of modernity and its international system. Most importantly, world-systems theory builds on a model of historical transformation which reads the operation of a separate economic sphere back into the pre-history of capitalism, and is therefore fundamentally ahistorical (cf. Brenner 1977).

'Open Marxism' and the system of sovereign states

The international system thus remained a weak spot of historical materialism until the early 1990s. The works of Mark Rupert, Peter Burnham, and Justin Rosenberg in particular have finally laid the groundwork for a Marxist conceptualization of 'the international'.¹⁰ Despite the differences in their respective approaches, they share the fundamental concern of grounding the social forms of the international in the capital relation and of making visible their character as the specific expressions of determinate class relations. They also share the notion that the specifically capitalist character of the separation of politics and economics is a key to the conceptualization of the interstate system and its relationship with the world market. While these theorists draw on the innovations in historical materialism of the last 25 years, and especially on the Marxist state debate, it should be noted from the outset that they face the additional challenge of explaining the many capitalist states, where others have only discovered the sources of *the* capitalist state.

Peter Burnham: National state, global accumulation and capitalism-in-general

Peter Burnham explicitly situates his conceptualization of the international system in the context of the 'capital relation approach' developed by Holloway, Picciotto, Clarke, Bonefeld and others. The focus of this approach is not how the political 'superstructure' is determined by the economic 'base', but what kind of social relationship gives rise to the separation of political and economic realms which appear to be autonomous and to follow some endogenous logic (Burnham 1991: 87; Burnham 1994: 228; Holloway and Picciotto 1991: 112). The historical foundation of this separation, it is argued, is the emergence of capitalist production relations, which are marked by the privatization of the power to extract surplus, thus leaving the state to organize the general conditions of accumulation and exploitation. In that sense, the autonomy of the state is only apparent, as it is premised upon the reproduction of the capital relation.

At the same time, this capitalist state is quite independent from the directives or interests of individual capitalists or capitalist class fractions. As capital can only exist in the form of numerous and competing individual capitals, it cannot impose a particular strategy of accumulation on the state. On the contrary, capital relies on the state to define and organize the 'general will' of capital, by continually imposing the market as the form through which not only capital and labour, but also individual capitals among themselves relate to each other. The state does so mainly through the impersonal means of the law, property rights and money. The state, in short, 'must seek to maintain the rule of the market' and to secure the general conditions for capital accumulation (Burnham 1990: 180).¹¹ In fact, the state is the only possible social form for the organization of the 'general interest' in capitalism. Burnham thus rejects even sophisticated attempts to ground the state and its changing role in the economy in terms of the social

formation of hegemonic coalitions, as the state cannot simply be the condensation of private interests.

The state, for Burnham, is a crucial form of capitalist society; it does not stand in a zero-sum relationship with the market, as the globalization thesis suggests, but has an internal connection with this other fundamental form of the capital relation. Moreover, capitalist society has always been a world society, and in that sense, Burnham suggests, we should follow Marx in seeing 'capitalism as a single social system in which state power is allocated between territorial entities' (Burnham 1994: 229). The implication is that competition between individual capitals is complemented by competition between national states which aim to secure the reproduction of 'their' capitals in the world market.

Competition between capitals . . . is not confined within a domestic economy. The accumulation of capital within the domestic economy depends on the accumulation of capital on a world scale. The role of the capitalist state is to express the 'general interest' of capital. However the national form of the state implies that the state can only constitute this 'general interest' on a national basis. Nation-states therefore have a similar relation of conflict and collaboration as individual capitals.

(Burnham 1990: 185)

The consequent 'inter-imperialist rivalry' between national states is limited, however, by their common interest in maintaining global capitalism and accumulation. Competition and cooperation are complementary strategies of states, though realism and liberalism have absolutized one to the detriment of the other.

But the question *why* '[n]ational states . . . are the political form of capitalist social relations' is not answered – or even posed – by Burnham. If the state is regarded as 'capital-in-general', then clearly the derivation of the territorial or national form of the state needs an explication which can tell us why capital-in-general is territorially fragmented and thus only partial. Capital is a global social relation and capitalist society a world society; so why is the *general* interest of capital realized and operationalized at the level of territorial segments of this world society? Surely to answer the question 'what kind of society exists in the form of differentiated political and economic realms' can only lead us to conceptualize 'the state' as a capitalist relation of production; it does not, however, allow us to derive the territorially fragmented character of 'the political'. That the capitalist state does not exist in the singular but as one among many is thus not directly given by the capital relation.

Mark Rupert: *Capitalist international relations as second order alienation*

The same conceptual problem is apparent in Mark Rupert's characterization of international politics as 'a kind of second order alienation' (Rupert 1995: 33). In

capitalism, Rupert argues, the products of human labour take on the semblance of autonomy from its producers; they confront them as the objectified form of their productive powers, as 'alien and hostile forces' which appear to have a life of their own. The relationship between these objects seems to be regulated by their inherent qualities, rather than by the social relations between their creators, and they are thus able to present themselves as objective facts to which social life has to adapt. Positivist theories of social science take these facts as their starting point and never penetrate to the social relations which underlie them, thereby dehistoricizing and fetishizing the social order of a given period.

Rupert, by contrast, argues that the power which the objects of human labour have achieved over social life has its roots in the private appropriation of the products of individual labour. This privatization, moreover, implies a differentiation of political and economic forms of power; these spheres consequently seem to be related externally rather than internally. But the form of the abstract political state is just as much an expression of the alienated relations between individuals mediated by things as is the market.

The modern political state developed within and is integral to a political-economic system of class rule – a state–society complex in which property is assigned to the private sphere as a primordial individual right, and hence is exempted from ongoing political dialogue in the public sphere.

(*ibid.*: 24)

The public sphere of political action organized within the state is thus an impoverished realm premised upon the relinquishing of a substantial part of societal self-determination and its subordination to the market.

The 'modern state' thus has its foundation in the capital relation. Rupert is adamant, however, that this cannot be taken to imply that the role of the state and its relationship to the market are fixed. Drawing on Marx and Gramsci, he suggests that the 'structured separations of state–society and politics–economics in capitalist social formations' can be bridged through the agency of a 'historic bloc' (*ibid.*: 29). These formally separated realms periodically achieve a transient unity (or more precisely a temporary functional correspondence) as they are brought into a purposive relationship which allows for the pursuit of specific strategies of accumulation for which social hegemony has been secured. In this way, the potentially contradictory relationship between these realms is articulated in a functional whole, though the underlying dynamics of capitalist society prevent these structural 'fixes' from becoming permanent.

Rupert here relies heavily on the notion of hegemonic class coalitions imparting a particular social purpose to the state, thereby shaping the way in which the state seeks to secure the reproduction and stability of capitalism as a whole. His theorization of the capitalist state is in this respect less prone to the functionalism of Burnham's understanding of the role of the capitalist state. But is Rupert better able than Burnham to provide an explanation of the national form of the capitalist state? Rupert argues that

insofar as the formal separations of state and society, of public and private, of the political and economic aspects of life, are integral to the historical reality of capitalism, we may say that capitalism and its manifold relations of alienation are the necessary context within which the historical construction of sovereign states – understood in the modern sense as functionally specialized administrative-coercive, ‘political,’ organizations – becomes possible.

(*ibid.*: 32–3)

But again, this only allows us to understand the abstract character of the capitalist state, not its territorial shape, which Rupert does not problematize. He suggests that ‘national and international should be construed as two aspects of an internally related whole, a whole which is in some sense capitalist and alienated’ (*ibid.*: 32). But why capitalist politics should take this differentiated form is left open. At most, Rupert’s approach can explain why the territorially bounded sovereign state took the form of an abstracted realm of the political and became the organizational centre of political action in capitalist society – itself a huge advance over the Weberian fetishization of the state. But this perspective can *not* explain why the abstract state has to be (and historically took shape as) a territorial state in the first place. To characterize the relations between such abstract states in terms of alienation certainly helps us to understand the dynamics of international relations – what it is that is contested in this geopolitical form – but it does not provide an explication of the fact that global capitalism is organized politically through the medium of a *system* of national states.

Justin Rosenberg: Sovereignty and the ‘empire of civil society’

Implicit in Rupert’s and Burnham’s untheorized assumption that the capitalist state is a national state is a particular understanding of the emergence of the capitalist mode of production. Rupert notes in this vein that ‘the system of states . . . emerged historically along with capitalist production’ (*ibid.*: 33). This, of course, is a perspective which is widely accepted, notwithstanding the many alternative theorizations of exactly how this process took place. It points to the ‘long sixteenth century’ with its rising long-distance trade, increasing commodity production, the rise of the middle classes and the emergence and consolidation of the ‘modern’ state which controls the means of violence in a territorially circumscribed area, best exemplified in the absolutist state. Justin Rosenberg, by contrast, argues that neither was the early modern world economy capitalist in nature, nor was the absolutist state a capitalist state (Rosenberg 1994: 42, 92, 123 and 135ff). For him, the rise of capitalism dates from the late eighteenth century, and it was in this period that the sovereign state emerged.

Even more explicitly than Rupert, Rosenberg equates the abstractedness of the political in capitalism with state sovereignty. In fact, he suggests that we define sovereignty ‘as the social form of the state in a society where political power is divided between public and private spheres’ (*ibid.*: 129). Cutting through the familiar debates in IR as to whether increasing economic interdependence implies

the demise of state, this allows us to see that the consolidation of sovereignty and the creation of the capitalist world market were coeval. Both were made possible by the abstraction of 'the political' from production and exchange. This process simultaneously allows for the creation of a homogeneous political space in which formally equal citizens relate directly to the state, and independent wielders of political authority become subsumed under state authority; *and* for the 'porousness' of the boundaries of these states for the private activities of economic subjects (ibid.: 131). 'The possibility of an international economy', Rosenberg concludes, 'is thus structurally interdependent with the possibility of a sovereign states-system' (ibid.: 87–8).¹²

This argument, however, is apt only to establish the *compatibility* of the territorial or national state with the global existence of capitalist class relations and a world market; it does *not* establish *why capitalism politically exists or, indeed, needs to exist in the form of an interstate system*. Indeed, in Rosenberg's view this fact does not seem worth explaining. Noting that a world state has never existed he concedes that anarchy, as a generic attribute of the relations between independent states, is not limited to any particular historical epoch. He insists, however, that multi-stateness does not tell us much about the dynamics of specific international systems. Hence, the task facing IR is precisely to develop a theory of *capitalist* anarchy (ibid.: 139).

For what distinguishes the modern form of geopolitical power is not that it is exercised by a plurality of independent units (anarchy in general), but that it no longer embodies personalized relations of domination (which cancel the formal independence of the dominated), being impersonal, mediated by things. It is this structural shift which explains why the units are no longer empires but bordered, sovereign states. This anarchy, anarchy as a structurally specific social form, is persistently obscured by being conflated with the transhistorical generalization 'anarchy in general'.

(ibid.: 146)

Yet this is already conceding too much to Realism. Feudalism, for instance, would be ill understood if described as 'anarchic' (cf. Fischer 1992; Hall and Kratochwil 1993).¹³ In fact, Rosenberg himself introduces a more concrete, and rather different, historical perspective when he argues that capitalism involved the 'historical shift from empire to states-system' (Rosenberg 1994: 155). But surely *this* process took place *before* the eighteenth century, and thus, on the basis of Rosenberg's own argument, *before* the rise of capitalist social relations. Rosenberg seems to acknowledge as much when he elsewhere distinguishes the process of state formation in the early modern period, involving the centralization and bureaucratization of political authority, from the capitalist transformation of the state, the latter 'lagging some way behind' the former (ibid.: 130). Here he accepts that the differentiation between internal and external, which was the consequence of state formation, far preceded the capitalist separation of politics and economics – without drawing any theoretical implications.

The problem which surfaces here is a more general one with Rosenberg's

argument: while he succinctly contrasts pre-capitalist and capitalist societies and their structural characteristics, he does not provide a dynamic historical account of the rise of capitalism and its relationship to state formation. His argument remains often schematic, especially with respect to the timing of the crucial steps of the transition to capitalism, and thus to the social forms and structural dynamics which *different* social orders entail. The reason may be that he attributes too much creative force to the capital relation. Even if we accept that capitalism emerged only at the end of the eighteenth century, we should not assume that it creates its world from scratch; capitalist political forms, for instance, took shape in institutions of domination that had been generated by the processes of state formation since the late feudal period (cf. Strayer 1970, ch. 1).

Clearly, absolutist sovereignty was fundamentally different from capitalist sovereignty based on 'general impersonal rule', and only the capitalist abstraction of political power from surplus appropriation allowed for the consolidation of sovereignty beyond what was possible in absolutism where legal privileges and corporate or regional particularism remained necessarily pervasive. And yet, absolutist forms of sovereignty, which developed with the transition from feudalism's *parcelized personal domination* to absolutism's *generalized personal dominion*, had already achieved the demise of empire and the emergence of the separation of internal and external – if, admittedly, imperfectly (Gerstenberger 1990: 497–532). That capitalist *general impersonal rule* should find expression in the form of territorial states claiming exclusive sovereignty over their bounded realms, can therefore only be understood in a historical context. *Neither capitalism nor absolutism* gives us the modern sovereign state in its entirety.

It is hard, then, to completely follow Rosenberg's conclusion that '[b]ehind the contemporary world of independent equal states stands the expropriation of the direct producer' (Rosenberg 1994: 172). Rosenberg, like Rupert and Burnham, conflates the abstracted character of capitalist politics, which derives from the privatization of the power to extract surplus, with the sovereignty of the capitalist state. But the sovereignty of political rule in capitalism does not necessarily entail its national boundedness. Once we clearly recognize the distinctiveness of the process whereby internal and external structures became differentiated from the separation of politics and economics, it becomes necessary to pose the question of the capitalist character of the state and the interstate system in different terms. No longer can we derive the national state and the interstate system from the capital relation and take them to be the straightforward 'geopolitical expression of a wider social totality' (ibid.: 55). We have to first ask why the capitalist system *does* have a geopolitical expression at all. If state formation and the supersession of universal empire has its origins in a social logic which precedes the rise of capitalism, as Rosenberg himself suggests at times, then we have to find a way of conceptualizing the totality of capitalist social relations in ways which allow for the recognition that not every organizational or institutional form of our epoch was itself brought into existence by capitalism.

The challenge of territoriality

The Marxist theories of international relations surveyed above ultimately fail to meet the challenge, set out by Halliday, to explain the 'specificity and effectivity of distinct states within a single economic totality'. They take the territorial boundedness of the capitalist state as given and proceed to ground the interstate system in essentially the same conceptual operations in which the Marxist state debate sought to derive *the* capitalist state. In this way, the theoretical problem of why capitalist political space is territorially fragmented disappears from view.

But unlike their predecessors, Rupert, Rosenberg and Burnham cannot afford to ignore this question, as it is thrown into sharp relief by the very changes in Marxist theory designed to overcome the base/superstructure model and the pitfalls of economic determinism. For the Marxist theorists of imperialism, for instance, it was still possible to sidestep the problem of multiple capitalist polities, assuming as they did that certain states were capitalist because they were directed by the bourgeoisie. States, in other words, were capitalist by virtue of the actions of capitalists on them. At least *within* their own framework, *states could be taken as given*, however unsatisfactory this remains from the perspective of a critical social theory of international relations.

However, once we begin to define the capitalist character of the 'state' at the much higher level of abstraction, which marks the Marxist state debate, this becomes plainly impossible. The question why the capitalist state embodies only a territorially circumscribed subset of the capitalist relations of domination becomes unavoidable. For nothing in the argument that capitalism entails the abstraction of political from economic power leads to the conclusion that political power needs to be organized by multiple and competing centres of territorially organized sovereignty.

Is there a real problem in the theoretical impossibility to show that the same historical process which leads to the separation of politics and economics (i.e. the expropriation of the direct producers) also entails the emergence of a system of sovereign states? In any case, is it not a well-established fact that the modern state and the capitalist economy *did* arise in tandem, as at least Burnham and Rupert seem to agree? In this case, it might be argued that the problem is simply one with Marxism itself, and with its tendency to overextend the explanatory powers of the concept of capital. After all, other – non-Marxist – approaches, most notably John Ruggie's work on the medieval-to-modern transition, have shown how the separation of the political and the economic and the differentiation of the internal and the external are part of the rise of modernity. By not taking *both* of them to be expressions of the transition to capitalism, but considering them as autonomous structures following independent logics of modernization, these approaches seem able to avoid the theoretical conundrums which face Marxist theories of the international system.

It is here that it becomes useful to return to the non-deterministic Marxism developed since the late 1970s. But rather than trying to derive a capitalist interstate system from the same theoretical foundations which in the earlier debates

had yielded only 'the state', we have to pursue a more historical path to understanding the geopolitical structure of capitalist political space. On this path, we can follow some of the most creative attempts to explicate the rise of capitalism in non-economistic and non-circular terms, the 'political Marxism' of Robert Brenner and Ellen Meiksins Wood. This perspective also provides the basis for Rosenberg's claim that the world economy of the early modern period was not a capitalist world economy, but remained based on the age-old exploitation of price differentials between segmented markets. But even if there was, *pace* Ruggie and the majority of historical sociologists,¹⁴ no capitalist development (and thus no separation of politics and economics) in absolutist Europe, there certainly emerged, *pace* Rosenberg, a system of sovereign states and the differentiation of internal and external spheres. It is thus *not* the late-eighteenth-century structural shift from personalized relations of domination to a system of impersonal relations mediated by things, 'which explains why the units are no longer empires but bordered, sovereign states' (*ibid.*: 146).¹⁵

Conclusions

I have argued that the interstate-ness of capitalist political space cannot be derived from the nature of the capital relation. Instead, as I will try to show over the next two chapters, it should be regarded as a 'historical legacy' from pre-capitalist development. This is not to advocate a methodological pluralism that posits the autonomy of different social structures, each supposedly following endogenous logics. Such an approach would be fundamentally ahistorical as it ignores the very historicity of the separation of politics and economics, which the 'radicalized ontology' of contemporary Marxism correctly emphasizes. We have to start from historical totalities rather than transhistorical interacting structures that produce history as they interact. The relevant historical totality to the conceptualization of the system of sovereign territorial states is capitalism. But while theoretical analysis shows that capitalism can no more exist without a state than it can exist without a market, it cannot explain the existence of multiple capitalist states.

Taking the international character of global capitalism to be a contingent aspect of capitalism raises the question of how to theorize capitalism as a totality. While Marxist theorists of IR have posited the need to start from the consideration of social totalities, they have spent little time on explicating their understanding of this concept, nor have they engaged with its troubled history in Marxist theory from Lukacs to Althusser and beyond (cf. Jay 1984). I have argued that not all social forms of really existing capitalism are necessarily or in all respects the emanations of the capital relation, as the Lukacsian concept of 'expressive totality' suggests. In this sense, rather than simply taking them to be internal to capitalism, certain institutions should be theorized as *internalized*. This avoids both the Weberian pluralism of ontologically irreducible structures, and the Marxist tendency to reduce every aspect of modern social life, including the interstate system, to a *necessary* expression of capital.

4 Absolutism, capitalism and state formation in post-feudal Europe

Theorizing the transition to modernity

At the heart of the reconstitution of IR/IPE as a genuinely social science able to recognize the historicity of its object is the conceptualization and theorization of modernity. The assumption of a realm governed by eternal laws of human nature or an immutable anarchical structure enabled IR theorists to ignore the foundational problem of the social sciences: the qualitatively new mode of ordering social relations that emerged sometime between the fifteenth and nineteenth centuries (Rosenberg 1994).¹ But to be able to judge whether current domestic and international changes take place within the modern regime of power or constitute a transition to some other mode of authority, we have to develop a theory of modernity that encompasses the international system.²

The most important engagement with the problem of modernity and its relevance for IR/IPE can be found in the work of John Ruggie. Accepting Waltz's description of the international structure as anarchic, he suggests that the concept of structure is underdefined in terms of its ordering principles. Modes of spatial differentiation of political authority shape the anarchic international structure in historically variable ways, producing distinct patterns of interaction. For Ruggie, the *modern* international system is defined by the principle of exclusive territoriality, which gradually replaced the parcellized, overlapping forms of sovereignty of feudalism starting with the Italian Renaissance. The transition from the medieval *res Christiana* to a multiplicity of territorially contiguous and sovereign states represents significant, indeed epochal change in the nature of the international system (Ruggie 1983a: 274; Ruggie 1993: 168).

According to Ruggie, the emergence of sovereign territoriality is structurally linked to the simultaneous consolidation of private property; both reproduce atomistic forms of sociality. Consequently, 'the early modern redefinition of property rights and reorganization of political space unleashed both interstate political relations and capitalist production relations' (Ruggie 1983a: 281). That capitalism and the modern state are, as Hintze put it, 'inextricably interrelated', is of course a mainstay of Marxist, Durkheimian and Weberian historical sociologies, though there is considerably less agreement as to the precise causations and determinations through which they are linked in the transformation to capitalism or

modernity (Hintze 1975a: 452; Wallerstein 1979; Hall 1996). Ruggie insists on the interaction (rather than one-way determination) of political and economic (and cultural) processes, yet his is not a naïve methodological pluralism. Indeed, he notes that the very differentiation of social spheres itself is a product of the transition to modernity. In feudalism, political, economic and other forms of power were undifferentiated and wielded by individual lords. The same process that produced the differentiation of external and internal spheres also generated the separation of public and private spheres, as formerly private and personalized political power was consolidated into a public realm over which the state claimed final authority. Productive activity, conversely, was privatized with the obliteration of collective, political controls (Ruggie 1993: 151).

Recognition of the historicity of these social spheres is indeed fundamental to any theory of modernity that seeks to avoid circular forms of 'explanation'. Consider, for a moment, Wallerstein's argument, which can be considered typical of the tendency to read capitalism back into its pre-history and thus arrive at an evolutionist account of the transition to the modern period. In the world-systems perspective, capitalism is conceptualized as a system of generalized market exchange. How does it arise? From the expansion of trade, says Wallerstein, for trade undermined the structures of feudalism. It needed but a kick-start (new trading routes) to bring it into overdrive, and after sufficient rattling and shaking, the old scaffold broke down. So the expansion of trade explains the universalization of trade and exchange. The logic of the market is here posited as a universal force; economic forces inexorably led to global capitalism. Evolutionism, however, is an excuse for explanation, not the thing itself (Wallerstein 1979).³

Unfortunately, Ruggie himself does not completely avoid this popular tendency, despite a generally more complex argument. The source of the undermining of the feudal system of power was, according to Ruggie, the increasing 'dynamic density' of transactions in this society. Expanding communication, settlements, markets, and a new commercial ethos changed the economic landscape. Monetization enabled princes to take advantage of new military technology and more efficient organization, such as mercenary armies; internal pacification became possible. The consequence: 'existing social arrangements were strained to the point of collapse' (Ruggie 1993: 154). Though Ruggie adds an epistemological level (the dominance of single-point perspectives privileging absolute sovereignty and property) in order to account for the particular resolution of the structural crisis of feudalism, his argument rests on a rather *ahistorical* materialism (ibid.: 152–60 and 169).⁴ It presupposes, in feudalism, an economic sphere with an autonomous logic. Here, too, the market, as the driving force of dynamic density, appears not as a social institution, but as a transhistorical force shaped *by* institutions which, in the end, have to adapt to the inherent needs of the market. Thus, Ruggie argues, in this respect following the lead of North and Thomas, that the rediscovery of Roman private law made it possible to satisfy the *requirements of efficient economic organization* (Ruggie 1983a: 282 and 1993: 152–5).

What emerges is a picture of political and economic *interaction* in the process of the 'medieval-to-modern shift' rather than an account based on a theorization of

undifferentiated power in the hands of individualized lords. Production, trade and commerce were part of a dynamic economic sphere in which an economic rationality oriented towards efficiency was operative, reinforced by state demands. As a consequence, Ruggie's 'dynamic density model' offers an essentially quantitative account of the collapse of feudalism. In this respect, his argument parallels the superficiality he derides in theories of current change to a postmodern international system: process simply overwhelms structure (Ruggie 1983a: 285). If, as Ruggie maintains, the 'basic *structure* of property rights . . . characterizes an entire social formation' (ibid.: 282), including the international system, then it is imperative that the ways in which the structure of feudal property rights is reproduced and transformed be conceptualized in terms of the undifferentiated character of political and economic power.

Now, if feudal lordship – which according to Finer (1975) is at once administrative, military, economic and judicial – compounds public and private 'executive functions', then the dynamic of feudal society would seem to derive from the forms through which these lords reproduce themselves individually and collectively.⁵ There does not appear to be much room for economic development independently of the interests of these units of political and economic power. In this society, then, 'military action, and political and economic striving, are largely identical, and the urge to increase wealth in the form of land comes to the same thing as extending territorial sovereignty and increasing military power' (Elias 1994: 296).⁶ Economic development, in feudalism, *cannot* be governed by economic criteria of efficiency. The reason is that the interests of what are the dominant economic (as well as political) actors of feudal society, i.e. feudal lords, are not best served by increasing the efficiency of production, but by raising the efficiency of exploitation through extra-economic means. Indeed, the forms of reproduction of feudal lords, based on the coercive extraction of surplus, all but prevent economic development, precisely because it is not productive efficiency that counts.

To understand economic development in feudalism, we have to start from the consideration of the social relations which constitute feudal lords as social actors wielding both political (authoritative) and economic (allocative) power. The dynamic of these social relations, I will argue, is decisively shaped by the struggles over the control of 'authoritative' resources; conflicts over 'power' seem to be decisive for the nature of social development under feudalism. But only if we constantly remind ourselves that, in dealing with feudalism, relations of domination also constitute relations of exploitation (in a very different and much more immediate way than in capitalism), can we develop an account of the structure and transcendence of feudalism that does justice to the specificity of its constitutive social relations.⁷

The conceptual key to the explanation of the transition to modernity, it would seem, lies in taking seriously the *real inseparability* of political and economic forms of power in feudalism.⁸ From this starting point, it should be possible to develop the broad outlines of a theory of the transition to modernity that includes the international system as an integral part. I take for granted that international

relations shape processes of state formation and economic development. But that does not require us to accept an essentially 'realist' ontology of the international. We have to go beyond the assertion that 'war makes states' and develop an understanding of the international system itself, as a social sphere whose nature is subject to historical transformation. In the next chapter, I will try to ground the particular dynamics of feudal and absolutist 'geopolitics' (for want of a better generic category that does not already presuppose the inter-national form) in the dominant social property relations of these periods. This will lead me to challenge the notion, propounded by Ruggie, that there has been a fundamental continuity in the structural organization of international relations since the fifteenth century, based on exclusive territoriality.

In this chapter, I will lay the foundations for this argument by taking issue with three standard *topoi* of historical sociology: that changes in technology, production or exchange can explain the demise of feudalism; that the demise of feudalism itself was the starting point for a general transition to capitalism; and that western Europe as a whole went through roughly similar or equivalent processes of 'modernization'. Building on the thesis originally advanced by Robert Brenner, I will suggest that a transition from feudalism to capitalism took place in England alone; continental European development, by contrast, was characterized by a *radically* different form of social organization from which capitalist social relations were absent (Brenner 1977; 1985a and 1985b).⁹ Yet the absolutist state is generally taken to represent – especially in its French form, which will therefore be at the centre of my analysis – the prototype of modern statehood. Against such interpretations, I argue that the absolutist state should be regarded as fundamentally non-modern as it was premised on a structure of power marked by the continuing fusion of politics and economics.

Property and (geo-)politics in feudal Europe

Capitalist modernity is characterized by the differentiation of an international sphere from the domestic realm, as well as by the separation of politics and economics. Both these dualisms were alien to feudalism. As we have noted, the explanation of the transition from one to the other cannot be built on processual accounts that presuppose either or both of these sets of differentiated spheres. What we need is an understanding of the feudal logic of process as structured by the prevailing organization of social power, where political and economic power is concentrated in the hands of individual lords.

Markus Fischer, in an attempt to fit feudalism into the structural-realist strait-jacket, has argued that the dynamic of feudal social relations is governed by the imperatives of anarchy (Fischer 1992).¹⁰ The individualization of power, expressing itself in the distribution of the means of warfare through the whole nobility, leads him to describe feudal 'conflict units' (from castellans, free cities and bishops to kings and popes) as differentiated only in terms of power. Feudal society thus appears as a realm of geopolitics. Though this formulation captures an important aspect of feudalism, it raises two objections. First, the area that now appears as

anarchic (France in the 'second feudal age'), had recently been relatively hierarchical and would soon afterwards experience centralization and state formation. Yet such oscillation seems to be precluded by Waltz's structural Realism, as international and domestic realms are reproduced through opposite strategies, namely balancing and bandwaggoning (Waltz 1979: 126).¹¹ Second, Fischer's lords appear as quasi-sovereigns; by abstracting from all elements of organized authority and hierarchy between lords (that existed even in eleventh-century France), he effectively negates the concept of feudalism itself.

In fact, the dichotomy of hierarchy and anarchy is not applicable to the overlapping forms of 'sovereignty' characteristic of feudalism.¹² With the modern state as our point of reference, the absence of a monopoly of violence does indeed seem to imply anarchy. Yet feudalism is as much a form of state as it is a geo-political system. According to Otto Brunner, the dualistic structure of authority, expressed in the institutions of state power and legitimate self-help when rights are injured (feud), embodies the fundamental constitutional principle of the medieval *state*. The notion that these two elements should be clearly distinguishable in the form of an internal realm governed by law and an external realm of power politics, is itself the product of the sovereign state that demarcates domestic and international spheres (Brunner 1984: 4, 17 and 108).¹³ The relevance of this argument is that it allows us to see the feud not just as a struggle between 'like units'; it also involves a 'vertical' dimension that concerns the distribution of rights and privileges within the feudal state. The (geo-)politics of feudalism includes the struggle over 'public' authority, and thus over the location and distribution of political authority. The changing meaning of lordship is not primarily determined in the struggles for security between lords of similar status. The rights and powers constituting lordship can only be understood in relation to the rights pertaining to the institutions at the apex of the feudal state, kingship in particular.

The medieval system of power involves a further hierarchical dimension: feudal *anarchical government* is also a mode of domination in which the relations between the individual organizers of violence are inextricably linked to their relationship with the mass of subjected people on which the possibility of lordship depends. In other words, the authority that feudal lords privatized and accumulated not only comprises the relations of relative sovereignty between the members of the dominant class; it also *constitutes* the relations of dominance of its individual members *vis-à-vis* the peasantry. In *that* relationship, political and legal rights also confer access to economic surplus, enabling lords to reproduce themselves as lords. Here is the core of the real unity of political and economic power in feudal society. It can best be grasped, as Robert Brenner suggests, if we understand feudal property as *politically constituted*.

The form of property which helps us understand both feudal (geo-)politics and its economic dynamic, is not ownership of the means of production, but property in a share of political authority (Brenner 1985b: 232; Wood 1995: 272–3; cf. Giddens 1981: 92). The development and transformation of feudalism has thus to be conceptualized by reference to the structures and institutions that assign differential access to the means of coercion: the law, customs, privileges, the state.

For individual lords, the social reproduction of their property depended both on the maintenance of the domination of the peasantry and on their ability to compete with each other (both vertically and horizontally). Feudal (geo-)politics is more than a struggle for security in an anarchic environment: it is a form of contestation of feudal *property relations*. Both dimensions of conflict implied similar *strategies for reproduction*: the investment in the means of violence and coercion. *Political* rather than *economic accumulation* consequently patterned the 'economic' dynamic of feudal society (Brenner 1985b: 229–41).¹⁴

If these concepts circumscribe the structure of feudal society, we now have to take note of the different ways in which lordship, and hence feudal property relations, can be constituted (for the following compare Comninel 2000). In what was to become France, increasing parts of the free population were subjected, during the Carolingian age, to a manorial regime through the gradual fusion of *domestic* and *land* lordship.¹⁵ The granting of immunities to the lords of these estates (closely related to the attempts of the Carolingian kings to *strengthen* their state through vassalage) afforded them increasing juridical and political authority over their dependants (Bloch 1961: 245; Duby 1978: 90f). The latter thus lost their right to be commanded and tried by the king's 'officials'.

Only when these officials themselves started to appropriate regal authority (favoured by the 'barbarian' invasions of the ninth and tenth centuries) did *banal* lordship emerge. The territorial principalities of these counts did soon dissolve, with the castle now emerging as the nucleus of feudal organization (Bisson 1994: 6–12; Bloch 1961: 394–401). Banal lordship was territorial; it extended arbitrary power from personal dependants to the population of a territory. It was 'a form of legitimised and organised pillage, tempered only by the resistance of village communities' (Duby 1978: 176).¹⁶ Banal lordship marked a decisive step in the reorganization of medieval society. It involved a complete redefinition of social status: free came to mean noble, while enserfment was the lot of the non-noble population except for a relatively small number of knights and *ministeriales* (Bonnassie 1991: 57; Poly and Bournazel 1991: 352). The intensification of lordship through the appropriation of banal authority was paralleled by geographical expansion that replicated feudal institutions everywhere in the periphery of the old Frankish empire: the Norman conquest of England, the Spanish *Reconquista*, the German expansion into the Slavonic East and the Crusades in the Mediterranean area. Whereas early medieval warfare was limited to temporary forages for plunder and slaves, it now served the permanent conquest of land and peasants (Bartlett 1993: 306–8).

In England it was only after the Norman Conquest that 'a manorial regime of exceptional rigour' was imposed on the peasantry. Its character was shaped by the particularly strong fusion of personal and land lordship (Bloch 1961: 244; Duby 1968: 194).¹⁷ Serfdom, in England, was the product of intra-lordly cooperation, backed up by the public justice of the royal courts (which also sustained freeholds that continued to exist here); banal lordship was never able to develop in England. The states of both England and France were completely 'feudalized' during the eleventh and twelfth centuries, though with rather different consequences for the

position of the English and French kings in their respective realms, depending on the dominant form of lordship. In England, the powers of the *ban*, though regularly contested, remained with the king. There was thus never the same parcellization of sovereignty in England as in France. The English state was, in that period, singularly strong. In France, the intensification and externalization of lordship contributed to a certain consolidation of relations between lords (Poly and Bournazel 1991: 357). But, as in England, the feud remained a legitimate, and widespread, form of intercourse between nobles, fuelled not least by the need to replenish landed resources for the acquisition of new vassals.

These differences in the forms of feudal property relations, with their corresponding patterns of conflict and cooperation, will help us to understand the distinctive ways *out* of the crisis of feudalism in England and France. Their commonalities, however, explain the general character of the feudal crisis of the fourteenth century. The dynamic of conflict in this society included, as a crucial dimension besides geographic expansion and the reorganization of rights and privileges, the struggle for the redistribution of land (and its cultivators) (Elias 1994: 294–8). Military competition was endemic to feudal society. Yet its content was as much ‘economic’ as it was ‘political’; conflict was always *about* ‘economic’ power. Indeed, the long-term development of the medieval economy was decisively shaped by the political dynamic of feudal society. It reflected the strategies for reproduction that the structure of feudal property relations imposed, differentially, on lords and peasants.

For feudal society as a whole, both in England and in France, the consequence of the enserfment of the peasantry was a period of rapid economic expansion. More surplus had to be produced by the serfs in order to keep up with the increasing demands of banal lords in France and the manorial lords in England (Duby 1978: 229). This also stimulated the growth of towns and market exchange. The consumption patterns of the nobility, marked by the need for arms and the conspicuous demonstration of social status, were central to the rise of long-distance trade. But in the end, feudal property relations limited economic development; the economic expansion of the High Middle Ages was built on increasing labour input rather than rising labour productivity. Little of the produced surplus was reinvested in the production process. For lords, the path to increasing wealth was through the investment in the means of violence, useful for both conquest and the further squeezing of the peasantry. Innovation in military technology abounded, but the peasantry still tilled the soil with wooden ploughs for their heavily armoured masters (Bartlett 1993: 61). For the direct producers, the immense burden left few resources to be ploughed back into the land, which led to the degradation of the soil – a problem that was exacerbated by the increasing use of marginal lands as populations grew. Crisis was thus inevitable, but the general crisis of the fourteenth century was, at heart, a feudal rather than a demographic crisis:

As the peasants’ surplus tended to reach its limit, and indeed to decline with the drop-off of population, the lords’ build-up of more powerful instruments

to redistribute it via coercive extraction and warfare tended to quicken, thereby creating the conditions for catastrophic crises of the economy and society as a whole.

(Brenner 1985b: 242)

It is the nature of feudal property relations, then, which explains the economic, social and political crisis of the late medieval period, and its protracted character. But were the pains and the agony of the slow collapse of feudalism also, as conventional wisdom has it, the birth pangs of modernity – a beast among whose many ugly heads we have to number the capitalist economy and the sovereign, territorial polity?

Transformations and transitions: Absolutism and capitalism in early modern Europe

At the end of the century of feudal crisis, peasants everywhere in western Europe regained their personal freedom, though many forms of social and legal dependence persisted. The end of serfdom, and the concomitant weakening of the feudal nobility, are decisive landmarks in most stories of the 'Rise of the West'. The demise of feudal relations itself is usually attributed to the rise of long-distance trade and monetarization. The market, in other words, is conceptualized as 'external' to feudalism, its expansion gradually undermining the dominance of the aristocracy. With the dismantling of the repressive institutions, the individual is set free to pursue private interests, to chase market opportunities. Capital accumulation and economic growth result, although the process may be retarded by the survival of archaic institutions; their persistence would finally be broken when the perpetually rising middle classes have risen enough to assert their dominance by revolutionary force. The variations are many, but the story is a familiar one.

Of the objections made to this paradigm, two seem especially pertinent. First, the rise of the market has led to rather different forms of 'production relations' and economic dynamics in eastern Europe, western Europe and England. Wallerstein's solution, of course, is to call it all 'capitalism', though with different forms of labour control (Wallerstein 1974 and 1979).¹⁸ Second, it has been argued that markets were by no means an alien element in feudal society. They were closely linked to its forms of domination and appropriation, which they sustained while being limited by them. They allowed the rise of a bourgeoisie making gains from unequal exchange and interests. Yet even while adding a further actor with particular interests to the (geo-)politics of feudalism, this non-capitalist bourgeoisie remained part of the feudal system; the burghers' trade did not break through what Polanyi identifies as the 'limited and unexpansive nature of the market pattern, as such' (Polanyi 1957: 54–7).¹⁹

These arguments indicate the need to distinguish between forms of markets with rather different dynamics. Ellen Meiksins Wood argues that there is a decisive difference between capitalist and pre-capitalist markets. Whereas the

latter provide *opportunities* for exchange and market production, the former constitute an *imperative* for individual producers to produce for the market (Wood 1999a: 5–8; Wood 1994). This is the case when the livelihood of individuals depends on their capacity to reproduce themselves through their gains from market exchange. Yet in order to do so, they will have to produce competitively. In a society that reproduces such a form of market, investment and innovation in the means of production will characterize economic development. The consequence is a unique dynamic of secular and systematic economic growth based on raising productivity. This is not to say that there will not be economic crises or that political institutions cannot encumber or promote capital accumulation; it is a very specific form of market nevertheless. It allows us to abstract, in capitalism, an economic sphere, which appears to work according to an autonomous logic. Its corollary is the abstractedness of the political sphere. No longer directly implicated in the appropriation of surplus, politics comes to be about ‘rule’. But this is not the ‘very beginning’, as Ruggie suggests; it is the *result* of the transformation of property relations through a ‘political’ process in which the pre-capitalist (*geo-*)*politics of domination and appropriation* destroyed its own structural basis.

The question that has to be posed if we want to understand the rise of capitalism is how lords and peasants both became market dependent. This is not the case as long as lords can mobilize political means to extract surplus. The transition to capitalism, in other words, presupposes the dissolution of the unity of political and economic power; the other prerequisite is that peasants lose their non-market access to the means of subsistence. The focus, hence, is no longer on the cities, the bourgeoisie, commerce and trade; it is on agrarian property relations. Without going into the details of the transition, it has to be noted that in the struggles during the crisis of feudalism, English serfs were able to achieve personal freedom. They were unable, however, to gain property rights to the lands they occupied; these were understood to be the property of their former manorial lords. Lords were able, subsequently, to transform copyholds into leaseholds, for which they could charge market rents (Clay 1984: 69ff.). French lords, similarly, had to grant freedom to their serfs, but while they also retained *de jure* property rights on their lands, they had to accept that rents and entry-fines were fixed at a low level (Salmon 1975: 40–2; Goubert 1973: 126). In fact, peasants were thus able to assert effective ownership over their plots. In England, then, landlords lost their extra-economic powers of surplus appropriation, and peasants lost possession of their means of subsistence; French peasants, on the other hand, did not become market dependent for their reproduction.

The reason for this divergence, according to Brenner, lies in the ‘*advanced self-organization of the English ruling class in the medieval period*’ with its relatively cooperative relationship between nobility and king in the absence of banal lordship. This system was not strong enough to prevent peasant flight and resistance in the face of strongly declining population levels. Yet with intra-ruling class competition thus checked, lords were not forced to sell their *demesne* lands to serfs in order to raise cash (Brenner 1985b: 292f).²⁰ In France, by contrast, feudal state-building had taken another form. The French royal dynasty, reduced to a *seigneurie*

among many in the 'second feudal age', now tried to re-centralize regal powers in competition with the rest of the aristocracy. Slowly extending its control over territory and people, the monarchy had to gain access to surpluses against the nobles with which it competed. The monarchs thus backed the peasantry in its struggle with the lords for personal freedom and the security of peasant lands, in order to impose royal taxes and justice (Brenner 1985b: 287; cf. Salmon 1975: 22ff.; Parker 1983: ch. 1).

A capitalist market, along with a capitalist society, only emerged in England during the early modern period.²¹ It was the *unintended* result of localized struggles between kings, aristocrats and peasants for their reproduction as kings, lords and peasants – a product, therefore, of very particular circumstances, not of the broad sweep of history. To be sure, capitalist development required the prior development of commerce and trade; but nothing in the general expansion of markets made capitalism necessary or led directly to its rise.

Brenner's argument represents a fundamental break with the tendency to universalize capitalism by tacitly reading its consequences back into its prehistory. It not only enables him to escape the circularity that mars most 'explanations' of the transition but yields an account of the rise of the capitalist economy and the 'modern' state that is radically different from the dominant 'Rise of the West' approach. Where the different versions of this paradigm attempt to explain the modernization of western Europe in terms of some common cultural, political or economic forces sweeping the region forward with changing standard bearers, Brenner makes an argument for two fundamentally different paths out of feudalism. Capitalism and absolutism are not forms of economic and political organization respectively, which might combine, in particular countries, in various ways. They are radically different social totalities. Capitalism, in this perspective, emerged endogenously only in England; continental western Europe, by contrast, was by and large set on a pattern of absolutist development.²² England and France were qualitatively different, not quantitative variations.²³

Feudalism to capitalism: The singularity of the English trajectory

The unintended self-transformation of the aristocracy from a feudal into a capitalist class that took place in England was the consequence of social struggles informed by the different 'strategies for reproduction' which English feudalism had imposed on peasants, lords and kings. This process undermined the ability of lords to extract surpluses by coercive means. Crucially, the dissolution of the unity of political and economic powers in the hand of individual lords was not accompanied by their concentration in the state. Instead, the English state increasingly became the locus of *political* organization (in the modern sense), while the appropriation of surplus came to be based on economic forms of property, in turn guaranteed and regulated by this state. Capitalist property relations thus gave rise to a very distinctive form of both politics and economics; their distinctiveness lies precisely in their relative insulation from each other.

Economically, these property relations came to be expressed in the form of a system of agrarian capitalism. Much has been made of the emergence of large-scale farming in early modern England. A precondition of this development was the ability of post-feudal lords to assert their proprietorship of *demesne* lands, especially through the use of variable entry fines. Gradually, they could thus increase lands under leasehold tenure, regulated by common rather than customary law (Hilton 1973: 157ff.). At the same time, and especially in areas where customary rights of possession of copyholds were more favourable to tenants, successive enclosure movements destroyed the viability of subsistence farming by denying peasants access to common fields.²⁴ Both processes contributed to the creation of larger estates, but the more crucial consequence was the break-up of common rights and obligations over the land. It allowed richer peasants and tenants leasing consolidated farms from noble landowners to undertake land-improving measures (Thirsk 1989: 8ff.). Tenants in particular were forced by their situation in the property structure of this society to enhance the productivity of their estates. They had to produce efficiently enough to pay both wages and economic rents in order to keep their leaseholds, and, by outbidding other tenants, to expand their holdings in order to make additional efficiency profits (Brenner 1985b: 301).

But why did English landlords allow their tenants sufficiently long leases for them to undertake investments and profit from them? Why did they not, as did French nobles on those lands they actually controlled, raise rents to extraordinary levels, leaving little for tenants to re-invest (Forster 1970: 1610–13; cf. Jones 1967a: 14)? It was precisely the lack of opportunities for investments in politically constituted property that forced the English noble landowners to rely on incomes from landed property for the reproduction of their social status. Without access to more profitable and honourable political forms of appropriation, they had to develop into an *entrepreneurial* aristocracy with an interest in the ability of their tenants to reinvest gains, even if these were slow to manifest. Within the tenantry, this economic dependence led to the amplification of existing differences; those unable to hold their place in the competitive race for tenures joined the proletarianized class of agrarian (and industrial) labourers (Sharpe 1987: 134). Crucially, then, large parts of the population became dependent on the market for their reproduction. This market imposed competitive imperatives as no other market in history had done previously. The consequences of an economy dominated by a logic of economic rather than political accumulation help us understand the pattern of economic development leading up to the industrial revolution.

While the debate about the timing of the English 'agricultural revolution' continues, it has become clear that the unprecedented productivity gains of the eighteenth century were only the peak of a longer process, which started in the seventeenth century or even the sixteenth. There is now a tendency to see the whole period as revolutionary in terms of agricultural productivity (Overton 1989: 9 and 13f.).²⁵ The levels of investment and innovation which made this possible were unique to England. This allowed for the drastic reduction of people engaged in agriculture (from 76 per cent to 36 per cent of the total population),

which went together with a population increase of 350 per cent between 1500 and 1800.²⁶ Crises of subsistence became less and less pronounced in England, which nevertheless did not become dependent on food imports. Most significantly, the general crisis of the seventeenth century affected England to a much lesser degree than its continental neighbours (Holderness 1976: 9–24 and 233). The high productivity of English agriculture allowed for the development of industry by releasing labour power and created a mutually reinforcing cycle of agricultural and industrial demand. This, in turn, made possible the development of a national economy that was not based primarily on luxury products; the mass of population commanded, on aggregate, significant purchasing power.

If the emergence of a dynamic economy in early modern England was one major product of its capitalist property relations, the ‘underdeveloped’ form of its state was another. On the one hand, the English state achieved the monopolization of force and the demilitarization of the aristocracy at a comparatively early time; this was not accompanied, on the other hand, by the imposition of a highly rationalized and bureaucratic state apparatus using its monopoly of violence to subordinate civil society to its own ends. This reflects the peculiarly political character of the English state, which did not develop into an organization geared to political appropriation. Though taxation rose to very high levels in the eighteenth century, it did not so much provide a means for the extraction of surplus from the direct producers by a class organized as state. Where political power was used for personal economic advantage, it was defined as abuse, as corruption. Instead, the propertied classes taxed themselves in order to advance purposes defined collectively in parliament.

The English state has consequently been described as a ‘committee of landlords’ (Moore 1966: 19). Ellen Wood argues that capitalist property relations gave rise to

a formally autonomous state which represented the private, ‘economic’ class of appropriators in its public, ‘political’ aspect. This meant that the ‘economic’ functions of appropriation were differentiated from the ‘political’ and military functions of rule – or, to put it another way, ‘civil society’ was differentiated from the state – while at the same time the state was responsive, even subordinate, to civil society.

(Wood 1991: 28)

However, there were, as yet, severe limitations to the responsiveness of the state to the capitalist classes. The separation of politics and economics was subject to manifold contestations. Most importantly, the monarchy itself remained interested not just in expanding its dominion but in increasing its extractive powers in order to reshape its relations with the aristocracy. The desire to do so derived in part from contemporary notions (heavily influenced by absolutist ideology) of the position of the monarch in human *communitas*. As important, however, was the desire of English queens and kings to take their rightful position within the European community of emperors, kings and princes, which required their ability

to compete for power, status and honour. Before we can return, in the next chapter, to the political and economic development of a capitalist society in England, it is necessary to consider the formation of an absolutist society in France (and elsewhere on the European Continent), and its consequences for the dynamic of early modern geopolitics.

Feudalism to absolutism: The case of France

Few phenomena seem to signal more clearly the transition to modernity than the rise of the absolutist state with its high level of centralization, bureaucratization and the monopolization of legitimate violence. There is, of course, no shortage of approaches highlighting the 'archaic' features of absolutism, which were only gradually swept away by protracted processes of 'modernization'. Perry Anderson goes even further when he conceptualizes absolutism as a *transitional* mode of production mediating between feudalism and capitalism.

For Anderson, the absolutist state (of which he takes England to be a 'peculiarly contracted variant') was the instrument of an aristocracy threatened by the rise of commodity production in the interstices of feudalism (Anderson 1974: 113).²⁷ That process had destroyed feudal relations of appropriation and domination; the aristocracy had to reorganize itself politically in order to maintain its grip on society and the surplus of the peasantry. But the centralization of the means of coercion in the absolutist state could not stop the increasing autonomy of the economic sphere, and the bourgeoisie benefited from policies such as mercantilism (Anderson 1974: 15–59, esp. 18; cf. Cox 1987: 114–15). Absolutism was hence a crucial link in the 'value-added process' leading from feudalism to capitalism (Anderson 1993: 17). Its emergence presupposed the separation of politics and economics, its demise occurred with the subordination of the political sphere under the rule of a victorious revolutionary bourgeoisie.

Yet absolutism may be better understood as a fundamentally pre-capitalist form of society, devoid of any interstitial propulsions to develop a capitalist market.²⁸ There was commercial and financial activity and market exchange, but the bourgeoisie engaged in these pursuits was a non-capitalist class. Many economic historians have noted the low degree of development of agriculture and industry in France (especially relative to England) during the age of absolutism. Agricultural productivity, if not output, was almost stagnant well into the nineteenth century (Jacquart 1974: 166f.; Crouzet 1990: ch. 1; Lloyd 1983: 92f.; Goubert 1973: 36–42 and 68).²⁹ French 'proto-industry' attracted only limited investments. As Skocpol notes, commerce and industry 'remained symbiotically tied to – and limited by – the social and political structures of agrarian-imperial France' (Skocpol 1979: 55).³⁰ It is tempting to ascribe this pattern of stagnation, and the absence of a discourse of 'improvement' similar to that in England, to cultural factors preventing French peasants, landlords and manufacturers from wanting to chase market opportunities. The particular development of social property relations in France (and much of continental Europe) provides a more plausible key to the explanation both of economic stagnation and of the rise of the absolutist state.

The ability of peasants to assert *de facto* proprietorship over their smallholdings gave them the possibility to reproduce themselves outside the market; their subsistence did not depend on production at a competitive rate. Peasants certainly did exchange goods on local markets (not least to obtain money for certain levies), but they did not systematically produce for the market (Brenner 1989: 289; Forster 1970: 1603). Nor *could* they, even if nature or culture had endowed them with the urge to truck, barter and trade. Their survival could best be secured by producing a broad range of goods and avoiding specialization and dependence on events beyond their control, not least highly unstable market prices. Moreover, little usually remained of surpluses after payment of taxes, levies and remaining seigneurial dues and fines, leaving very limited possibilities for reinvestment into the means of production. Increasing output could only be achieved – and was achieved in Malthusian upswing phases – through increasing labour inputs, tying most of the population of France to agriculture. The necessary long-term consequence was the periodic decline of the productivity of land.³¹

The predominance of peasant property also helps to explain the absence of an entrepreneurial landed class in France. Noble and bourgeois landowners were generally unable to build large commercial farms, with the exception of some areas of the Paris basin. But even there, lands remained subject to the same customary regulations of the village community as peasant plots themselves (Comninel 1987: 184–91; Brenner 1985a: 62–3, fn. 111). Absolutist monarchs continued to guarantee peasant property, strengthen the peasant community and extend their own judicial system (Root 1992). The king's state also denied the nobility the possibility of breaking up common farming through political means in the form of coerced enclosures. Given endemic land-hunger, landowners were still able to extract often extraordinary economic rents, leasing out plots to peasants seeking to supplement their own subsistence production. Yet little of that money found its way back into agriculture or industry.

The reason was the availability of alternative forms of investment in politically constituted property, which promised higher and more secure returns on agricultural and commercial wealth. The 'rational' path, not only to power and status but to wealth, was to invest in the means of appropriation represented by state office. Bourgeois fortunes were part and parcel of the absolutist property system. Indeed, as Skocpol argues, the bourgeoisie was part of a 'basically unified dominant class – one that appropriated surplus directly and indirectly from peasant agriculture' (Skocpol 1979: 56). The rediscovery of Roman private law did indeed contribute to the development of the notion of absolute property, superseding medieval concepts; it thereby certainly aided the rising fortunes of the bourgeoisie, just as it helped peasants to claim ownership of their plots. But the decisive form of absolutist *private* property was the ownership of a part of the state in the form of an office.³² If there was an incipient differentiation of public and private spheres, these realms did not correspond to political and economic spheres;³³ it had more to do with demands for a private space in which religion and thought could be free from the requisition of loyalty by the sovereign. Nor was the state itself a political institution in the sense the term acquired in the

nineteenth century. The 'tax/office structure' (Brenner) of the absolutist state expresses, or is the form and locus of, the continuing unity of both political and economic power, of domination and exploitation.³⁴

If the absolutist state enabled the aristocracy to wield its class power in new and more 'efficient' forms, it cannot be reduced to a simple ruling-class choice imposed by an endangered feudal nobility. Late medieval French monarchs, as we have seen, contributed actively to the crisis of the aristocracy. But the emergent absolutist state also provided nobles with an alternative to the decentralized system of domination and exploitation. By co-opting the nobility through a range of corporate and individual privileges, it also added to the administrative and military capacities of the state (Beik 1985: 13; Tallett 1992: 190). However, the monarchy also *created* a new nobility, partly in order to lessen its dependence on post-feudal magnates, but also to raise funds for its wars. The duality of conflict and cooperation between monarchy and aristocracy remained at the heart of French development. Struggling for their share of a relatively fixed peasant surplus, necessary to sustain their political and social status, lords strove individually and collectively to limit the powers of the monarchy and to extend their own appropriative powers. Aristocratic revolt, however, was restricted by the need to rely on the state in the suppression of peasant revolts.

Absolutism was premised upon the co-existence of monarchical claims to sovereignty and aristocratic assertion of privilege and pre-eminence. Internally, absolutist societies remained characterized by a strong particularistic dimension. The very definition of absolutism, the authority of the monarch to make laws without the agreement of his subjects, seems to have corresponded more to the aspirations than the reality of the kings even of France. A wealth of studies has shown the limits to state power, the rivalry between political and legal institutions drawing on different forms of legitimacy, the continuing existence of feudal powers, and the low degree of territorial contiguity (Collins 1995: 1–5; Parker 1983: 136ff.; Henshall 1992; Mettam 1990; Parker 1989). Their control over military organization remained tenuous in many respects. The tension between absolutist centralization and local as well as corporate particularism would be misunderstood, however, if we dissolved it in the notion of the monarchical state as a 'modernizing' force imposing itself on archaic political institutions. The history of absolutism does not tell a story of the victory of a rational state geared to the pursuit of public interest over forces abusing state power for private concerns. It is a history of conflicts between opposing yet mutually dependent claims to property in and of the state and the peasant surplus it yielded (Miller 2003; Beik 1985). Though monarchs legitimated their claims to resources by reference to external threats, the 'public' character of the king's war is highly problematic, as I will try to show in the next chapter.

The absolutist state itself should thus not be understood as the instrument of either the aristocracy (including both the *noblesse de robe* and the *noblesse d'épée*) or the monarchy, but as an 'independent, class-like surplus extractor' that afforded access to surplus to different privileged groups (Brenner 1985a: 55). Conflict between these groups about their relative shares remained pervasive. This was not

a 'modern' state, not even in an underdeveloped form.³⁵ Absolutist property relations found expression in a form of sovereignty that was premised not on *generalized impersonal rule*, but on *generalized personal domination* that remained *necessarily* riddled by privilege and particularism.³⁶

Conclusions

In preceding chapters, I have argued that capitalism is not so much a particular form of 'economic' action (based on the rational pursuit of profits) as a way of ordering society. Capitalist society involves the emergence of a distinct sphere of 'the economy', in which decisions about production and distribution become subordinated to considerations of profitability, as people become dependent on the sale of commodities (including their labour power) in the market. Its concomitant is the emergence of a 'political' state which, while guaranteeing private property and regulating and even governing the economy, is not directly implicated in the private appropriation of the surplus product. This understanding does not accept that capitalism is nothing but the free economic activity of utility-maximizing individuals. Such a positivist conceptualization reduces history to an evolutionistic teleological developmental process. It also falls short of the requirements for a historicization of social relations, as it is premised on an essentialist reading of 'human nature' which is unable to recognize that humanity's nature is precisely its historical becoming.

Hence, to theorize the emergence of capitalism entails more than an account of how the political institutions that restricted 'free' economic activity were undermined by the dynamic nature of economic and technological change. It entails more, even, than an account of how institutions conducive to the rational pursuit of profit were created under pressure from 'material' progress or the needs of sovereigns locked into perpetual conflict. In both formulations, capitalism is given as a starting point; as Braudel points out: 'capitalism has been *potentially* visible since the dawn of history' (Braudel 1984: 620).³⁷ Historical narrative simply recounts how the seeds broke through even the hardest obstacles, were nurtured by interested groups, produced the fruits which strengthened those who ate from them, and finally overshadowed all other forms of social organization while expanding their roots to feed on ever more distant and deep-seated sources of energy to maintain the metabolism.

That capitalism is expansive and tends to subsume more and more areas of social life under its manic logic is undeniable. But it may be precisely the stunning dynamism of capitalism, its undeniable ability to create commodities and to expand commodity relations, that misleads us into attributing to the products of human labour a revolutionary force which, at least prior to the rise of capitalist property relations, they did not and could not have. Only when social theorists recognize the radical distinctiveness of capitalism as a form of social organization will history and historical sociology free themselves from the grip of the 'economistic fallacy' identified by Polanyi (1977).

Historical materialists would do well to heed Polanyi's critique. While there are

important elements in Marx's work which provide essential ingredients to the formulation of a challenge to the orthodox model (and all its variations), it remains mired, even in its most mature formulation in *Capital*, in the ideological constructions of liberal political economy in two respects. First, much of Marxism partakes of what Ellen Meiksins Wood has termed the 'bourgeois paradigm' (Wood 1991: 3–19). In this framework, the bourgeoisie is uncritically equated with capitalism, which consequently is regarded as something that happens, at least to begin with, in the cities and towns. Yet the only transition from feudalism to capitalism, the one that took place in England, was not primarily an urban affair; ironically, the capitalist class *par excellence* in England was the aristocracy! The bourgeoisie of France, on the other hand, while busily trading and exchanging, was not a capitalist class.

What, then, of the French Revolution, the classical case of a bourgeois revolution which supposedly marks the decisive stage of capitalism's long birth process? It is with good reason that the now dominant 'revisionist' interpretations of the French Revolution have thoroughly debunked the notion of a revolution made by capitalists to serve capitalist purposes. In fact, most of the revisionists have come away from their studies unable even to identify a capitalist class in pre-revolutionary France, as the forms through which the bourgeoisie and the aristocracy gained their incomes were rather similar (Doyle 1990; cf. Lucas 1973; Furet 1981).³⁸ In England, of course, the differences between aristocracy and bourgeoisie also became less prominent during the early modern period – but with a decisive difference. Just as the bourgeoisie and aristocracy of France were constituted as a single class reproducing itself through politically constituted property, so the English gentry and aristocracy were a single capitalist class, reproducing itself through *economic* accumulation (cf. Zagorin 1965: 51). In the bourgeois paradigm, however, the differences between England and France are constructed as variations in the 'rise of the capitalist West'. As such, it presents a 'composite picture formed largely by the retrospective superimposition of the French revolutionary experience upon the example of English capitalism, and, conversely, an interpretation of the French political experience in the light of English economic development' (Wood 1991: 4).

Second, Marxism after Marx has privileged those elements of its liberal materialist heritage that underpinned its evolutionistic, economic and deterministic tendencies. Not surprisingly, one of the victims of the interpretation of the transition to capitalism outlined so far has to be the time-honoured 'mode of production' framework that Marx appropriated from classical political economy (where it figured large in the guise of 'modes of subsistence'), and which played such a fateful role in the rigid schematization and even strait-jacketing of history in the hands of Marxist theorists (Comminel 1987: 140–4). Its limits, even as a broad scheme, are highlighted by the inability to fit in absolutist society.

Perry Anderson has, famously, sought to portray absolutism as a transitional mode of production between feudalism and capitalism which amalgamated elements of the two (Anderson 1974: ch. 1). I have argued, by contrast, that absolutism was a radically non-capitalist form of social organization; its political apex was

decisively characterized by use of the power of the state in the process of exploitation. But if the absolutist state showed a fundamental continuity with feudalism in that politics and economics continued to be non-separated, absolutism cannot simply be reduced to feudalism. Absolutism was as different from feudalism as the latter was from the 'slave mode of production' of classical Antiquity. The differences between these societies may be better understood in terms of the 'specific economic form, in which unpaid surplus-labour is pumped out of direct producers' (Marx 1971: 791). The limited number of successive 'modes of production' may thus have to make way for a notion of 'modes of exploitation', through which absolutism could be grasped as a historical society *sui generis*.³⁹

Such a 'modes of exploitation' framework has the added advantage of precluding the presumption of a necessary evolutionary movement through history at whose end stands capitalism (and, eventually, socialism). Once we recognize that capitalism is not simply commerce writ large – that it is more than an extension under more favourable institutional circumstances of age-old practices of buying cheap in one market in order to sell at a higher price in another – it becomes clear that its emergence is the product of contingent local conditions. These conditions, I have argued, existed in England during the early modern period. But they did not obtain by any historical necessity. Capitalism, in short, need not have come into existence at all. Having come into existence in a particular place and time, however, the question arises as to how capitalism was able to expand and ultimately to encompass the whole world. One thing is clear, though: the conditions under which societies subsequently were transformed in a capitalist direction were very distinct from those which obtained in the original English case. The English experience can thus not serve as a generalizable 'model' of capitalist transformation.

5 The international system of the *Ancien Régime*

The limits of territoriality

The early modern period brought, for western Europe and beyond, momentous changes. Both the ‘universal empire’ and the feudal (geo-)politics of the Middle Ages were undermined as emperors and nobles alike found themselves confronted by projects of state formation which led, over time, to the consolidation of sovereign, territorial statehood. For John Ruggie (1993), as we have seen, territoriality is the defining characteristic of the modern international system. As such, it is part and parcel of modernity and of the process of modernization, which also includes, in this perspective, the emergence of capitalism, of an individualistic subjectivity, and so forth.

The presumption of such a ‘package deal’ for western Europe as a whole has been challenged in the preceding chapter. I have argued that, apart from England, European states did not go through a period of capitalist development after the demise of feudalism. As I have shown in the case of France, the pattern of economic development as well as the nature of the absolutist state there expressed and institutionalized non-capitalist social property relations. In as much as the early modern period did indeed witness the triumph of territorial statehood, then, we have to question the almost universally claimed linkage between territorial state formation (and therefore the rise of an interstate system) and the rise of capitalism.

But is the premise itself valid? There have always been those – historians in the main – who have rejected the argument that a modern system emerged before the nineteenth century, and who have thus refused to be impressed by the supposed modernity of the ‘Westphalian’ system (cf. Hinsley 1967; Duchhardt 1999). More recently, Stephen Krasner has questioned whether states could actually be called ‘sovereign’ before the nineteenth century, given their limited control over their territories and the militarily active parts of their populations (Krasner 1993; Thomson 1994). These authors, however, while questioning the *degree* to which early modern states have approximated the ideal-type of sovereignty, do not challenge the underlying model itself, which posits a fundamental continuity – if not identity – between the states of the early fifteenth and the late twentieth centuries. The state remains the same, at least for the purposes of IR theory, even if this

state was, before the nineteenth century, as yet imperfectly integrated and consolidated. The trajectory itself, from feudal anarchy to the anarchy of the system of sovereign states, is not in question.

The approach presented here, by contrast, does not accept this trajectory, at least not in relation to the conclusion that is usually derived from it: that the international system which emerged after the breakdown of feudalism is, in its structural aspects, the same one that exists today or – allowing for the possibility that we have finally progressed beyond ‘modern’ international relations – that had existed at least up to the period of contemporary globalization. As I have sought to show in the preceding chapter, the absolutist states which principally formed the Westphalian system were not simply *relatively* but *absolutely* non-modern. They were riddled with local and corporate particularisms not so much because they had not yet advanced far enough along the road to full modernity, but because the social property relations prevailing within them did not allow for the generality of abstract, impersonal rule which capitalism permits. Absolutist territoriality and capitalist territoriality are fundamentally different forms of organizing the relations of domination and exploitation – or what may be called the *social relations of sovereignty*.

And yet, if absolutist territoriality is not commensurable with the form of territoriality that emerged after the general transition to capitalist modernity since the nineteenth century, it certainly *did* mark an important transformation of the geopolitical dynamic. Though the logic of political accumulation, which was at the origin of *feudal* state-building in the late Middle Ages, remained central to the absolutist (geo)political system, absolutist international relations do not simply betray a ‘feudal logic’ as Perry Anderson contends (Anderson 1974: 31–3 and 57–8). Nor can we discount the territorialization of sovereign authority which took place during the early modern period, as Justin Rosenberg (1994) seems to do. As we have seen in chapter 3, Rosenberg considers modernity to be characterized by the separation of economics and politics as well as the differentiation of internal and external realms. But whereas Ruggie argues that both these processes began in the fifteenth century, Rosenberg seems to locate them in the nineteenth.¹

In this chapter, I will suggest that both approaches suffer from the assumption that the emergence of capitalism and of the sovereign, territorial state are coeval. Instead, I will argue that the separation of the domestic and the international has different social and historical roots from the separation of the political and the economic. Most crucially, absolutist territoriality *did* differentiate domestic and international realms, however imperfectly, and thus constituted a system of states that can be called anarchical. Anarchy, here, has a concrete historical rather than simply analytical content: it signals the negation of the feudal (geo)political system with its complex mix of autonomy and hierarchy between the wielders of military force. The relationship between the rulers of bounded territories claiming external sovereignty was necessarily quite different from intra-lordly competition. Replacing the feud, war between sovereign territorial states was no longer about the negotiation of the relative

position of the warring parties in a hierarchical system conferring differential access to political property rights. Relations of exploitation thus became internalized, even while absolutist geopolitics remained driven by the externalized imperatives generated by absolutist property relations, in particular the need for territorial conquest.

The first purpose of this chapter is thus the development of a framework for the interpretation of international relations in a historical epoch in which internal and external realms became increasingly differentiated, but in which statehood was not yet premised on the abstraction of politics from economics. Implicit in this line of argument is the suggestion that territoriality as such is incapable of defining modern international relations. While territoriality (and the anarchical relationship it constitutes between 'conflict units') marks an important element of continuity between the absolutist and the capitalist international systems, it is only through the analysis of social property relations (and the 'social relations of sovereignty' which they entail) that we can gain an appropriate historical understanding of particular geopolitical dynamics. It is this aspect, rather than the mode of spatial differentiation (Ruggie), or the dynamic of interaction (Wendt), that provides the key to the particular 'logic of anarchy'.²

The second task of this chapter is to establish that, contrary to the thrust of Weberian historical sociology, geopolitical rivalry can no more explain the transition to capitalist modernity than the expansion of markets, trade and bourgeois influence (or any pluralistic combination of 'economic' and 'political' accounts). In particular, the transition from absolutist to capitalist sovereignty cannot be understood as a continuous process of consolidation and 'modernization' in response to international competition. Weberian historical sociologists have suggested not only that such competition is more important in explaining state formation than the requirements of the capitalist economy, but that the development of capitalism itself has been decisively advanced by states seeking to enhance their ability to compete in the international system. Jacob Viner (1948) similarly pointed out that mercantilist strategists regarded the maximization of political power and the fostering of economic wealth as equally important aims of states, which would have to reinforce each other in order to guarantee the continuing existence of any particular state. Charles Tilly locates the ultimate source of state formation in the war-prone conditions in the late medieval and early modern periods. As princes had to fight ever more costly wars, they were forced to increase the state bureaucracy, especially their apparatus for taxation: 'War wove the European network of national states, and preparation of war created the internal structures of the states within it' (Tilly 1992: 76). To increase revenues, states strove to promote capitalist development through mercantilist strategies (cf. Hall and Ikenberry 1989: 40).

Early modern states most certainly did pursue mercantilist policies, not just in absolutist France, but also in capitalist England and in the Dutch trading empire; yet the Realist image of homogenization in the face of international competition (which is also present in much of Weberian historical sociology), is ultimately

misleading.³ As I will show, military conflict in the early modern period did *not* tend to strengthen the king and his state; the aristocracy was able to maintain or even extend its regional and corporatist powers. The transcendence of the *Ständestaat* ('state of estates') and the rise of monarchical absolutism after the mid-seventeenth century⁴ was not so much the result of a victorious monarchy imposing the new order on the aristocratic defenders of privilege and particularism, as of a negotiated settlement.

The general point that needs to be emphasized is that the pressures of the international system are always (except perhaps in some cases of direct conquest) refracted through the prism of the social property relations prevailing within these states. Thus absolutist Spain, for instance, was never able to develop a form of monarchical absolutism similar to France because of aristocratic resistance (and despite the loss of geopolitical competitiveness). Moreover, even where states pursued mercantilist policies, these strategies did not, except in the English case, foster *capitalist* industries; instead, they represented rationalization strategies *within* the context of existing property relations. Political and economic 'modernization' in absolutist states did not contribute to the increasing realization of the telos of a 'modern' economy and state (whose modernity is supposedly defined precisely by highly rational action in these 'spheres'), but reflected the distinctive rationality of social agents situated in an absolutist 'framework for action'.

This, then, leads to the third aim of the chapter, which is to explain how capitalism spread beyond its origins in England. England itself was unequivocally part of the absolutist international system of the early modern period.⁵ Indeed, I will argue that while English foreign policy objectives gave at least partial expression to the needs and requirements of the capitalist civil society and economy that uniquely developed there, English foreign policy during this period can only be understood in its absolutist geopolitical context. Moreover, England's 'capitalism in one country' could survive the vicious dynamics of absolutist international competition only through adaptation. Crucially, this did not take the form of an absolutist transformation, but was achieved through the establishment of a 'fiscal-military' state apparatus (J. Brewer 1990) after the successful anti-absolutist revolutions of the seventeenth century.

For most of the early modern period the pressures of adaptation ran from the Continent to Britain; this began to change when the dynamic of capitalist development in Britain led to the industrial revolution. In *this* particular context, international competition now led to pressures for *capitalist* modernization in order to withstand the geopolitical and economic advantages which Britain reaped from its pioneering role. The consequence was a series of revolutions from above which imposed capitalist social relations on continental European societies and transformed the states themselves which were the agents of this process. When capitalism spread during the nineteenth century, first to western Europe and then globally, it entailed a new form of politics. At the same time, the social space of capitalism was pre-configured by the territoriality of authority that had been generated by absolutism. Hence there is indeed continuity in the spatial organiza-

tion of the international system since the early modern period; territoriality and the anarchical system of territorial states preceded capitalism. Yet the content of politics and international relations began to change with the universalization of capitalism.

The pre-Westphalian system (c. 1450–1648)

In as much as military conflict in the early modern period was increasingly an affair fought out between the princes of independent territorial states, its fundamental source can be found in the domestic pressures for territorial expansion. Territory was not just – or even primarily – of strategic importance; it gave access to material wealth. Europe, to its princes and kings, ‘was like an estate map, and war was a socially acceptable form of property acquisition’ (Hale 1985: 22). According to Garrett Mattingly, profit, next to honour, was a motive for war deemed acceptable by contemporary political society. ‘Profits were reaped in booty, ransoms and indemnities, and above all in taxable conquests’ (Mattingly 1988: 116).⁶ External conquest was thus a highly rational form of social expansion, adding to the pie available for distribution in a society with definite limits to internal expansion of wealth. It also promised to strengthen the king’s position within the state and increase revenues available to himself rather than the aristocracy. Territorial expansion, then, was part and parcel of the *expanded reproduction* of the absolutist property system.

That many wars were motivated by considerations of honour and *gloire* does not diminish the centrality of territorial expansion; hence the pursuit of honour through the conquest of territory. Moreover, with constant competition for positions in the next round of territorial redistribution on the basis of dynastic politics, honour is hard currency in such a system of personalized power. Indeed, absolutist kings and princes, not states, were the sovereigns of this system. The personal dominion of great dynasties over a variety of territories constituted the building blocks of international politics. Concepts such as ‘national interest’ are highly problematic in such a system, where princes are quite willing to exchange their territories for more substantial ones in the roulette of dynastic politics.

If from the standpoint of the sovereigns the game was *inter-dynastic* rather than *inter-state politics*, the picture of early modern geopolitics becomes even more complex once we consider ‘domestic’ challenges to monarchical sovereignty. Military conflict certainly was not yet restricted to interactions between territorially bounded containers of power, and consequently not a phenomenon of the international sphere alone. Noble magnates could still, well into the seventeenth century, mobilize autonomous and legitimate military force against their ‘sovereigns’.⁷ At stake was their independent dominion and income, to be defended against a state that not only offered opportunities for prestige and enrichment, but also threatened to subordinate their autonomy to the sovereignty of the monarch. The dynamic of geopolitical conflict, with its extreme volatility, was decisively shaped by the conflicts over state formation between the monarchy and aristocracy,

influenced in turn by their relations with the peasantry and burghers.⁸ Indeed, the geopolitics of this period may best be understood, as David Kaiser argues, as a 'general struggle among the European aristocracy for economic and political power' (Kaiser 1990: 7).⁹

This struggle took place in both the domestic and international realms, which, though structurally distinguishable here, remain extremely blurred. It was predominantly about the negotiation of the *relations of sovereignty*; at stake was the constitution of these societies themselves.¹⁰ Almost every 'external' war fought by a ruler against other sovereigns was at the same time a war against their own aristocracy, whether directly or indirectly (cf. Mattingly 1988: 116). The extreme volatility of the pre-Westphalian international system, leaving Europe hardly a year of peace between 1450 and 1660, derives from these lines of conflict. Because of the close relationship of dominion and transcendental legitimization, religion was among the most potent cultural media through which competing claims were articulated (without being reducible to this aspect). Protestantism allowed aristocrats to formulate their opposition to the concentration of power in the monarchy. But while religion added to the acrimony of this struggle, at its root was the control over the state as the central form of surplus appropriation and the chances for the reproduction and improvement of their social positions that this implied for these groups. Sovereignty was fundamentally a problem of the proprietorship of the state and the access to surplus which it afforded. Sovereignty was a claim to *property of the state*.¹¹

The struggle over sovereignty was decided, during the course of the seventeenth century, in favour of the monarchs and princes. The general recognition of the principle of external sovereignty after the Peace of Westphalia went hand in hand with the consolidation of internal sovereignty (cf. Wendt 1992: 413).¹² But can this be explained by the success of monarchs in the 'wars of state building'? Contrary to historical-sociological arguments, with their tacit teleological foundations, external pressures did not translate into the ability of the kings to subordinate the aristocracy. The consequence of the 'century of destructive chaos' (Kaiser), the endless wars between 1550 and 1650, was not the strengthening of the central state apparatus, but the complete social and geopolitical breakdown, with no side able to secure victory (Kaiser 1990: 15–22 and 135–7; Tallett 1992: 188–205). Indeed, the position and role of the aristocracy was often enhanced in these conflicts, not least because its powers were strengthened by the state itself. Standing armies were still based on the feudal *ban*, and mercenary forces were commanded by aristocrats of often doubtful loyalty. In their struggles for sovereignty, monarchs had to rely on the nobility itself, caught in a dialectic of empowerment and subordination.

If military conflict over sovereignty as well as wars of expansion had as their decisive core the access to peasant surplus, the latter was increasingly strained by the limits to *productive* expansion and increasing appropriation which this (geo)-political property system implied. Declining output in turn amplified conflict over its distribution; the whole system undermined itself. Its most vicious expression was geopolitical, erupting in the Thirty Years' War.¹³ It may indeed be the recog-

nition of the non-viability of intra-ruling class relations that made the absolutist consolidation of the second half of the seventeenth century possible. Theodore Rabb suggests that

the frightful specter of total anarchy raised by the new military tactics, the unprecedented slaughter, and the lawlessness of international relations, seemed to have brought Europe to the edge of the abyss. The shock of unbridled chaos, of a myriad of competing claims battling each other to extinction, made thoughtful men realize that these reckless assertions of private will were the surest road to disaster.

(Rabb 1975: 119)

The aristocracy, whether out of thoughtfulness or self-interest, began to accept its incorporation into the *ancien régime*, its transformation into courtiers and officers with derivative rather than autonomous powers. It tried to save the absolutist property system and its own privileged reproduction by excluding the most destructive forms of intra-ruling-class competition. It did so not least because it had a need for the full force of the state in a situation of diminishing revenues and increasing peasant revolts against the high levels of exploitation. Its acceptance of a truly monarchical standing army not only marked the externalization of war; it simultaneously created an instrument for the protection of tax collectors and the repression of peasant rebellions (Anderson 1988: 22–30).

The Westphalian order (c. 1648–1815)

The supersession of the *Ständestaat* signalled a consolidation of territorial statehood. Yet this was not, as Ruggie would have it, sovereign territoriality ‘hammered home by war’ (Ruggie 1993: 162–3). Instead of portraying monarchical absolutism as the institutional form of a monarchy victorious over its internal detractors, we have to emphasize the negotiated quality of this state (Duindam 1994: 42; Tallett 1992: 190). The *incorporation* of the aristocracy came at a high price. For the king’s state itself became more aristocratic, with a noble class assured of its privileged position within this society, not just in terms of prestige and status, but also with respect to the access to surplus commanded by the state. Conflict between the aristocracy and the monarchy remained high; crucially, however, such conflict lost its geopolitical dimension. Intra-ruling class competition was now primarily a non-military, domestic affair. By contrast, geopolitics – though driven more than ever by the needs for external expansion in order to secure the new domestic order – now became a relation between persons of sovereign authority no longer placed in a hierarchical system of politically constituted property (though a hierarchy of ‘prestige’ remained). These sovereigns had a *right* to war and conquest. Territorial rather than hierarchical redistribution came to dominate the dynamic of inter-sovereign relations. The *domestication* of the aristocracy was thus also an *externalization* of geopolitics.¹⁴

In this respect, Ruggie is right to argue that the consolidation of territoriality entailed a new principle of international legitimacy: 'private wars ceased to be tolerated, and war making came to be universally recognized as an attribute of sovereignty'. Yet he commits an astonishing error of judgement when he suggests that the state now became, in its internal and external aspects, the organizational locus of the 'public order':

A fundamental shift was occurring in the purposes for which power could be deployed by rulers and be regarded as socially legitimate by their subjects. Internally, legitimate power became fused with the provision of public order, steadily discrediting its deployment for primitive extraction and accumulation. Externally, legitimate power became fused with statecraft, steadily discrediting its deployment for primitive expansion and aggrandizement.

(Ruggie 1993: 161–2)

Ruggie's argument reflects a fundamental misunderstanding of the early modern state, especially in its absolutist form which he takes to correspond most strongly to the ideal-type of the territorial state. He takes the monarchy to be the representative of modernity, which imposes its forward-looking project on the feudal aristocrats; the latter are seen as defending their personal privileges and interests against the general interest of the 'public' state. Yet far from being the representative of the public interest, the absolutist project of state building signalled the monarch's claim to the state as his patrimony and private property. 'The state' is here not so much an institution of public authority, as the instrument which allows kings to privatize political power. The absolutist state is thus always first and foremost the king's state, the organization through which kings seek to replace one form of political accumulation with another – equally non-modern – one.

At first sight, this characterization of the absolutist state may appear as a return to the school-book versions of monarchical absolutism criticized in the previous chapter, which evoke images of complete power exercised by a single tyrant over all social life. These studies suggest that the concept of absolutism is strongly misleading and obsolete. Yet if we take the essence of monarchical sovereignty in absolutism to be the claim to the state as a form of politically constituted property, we can understand both the innovations of monarchical absolutism and its inherent restrictions as a necessarily limited form of organizing authority. For the project of the absolutist monarchy was not the establishment of all-encompassing control, but the attempt to rob all other repositories of power of their autonomy, and to make them derivative of the king's patrimonial state, even while accepting that authority would *de facto* remain dispersed. The aristocracy inevitably had to be part of the king's state in a privileged (though no longer autonomous) position.

The consequences can be seen even with respect to the very territoriality of absolutist authority. Important though the consolidation of territorial sovereignty was, as authority was now wielded over the inhabitants of a more or less bounded

area, it did not overcome the personal character of authority. This was still, in the eighteenth century, a Europe of 'composite monarchies' (Elliott 1992: 70).¹⁵ Domains and territories were not as fragmented as in the previous period, and princes strove to establish the contiguity of possessions, while having to accept the idiosyncratic privileges of the estates of each territory or even their separate administration. The only force binding these domains together was the king or prince himself (Kunisch 1992: 25–6).¹⁶ And this bond was not always strong. Dynastic accumulation was accompanied by disaggregation as a consequence of the vagaries of succession or exchange. With every succession, the existence of the 'state' itself was in question, closely linking domestic and international crises (Luard 1992: 202).

With power concentrated in the sovereign's person, wars of succession became, more than ever, the dominant feature of the 'international' politics of the Westphalian period (up to the time of Napoleon), which were at the source of all its major wars. Kratochwil is therefore right to argue that:

Quite contrary to the 'state-building' literature following Hintze's or Tilly's argument for the functional imperatives driving the consolidation of states in an anarchical environment, the prevailing order even in the eighteenth century was still largely dynastic . . . The point driven home by wars of succession is not that 'anarchy' (. . .) prevailed, but rather that the dynastic property arrangements often led to the most bitter fights.¹⁷

(Kratochwil 1995: 30–1)

What, then, is the meaning of the *raison d'état* which is widely held to have become the expression of territorial sovereignty? It does not seem to pertain to the abstract interests of 'the state', but still refers to the personal interests of the sovereign, the dynastic proprietor of a conglomerate of territories.¹⁸ This is, in fact, the *raison de prince*, shaped as much by the challenges to the domestic reproduction of his own position as by international imperatives.

Proprietary dynasticism is also at the heart of the early modern balance of power, which has to be understood in terms of a *balance of dynasties* rather than of territorial states. Indeed, the balance of power required and legitimized the subordination of core elements of the institution of sovereignty to its operation. Successions, unavoidably, were thoroughly internationalized affairs, which could not be left to domestic institutions to decide, as they could bring about major revolutions in the balance of power (Luard 1992: 150–2).¹⁹ The balance itself did not work as a mechanism independent of volition but as an objective to which individual states bound themselves. Indeed, acting to preserve the European balance was understood to potentially contradict individual members' interests, clashing as it did with the interest in territorial expansion and personal *gloire* (Black 1990: 162; Gulick 1967: 33).²⁰ This may be the reason for its rather poor success: the fundamental principle of foreign policy was expansion rather than security. Not even the preponderance of opposing forces deterred Louis XIV or Frederick II from pursuing 'opportunities' for

aggrandizement. Many kings sought territorial change, with scant regard for the rules and requirements of the balance. Princes sided with an already dominant Louis XIV in his campaigns to share the spoils. For some time at least, they joined the advancing revolutionary armies of France instead of building an alliance against them. Time and again, bandwaggoning rather than balancing was the preferred strategy, for it was the short-term extension of existing territories rather than the preservation of the status quo which formed the interests of absolutist princes (Luard 1992: 335 and 347–52; cf. Rosecrance and Lo 1996).

The dynastic balance of the Westphalian system could not contain the bellicose impulses of the absolutist monarchies. Indeed, it seems to have worked best when it could be used to justify the predatory schemes of the great powers for their weaker neighbours' territories; in the name of the balance, compensations for the dynastic or military expansion of a dynasty or state could be demanded. Successive peace treaties tried to re-establish a balance by such 'proportional aggrandizement', authorizing the separation and extermination of small states. The period also produced numerous plans for the break-up of France, Spain, Austria or Prussia (Gulick 1967: 70–2; Luard 1992: 201–3).²¹

If the balance thus did little to secure the survival of the units of the early modern international system, the idea of the balance may also have done more to fan than to restrain conflict. With the consolidation of territories and boundaries, expansion became more difficult for sovereigns and their states. That did not prevent states from seeking even small territorial gains – hardly surprising, given their internal constitution. Even though few lasting changes to the map of western Europe were made after this period, many territories changed their masters several times. But small gains by one side constituted a big threat to the others. While many wars were fought over minor territories, the 'near-equality' of states (or dynastic conglomerates) also made sovereigns tread more cautiously for fear of retaliation. States, as Hinsley notes, 'exhibited a kind of schizophrenia, the outcome of the conflict between their urge to expand and their need to be careful' (Hinsley 1967: 177).

It is difficult, at this point more than ever before, to distinguish strategic and 'economic' values attached to territorial conquest. Clearly, a geopolitical system based on territorial states and international anarchy acquires a specific momentum of its own. It does force sovereigns to react strategically to each others' pursuits; it makes it necessary to react to the strengthening of potential opponents by increasing internal strength and seeking allies, thus contributing to what to sovereigns must have appeared like a security dilemma. The competitiveness of the international system also provided a powerful stimulus for the rationalization of the state apparatus and increasing the efficiency of domestic resource mobilization (implying, not least, a further turn of the screw on peasant surplus).²²

But rationalization does not imply 'modernization' (or even homogenization). The international system contributed to the reproduction of different systems of politically constituted property within the state and the proprietary character of the state itself. The logic of political accumulation produced by internal property

relations was thus buttressed from outside, reinforcing the continuous investment in the means of violence, both internally and externally. Warfare, in this dual determination, was indeed 'not the "sport" of princes, it was their fate' (Anderson: 1974: 32). But if this dynamic seems to be describable in Realist terms, the pattern of interaction, as we have seen, can only imperfectly be understood in terms of the balancing of power. The expansive impulses generated by their systems of property relations – rather than the premium put on security by the anarchical international system formed by these states – help us to understand the failure of the Westphalian system to find a balance.

What emerges is a particular logic of anarchy, characterized by a very high degree of military and diplomatic competition. Differentiating between types of 'security systems' under conditions of anarchy, along the lines explicated by Alexander Wendt, may be useful in delimiting the Westphalian from the capitalist international system (Wendt 1999: ch. 6).²³ Wendt suggests that anarchy is compatible with rather different patterns of interaction between states, which can be ranged on a continuum that leads from 'competitive' over 'individualistic' to 'cooperative' security systems. Anarchy is only the 'permissive cause' of conflict: the strategies of individual states cannot be derived from this structural principle. Whether states pursue 'self-help' policies depends on their security identities. While Wendt is mainly concerned with the shaping of identities and interests by the experiences of interaction between states, he also notes the importance of the internal structures of these states. Indeed, the arguments presented above suggest that *what states can make of anarchy* in any particular historical situation is constrained by their (or by the most dominant states') internal structure. Internal identity and interest formation is, in this sense, more fundamental to the character of international politics than the process of interactions; ultimately, *anarchy is what states are made of!*

Competitive security systems, in which self-help considerations (maximization of relative gains) dominate foreign policy, emerge when predation looms large in the experience of states and their sovereigns. The absolutist international system, both before and after the Peace of Westphalia, approximates this image. As I have tried to show, the predatory character of their foreign policy was inherent in their internally constituted identity. Their domestic systems of property relations forced them to pursue expansive rather than security-oriented strategies. This basic constitution of international relations did not change with the consolidation of sovereignty in the Westphalian system. The mutual recognition of their 'territorial property rights' by sovereigns did indeed, as Wendt suggests, function 'as a form of "social closure" that disempowers nonstate actors and empowers and helps stabilize interaction among states' (Wendt 1992: 413). Especially by subordinating the aristocracy, sovereignty transformed the dynamic of international relations, ending the aristocratic war of all against all. Yet the strengthening of sovereignty did *not* give rise to an 'individualistic' security system, in which states pursue absolute rather than relative gains, as Wendt seems to suggest. The dynamic of conflicts between sovereign states was more controlled, especially on the theatre of war itself, but competition remained virulent. Hence the internalization of

sovereignty norms did not, as Wendt suggests, make states 'more respectful toward the territorial rights of others' (ibid.: 414–15).²⁴

The system of sovereign states of the Westphalian epoch was thus a small step along the continuum of anarchical systems; but it was still dominated by the logic of predation rather than security. In this situation, the experience of states could not but reproduce the competitive nature of the early modern geopolitical system. Only with the generalization of capitalism – a process promoted by the very competitiveness of the international system under the impact of English industrialization, as we shall see – did it become *possible* for an individualistic security system to emerge.

England: Capitalism in one country and absolutist geopolitics

The international system constituted by absolutist states had powerful effects on their internal development without, however, generating a transition to a modern form of rule, based on the separation of political and economic authority. In the case of England, by contrast, social struggles over property relations had led to the development of a capitalist economy and a form of rule abstracted from direct implication in the organization of exploitation. English state development during the early modern period was shaped in many ways by its involvement in an international system driven by imperatives of territorial expansion; but the historically unique character of the English state was not thereby submerged.

This is not to say that England's was a purely capitalist state. It was born from feudal state building, in which the monarchy had assumed a relatively dominant position. And the monarchy's role in the early modern period cannot be reduced to that of an executive branch of government, operating within the parameters set by political society. In fact, much conflict arose from monarchical attempts to establish greater or even absolute authority. It is striking, however, that such conflict did not prevent the nobility from contributing to the strengthening of the state after the demise of feudalism. The English state achieved the monopolization of the means of violence more effectively and long before the continental states.²⁵ Having lost its ability to reproduce itself through coercive surplus extraction from the peasantry, the nobility accepted its demilitarization. In return, it demanded effective protection by the state against those 'bastard feudal' magnates who still tried to improve their fortunes by coercive redistribution of available surplus, as well as against challenges to their economic property rights from tenants and village communities (Brenner 1993: 652–3).

Though rather 'weak' in terms of its ability to impose itself on society, the English state was also more unitary than absolutist states could ever become.²⁶ The state, rather than the king, was (or increasingly became) sovereign. Whereas continental social conflict was characterized by the struggles over the development of monarchical sovereignty, with the aristocracy trying to restrict the sovereign authority of the king's state and to preserve their independent powers, English

social conflict was a struggle about the control of the state and thus the *locus* of sovereignty (J. Brewer 1990: 4–7; Rosenberg 1994: 137). While there was tenacious factional strife, there was no military conflict between the forces of centralization and those of regional and corporate particularism, which was at the heart of the geopolitical dynamic in western Europe during the sixteenth and seventeenth centuries. Involvement in the great European aristocratic war was thus limited.

The suspiciousness of the parliamentary classes, fearing the strengthening of the monarchy's control over the state, in turn restrained the state's ability to wage war. In order not to strengthen parliamentary rights in exchange for extraordinary taxes, English monarchs generally pursued security rather than expansion in relation to the Continent (though not against the disorganized neighbours in the British Isles). The few ventures of English monarchs into the European fray actually weakened their domestic position (Zolberg 1980: 708). Paradoxically (at least in the terms of the state-building literature), the monopolization of the means of violence went hand in hand with the transformation of England into a 'marginal power in the great European struggles of the sixteenth and seventeenth centuries', which did not even field a standing army because the formation of such an army was opposed by the Tudor monarchs for fear of strengthening the nobility (J. Brewer 1990: 7–13).

Foreign policy played an important role in the Stuarts' attempts to establish absolute authority; along with taxation and religion, it was a crucial issue organizing conflict over sovereignty. It was not opposition to war *per se* – and to the additional taxes this implied – that led parliament to oppose the foreign policy of the Stuart kings. Conflict arose because 'throughout the seventeenth century, monarchs tended to undertake *specific* wars – and pursue *particular* foreign policies – of which the parliamentary classes could not approve' (Brenner 1993: 648, emphasis added). These kings tried to strengthen their own position domestically and in the European community of princes through dynastic policies and the projection of power in ways that were apt to endanger the Protestant Settlement. The monarchy did not pursue some abstract and objective 'national interest' for which it required additional means from egotistic and provincial parliamentarians. Rather, two different sets of interests vied for the definition of the *raison d'état*. The Stuart kings were fought against so bitterly precisely because absolutist ambitions were not simply about a different form of government but a different form of society. They threatened personal liberties as well as the security of capitalist private property and the incomes that landlords derived from it. The English state was threatening to become a 'class-like competitor' to the capitalist landed class whose conditions of reproduction were thus at risk.

International relations, then, shaped English political development in the Reformation period in important respects. During the seventeenth century, forces outside the 'political nation' were decisive in shaping the outcomes of rebellions and revolutions, precisely because of the demilitarization of the English nobility: Scottish troops and the London 'mob' in 1640/41; and Dutch forces decided the fate of absolutism in England in 1688. But only after the Glorious Revolution did

England itself assume an active role in the international system. The triumph of capitalist forces in the revolutions of the seventeenth century did not, therefore, generate a particularly pacific foreign policy. England (from 1707 Great Britain) 'acquired a standing army and navy. She became, like her main rivals, a fiscal-military state, one dominated by the task of waging war' (J. Brewer 1990: 27; O'Brien and Hunt 1993). To a large extent, we can understand the militarization of the English state as a response to the competitive international system dominated by absolutist powers. With the consolidation of the absolutist state in general, and nearby France emerging as hegemon under Louis's XIV rule in particular, the security of England's territory and constitution became more precarious.

That the response to this threat was not bandwaggoning (as Charles II had tried) but balancing presupposed the reconstitution of the 'national interest'. Parliament's war against absolutism and William III's war against French hegemony and its dynastic aspirations merged in the new English foreign policy (Zolberg 1980: 710; McKay and Scott 1983: 46–7). Convergence of external interests did not preclude continuing conflict over the extent of the crown's prerogatives. Sovereignty now was with the *king in parliament*, with parliament being the dominant element; but the monarchy remained an organ of the state with aspirations beyond its constitutional role in order to pursue the king's dynastic and personal interests. Parliament, in turn, jealously guarded its rights to control the army and navy, and to levy taxation (Doyle 1981: 225; J. Brewer 1990: 43 and 147). It also increasingly pushed for a *blue water* strategy of overseas expansion and the protection of trading routes. But only gradually did colonialism take pre-eminence over Britain's continental strategy (Baugh 1988).²⁷ Significantly, British colonialism was not geared to imperial aspirations within Europe. The aim here remained security rather than expansion; by employing its resources as a 'means of keeping Europe divided', Britain kept the leading European states absorbed by their desperate attempts to gain advantages over their continental rivals (Hinsley 1967: 184).

The development of capitalist social property relations in England gave rise to a form of state radically distinct from that of absolutist France. But England's capitalist state did not exist in a geopolitical (or historical) vacuum; its institutional development reflected outside pressures, filtered through social property relations. International relations contributed to the strengthening of the state apparatus and its ability to govern civil society. That the high levels of taxation it was able to impose did not lead to economic and financial crisis bears witness to the strength of capitalist production and its gradual penetration of commerce (Mooers 1991: 166). War itself contributed positively to capitalist development and the industrial revolution in England (O'Brien 1994; Crouzet 1996; Weiss and Hobson 1995: 113–17). But it could have this effect – rather than the strangulation of production and finance by the logic of political accumulation – only because of the prior differentiation of an economic sphere, with its inherent necessity for investment and innovation in the means of production.

The European transition from absolutism to capitalism

Capitalism, according to the argument outlined so far, was a local 'invention', the result of the unintended consequences of struggles over the reproduction of feudal property relations. For three centuries, English capitalism and continental absolutism coexisted, influencing each other in manifold ways without, however, losing their fundamental distinctiveness. Most importantly, there had been no endogenous development of capitalist property relations (or forms of production) within absolutist societies.

When capitalism spread to the states of continental Europe during the course of the nineteenth century, it was *externally* induced. Under the impact of the industrial revolution, the geopolitical pressures that had previously forced Britain to adapt to the pressures of absolutist geopolitics now transmitted the pressures generated by unprecedented economic growth back to the Continent. As with the original emergence of capitalism in England, the 'transposition' of capitalism to the Continent was a 'political' process that derived from threats to the social reproduction of politically constituted property relations. In the case of the transition from absolutism to capitalism, this threat was primarily *geopolitical* (Wood 1991: 159).²⁸ The very competitiveness produced by the predatory character of absolutist states rendered the external reproduction of the classes organized *in and as* the state in continental Europe highly precarious once a member of this system developed military capabilities such as those generated by industrialization (cf. Hall 1996: 68).²⁹

The crucial point that needs to be emphasized is that just as the expansion of trade did not lead to the emergence of a capitalist economy, so the competitive pressures of the early modern international system by themselves cannot explain the process of *capitalist* modernization. Strategies of 'rationalization' pursued by continental states seeking to boost their competitiveness always remained bounded by the rationality generated by the absolutist socio-political property system. Absolutist geopolitics reproduced the internal logic of political accumulation that was at the heart of these pre-capitalist state/society complexes. Only now, confronted by the sheer material success of capitalism, did their competitive strategies begin to transcend this system in order to preserve the privileged domestic position of the (post-) absolutist 'state classes'. In this respect, too, the absolutist period was not transitional in any teleological or evolutionist sense; it did not inevitably point to a more truly modern system beyond itself which its own internal dynamics helped to bring about.

Hence, capitalism was 'transposed' from England to continental Europe by a series of 'revolutions from above' or 'passive revolutions' (Wood 1991: 102–5).³⁰ It was imposed on non-capitalist societies by pre-capitalist 'state classes' for *geopolitical* purposes in which capitalist production figured only as an instrument. The political character of the social transformations taking place in most European societies in the nineteenth century is, of course, an established theme in historical sociology. According to Giddens, to cite just one example, '[c]apitalism developed within a military "cockpit" in which the expansion of industrial production very

soon came to be seen by all ruling groups as the *sine qua non* of national survival' (Giddens 1981: 190; cf. Weiss and Hobson 1995: chs 3–4). Where my analysis differs is in the interpretation of the rupture that was brought about by these policies: not as an extension and culmination of long-standing socio-economic tendencies within these societies, but as a fundamental break with their previous path of historical development. Industrialization not only revolutionized the economy of these societies, it presupposed the transformation of their social and political orders.

A huge enclosure movement swept western Europe during the nineteenth century, as states now gave up the peasant protection policies sustaining the absolutist tax base. Seigneurial rights and dues were abolished and where serfdom still existed, as in Prussia, states now fostered the proletarianization of the peasantry and the concentration of landed property (Gildea 1987: 16–19). The dominant form of property was reconstituted, by political means. Private property in the means of production, rather than the means of coercion, now became socially and economically dominant. The structural rupture that resulted from these processes, especially the commodification of labour power (which implies more than wage labour, namely the market dependence of the direct producers), created a new form of market in western Europe, which was, as Polanyi argues, self-regulating and thus 'radically different from even its immediate predecessor' (Polanyi 1957: 250).

That is not to say that states conformed to the role that liberal *laissez-faire* ideology ascribed to them.³¹ States certainly did interact in many ways with the economy, promoting and regulating production, finance and trade. Indeed, the more prominent role that the state generally assumed on the Continent may go some way to explain the relative decline of the British economy in late nineteenth century and the twentieth. As Ellen Wood argues, the problem was increasingly the existence in Britain of 'a state and a dominant culture all too well adapted . . . to the economic logic of capitalism'. Some of the continental states, by contrast, were more successful in a competitive world economy precisely because they were 'able to resist and counteract the contradictory impulses of capital' (Wood 1991: 167–9; cf. Weiss and Hobson 1995: 129 and 203). From the moment of its expansion, then, capitalism did not produce a world in its own image; it came to dominate global social life by establishing a complex relationship between the old and the new. If there is any value in studying the emergence of the 'pristine culture of capitalism' in England (Wood 1991), it certainly does not lie in abstracting a timeless model of capitalist development which we would expect to find replicated in all subsequent cases.

Conclusions

The capitalist transformation of European states, societies and economies during the nineteenth century was not the product of endogenous developmental dynamics. This argument, which goes against the grain of conventional wisdom, is sure to raise severe objections. For while it is quite clearly recognized in eco-

nomic history and historical sociology that the capitalist transformation of Russia's economy and society was induced externally under the impact of declining international competitiveness, such is not the case for western Europe, which is supposed to have undergone a long process of capitalist development whose origins may reach as far back as the twelfth century.

But in as much as France is typical of western Europe as a whole (a hypothesis tacitly underlying my argument, which would, however have to be subjected to more historical analysis, for instance with regard to the Dutch case), this region had not embarked on capitalist development during the early modern period. Moreover, rather than interpreting continental European development as 'deficient' when measured against the English yardstick, I have argued that English and European patterns of development represent two radically distinct forms of society and social logics of process which did not point towards an identical or even similar future. If their futures were eventually joined under a common, capitalist, horizon, this was the result of the staggering success of economic development in Britain after the onset of the industrial revolution. Mediated by the absolutist international system, this development produced pressures of adjustment on the absolutist states which could no longer be met within the existing relations of domination and appropriation. The impetus for these transformations, in other words, did come from outside rather than from within these societies; they were a result of the injection of a capitalist element into the dynamic of absolutist international relations.

In many respects, the European transitions to capitalism were therefore similar to the Russian case. The 'state classes' of nineteenth-century western Europe promoted the capitalist transformations of their own societies once the products of capitalist development in England began to undermine their ability to reproduce themselves. Within the west European countries themselves, there had been no endogenous process of capitalist development; capitalism was imposed on these societies by absolutist state classes as a means of maintaining the international competitiveness of the states which afforded them access to politically constituted forms of property. This threat to their reproduction, I have argued, was not so much an internal one: it stemmed from their declining competitiveness in the international system, whose predatory dynamic was itself the result of the logic of political accumulation on which absolutist states were premised.

To some, this argument may seem rather instrumentalist and 'top-down'; it certainly appears to contradict the demand for an account that takes seriously the dialectics of agency and structure, which I have emphasized in earlier chapters. It should be considered, however, that structure and agency do not relate to each other in the same way throughout history; this relationship is itself a historical one. Furthermore, the question whether particular processes have been more forcefully advanced by dominant or subordinated classes cannot be decided on the basis of *a priori* considerations. Social theories do not become instrumentalist by privileging agency over structure, or one form of social agency over another, in any *particular* historical instance.

Thus, the role of the peasantry in the original transition to capitalism in England was quite distinct from, and much more important than, it was in the case of the general transition from absolutism to capitalism in continental Europe. Similarly with the aristocracy and the monarchy; whereas in the English case the emergence of capitalist social property relations was unintended, in the European case it was clearly a conscious strategy. This does not mean that ruling-class choices can explain the whole process of transformation in the nineteenth century. Once we consider the particular processes of capitalist transformation in different countries, movements of resistance, for example, will become very important. Yet the general capitalist transformation can best be understood in the context of the geopolitical threats to the reproduction of the absolutist state classes who re-invented themselves as capitalist classes and/or bureaucratic elites.

It has to be emphasized, however, that neither in the original transition in Britain, nor in the subsequent expansion to Europe, could the process of capitalist development be understood as an 'economic' one. The emergence of an 'economy' was precisely the result, not the precondition, of the rise of capitalism. For this reason, even though the dynamic of feudalism appears – in modern terms – *political*, the 'politicist' explanations of the transition to modernity proposed by some historical sociologists are just as problematic as the economic ones favoured by many Marxists and liberals. The underlying concept of politics is an abstract one, divorced from (though of course interacting with) economic power. Politics and economics are seen as two different sources of power, the former being privileged in these accounts (Hall 1996: 34). Technology usually acts in both economic and politicist formulations (and pluralist combinations) as the *deus ex machina* that explains historical change; teleology remains rampant.

If we nevertheless interpret the rise of capitalism as a *political* process (as it involved, for example, the often violent (geo-)political struggles between actors who are commonly regarded as 'political', such as kings, lords, etc.) it is because we cannot leave our modern categorial framework behind completely. But only by rigorously historicizing these categories can we hope to escape a modernization perspective in which the end point is given from the beginning, because we read capitalist modernity into its pre-history. Only by taking seriously the notion that pre-capitalist politics is fundamentally different from capitalist politics (not just in content, but in form, too), can we hope to do justice to the world-historical rupture that the transition to capitalism entailed. The very *political* processes through which the *political* power to exploit (political, because it was based on allocative resources, which, as we have seen, were constituted through relations of domination) was privatized and evacuated into the 'economic sphere', transformed the nature of the relations of domination.

The ability to extract surplus through ostensibly non-political, contractual relations, however, required the *empowerment* of economically constituted forms of property (i.e. property in the means of production rather than coercion). This empowerment of *things* to mediate the process of surplus appropriation presupposed the separation of men and women from their means of reproduction. This

was, again, an eminently political process, which left them, as Marx observed, free not only of personal dependence, but of the ability to secure their livelihood without having to sell their labour-power to those who control the means of production. In every aspect, the creation and constitution of the *capitalist* market was the result of a *political* reorganization of the social relations of exploitation and domination.

With this evacuation of coercive power from the relations of surplus extraction (replaced by an 'economic' compulsion that forces people to reproduce themselves in the market), the meaning of 'politics', too, undergoes a profound transformation. It becomes, for all the interventions of states, 'abstracted', 'alienated' or 'insulated'. Here are the origins not only of the private economy, but of the political, public state as well. In nineteenth-century Europe, politics 'became the state's field to play, held not to be properly part of capital relations or religion but a sphere unto itself' (Grew 1984: 103; cf. Cochrane 1986: 88). Where the boundary between politics and economics lies is the subject of intense social conflicts which pervade the history of capitalist modernity; their relationship is not fixed. But it is important to recognize that the creation of a 'self-regulating' private economy and an 'autonomous' political and public state are coetaneous, and co-constitutive of capitalism. In other words, it is only capitalism that produces an autonomous state; or perhaps more precisely: only capitalism allows civil society to become autonomous from the state. In this sense, the abstraction of 'the political' from 'the economic' marks a fundamental restructuring of the *relations of sovereignty* within the states of continental Europe.

The separation of politics and economics, then, was the consequence of the reconstitution of social property relations along capitalist lines. No longer was the state the primary organization of surplus appropriation from which a privileged class derived its income. The post-absolutist state classes continued to derive incomes and economic privileges from the state (though these increasingly came to be identified as corruption rather than legitimate property). But the state accepted and advanced the insulation of an economic sphere, thus allowing for a logic of *economic* accumulation to develop. Crucially, this logic of accumulation was not contained by political boundaries; as well as allowing commerce and trade across borders, capitalism makes possible the transnational organization of the extraction of surplus. States can insert themselves in the (potentially) transnational system of exploitation in various ways; certainly, they are not made helpless and redundant by this transformation.

Yet the fundamental fact remains that this transformation also entails a change in the meaning of territoriality. As Rosenberg notes, the capitalist transformation creates states that are both more consolidated *and* more porous (Rosenberg 1994: 131). In that sense, capitalist territoriality is distinct from absolutist territoriality. However, the historical argument developed over this and the preceding chapters confirms the initial critique that had been their starting point: that the separation of internal and external was not concomitant with the separation of politics and economics. If capitalist territoriality is different from absolutist territoriality, as I have argued, we still have to recognize that the political space of capitalist

modernity is organized on the basis of exclusive territoriality, not because of anything within capitalism, not because of anything in the nature of the capital relation, but because capitalism came to exist in and through the system of territorial sovereignties created through the process of political accumulation.³²

For all the changes, and indeed the historical rupture it brought, the particular character of the capitalist transformation reproduced the boundaries of particular states as well as, more fundamentally, the *boundedness* of political communities. The political organization of capitalist social relations *in the specific form of a multiplicity of territorial states* was not the creation of capitalism.

6 **Incongruent spaces**

National states and global accumulation

Modernity reconsidered

Among the social philosophers, sociologists and social theorists of the nineteenth century, the idea that their century was witnessing a fundamental transformation was almost universally shared. Karl Marx, for instance, regarded the capitalist transformation of Germany and France (though not of Britain) as only just beginning at the time of his writing. Similarly, as Raymond Grew, a leading historian of the period, points out, '[u]ntil quite recently, most writing about the modern state took the nineteenth century as its touchstone' (Grew 1984: 83). Today, by contrast, the origins of the 'modern state' tend to be located in the fifteenth century or even the twelfth, while nineteenth-century developments are passed over in the story of 'state-building'.

One reason, Grew suggests, may be that the nineteenth-century state represents an anomaly in the dominant account of the rise and rise of the state. The curtailing and dismantlement of the absolutist state under the impact of liberalism thus appears as a 'digression in history's larger course' (ibid.: 84). Grew moreover points out that, as nation-states emerged at the end of the nineteenth century – through movements of national unification or secession, as well as through the strengthening of the ties between the individual and the state – historical sociologists began to posit a direct line of continuity to the absolutist period. Ranke and other members of the German historical school could see even less of a rupture, as states seemed to be returning to their traditional business of expanding their power, if necessary by way of war. Continuities were also increasingly stressed in other respects. The mercantilist policies of the early modern state seemed quite similar to the neo-mercantilism of the imperialist and protectionist nation-state. The origins of capitalism were pushed back as far as those of the state itself, with antecedents reaching back into classical Antiquity. The paradigm of 'endless modernity' (Albrow) was born in this period of nationalist reformation and imperialist expansion.

There have, of course, always been dissenting voices; unsurprisingly perhaps, most of them come from continental Europe rather than the English-speaking world. Emmanuel Le Roy Ladurie insists that the post-feudal period did not see a take-off of capitalism and modernity, but was characterized, into the nineteenth

century, by economic non-development (Le Roy Ladurie 1974a and 1974b). From a more institutionalist perspective, the German historian Otto Brunner (1968) has argued for a fundamental continuity of historical development from 1000 to 1800 (a thesis that has more recently been elaborated by Dietrich Gerhard 1981; Bödeker and Hinrichs 1991; Vierhaus 1992). In this view, 'Old Europe' only came to an end with the industrial revolution and the French Revolution. While these alternatives draw on economic and institutional history, the cultural roots of modernity in the sixteenth century have seldom been challenged until very recently. Michel Foucault's distinction between a Renaissance episteme, a classical episteme which developed during the seventeenth century, and a modern episteme that emerged at the turn of the nineteenth century, may represent a departure in this respect (Foucault 1972; cf. Wittrock *et al.* 1998). This argument has been echoed by Jens Bartelson, who argues that distinct forms of sovereignty correspond to these epistemic periods (Bartelson 1995: 85 and 186–8; cf. Wokler 1998).

There are numerous and substantial differences between these approaches and the one suggested here. Not least, they differ in their assumption (which mirrors that of the 'modernizers') that western Europe, as a whole, underwent similar changes on the same historical trajectory. This is also the case with regard to those even more radical historians and social scientists who, like Arno Mayer (1981), have highlighted the 'persistence of the old regime' up to the Second World War, a thesis that has been echoed, in an IR/IPE context, by Sandra Halperin. According to Mayer, '[d]own to 1914 Europe was pre-eminently preindustrial and pre-bourgeois' (Mayer 1981: 17).¹ In a way, these scholars extend (or rather transfer) Perry Anderson's notion of absolutism as a transitional form of society to the nineteenth century and beyond. As Halperin puts it: 'The expansion of capitalism . . . in Europe . . . produced a socio-economic system that was capitalist in many institutional aspects of production but feudal in its social relations' (Halperin 1997: 189).² Whereas Anderson sees the French Revolution as the final triumph of capitalism, Mayer and Halperin are much more sceptical; at most, this event and the industrial revolution appear as the *starting points* of the transition to modernity. This change in perspective results from their emphasis on industrialism rather than capitalism as the hallmark of modernity. The burden of proof that nineteenth-century Europe, up to 1945, was not really 'modern' thus turns on their ability to show that the European economies were still largely based on agriculture and manufacture, and that the leading class which dominated these states politically, socially and culturally was the aristocracy rather than the bourgeoisie.

Descriptively, I find much that is useful in these works, more, certainly, than in the dominant variants, whether cultural, economic or geopolitical, of the modernization model which posits an inexorable rise of modern states, economies and individuals. In many ways, the historical perspective which underlies this and subsequent chapters of this book parallels that of Mayer and Halperin, interpreting the period between the Vienna Congress and the Second World War as transitional. However, I take this to be the transition from absolutism to capitalism, rather than from traditional to industrial society. This brings into sharp relief

a historical and theoretical problem: the relationship between capitalism and modernity.

Capitalism or modernity?

The starting point for this book has been the argument that in order to understand the nature of current processes of globalization, we have to historicize the international system. The category that usually underlies similar attempts to historicize international relations is that of modernity; the task is then to grasp conceptually the specifically *modern* form of international relations. In liberal and statist traditions, this would entail showing how the rise of the system of sovereign states is part and parcel of the more general rise of modernity, alongside cultural and economic processes. In the Marxist tradition, the notion of capitalism encompasses much the same phenomena as the category of modernity covers. However, Marxists have always been insistent that these phenomena are not autonomous, but are the superstructural expressions, in the realms of politics and ideology, of the real innovation: the rise of a capitalist economy and a bourgeois class.

Following the arguments of the preceding chapters, the equation of capitalism and modernity can no longer be maintained. The category of modernity itself, which so far has served as an unproblematic point of reference for the historicization of international relations and social life more generally, appears as increasingly problematic. As is evident from the argument so far, there is no longer a direct substantive or even temporal nexus between capitalism and modernity. 'Capitalism' can no longer, as it could for much of the Marxist tradition, simply subsume all the different dimensions of what has traditionally been thought of as 'modernity'. If capitalism has only spread across Europe in the nineteenth century (and even then in a protracted way), then what are we to make of the great innovations of modernity: the scientific revolution, individualistic subjectivity, rationalist epistemologies foremost among them?

At best, their connection with capitalism becomes contingent; they are related to capitalism in England, but not on the Continent. England, however, was rather 'deficient' with respect to some crucial aspects of 'modernity'; we have already noted its under-developed, non-rationalized state, the very limited role of bureaucracy, and the custom-based system of law (in which Roman elements were of minor importance). Reinhart Koselleck, moreover, points out that the link between morality and politics (another benchmark of modernity, surely) was not severed in Britain, unlike in its absolutist neighbours (Koselleck 1988: 53–9). And, conversely, what of the Enlightenment, the very core of the 'project of modernity', which was (at least in its narrow eighteenth-century sense) mostly a continental affair.³

For Habermas, this project of modernity is marked by the 'radical embrace of the future', a future to be made and fashioned by human agency (Habermas 1998b: 197, my translation). Rather than accepting as given the order within which they find themselves situated, human beings, in a particular part of the world ('the West'), started to question not only the existing social order, but also the underlying cosmology which designated this order as necessitous. They thus

became the subjects of their own world, which they constructed according to their innate rationality; in this pursuit, they were also able to draw upon their capacity to know the world as an object outside themselves. Rational knowledge and instrumental rationality in acting upon the world gave these sovereign individuals increasing mastery over nature and over their own social life (Therborn 1995: 126–7). ‘Faustian individualism’ became the basis of a collective project of constructing the future.

But capitalism was neither the product of this ‘promethean’ attitude nor the material base on which such an ideology flowered. We have seen that the origins of capitalism have little to do with individuals rationally pursuing profit, and all with the creation of market dependence. The presuppositions and implications of such a system of market dependence, I have argued, can only be grasped on the basis of a notion of capitalism as a social totality. Now, however, we are confronted with a complication in this argument. For many of the aspects of social life over the past two centuries, among them those which appear to us most distinctively modern, are in fact not internal to capital as a social relation at all. As with exclusive territoriality, they simply cannot be decoded as social forms of capital. So while we live in the epoch of capitalism rather than modernity, we have to be careful not to attribute too much generative power to capital. We cannot, for instance, unmask the ‘modern’ subject as the abstract individual of capitalist society, as C. B. Macpherson’s theory of possessive individualism sought to do (Macpherson 1962).⁴ Nor can we decipher Cartesian rationalism as the science of a bourgeoisie driven by the urge and need to conquer the world (market).

Boaventura de Sousa Santos has therefore suggested that a strict distinction between capitalism and modernity should be made. ‘Modernity and capitalism are two different and autonomous historical processes’. Modernity emerged during the sixteenth century, while capitalism came to dominance after the turn to the nineteenth century. ‘From then on, the two historical processes converged and interpenetrated each other, but in spite of that, the conditions and dynamics of their development remained separate and relatively autonomous’ (Santos 1995: 1).⁵ This resolution has much to commend it; but it remains unsatisfactory as it takes capitalism to be a phenomenon of the ‘economic sphere’, while modernity is taken to belong to the cultural and political realms. I have shown, however, that capitalism cannot be a purely economic phenomenon, but is necessarily a form of organizing society at large, even if not every feature of capitalism’s real existence can be attributed to the capital relation.

More pertinent, therefore, is the solution indicated by Ellen Meiksins Wood, who suggests that the ‘project of modernity’ has its roots in the social struggles surrounding the internal organization of absolutism. In these struggles, the non-capitalist bourgeoisie advanced universalistic ideas to undermine the privileges of the nobility in the competition for access to state offices, not to legitimize and promote a capitalist transformation of society (Wood 1997: 546).⁶ This perspective suggests the need to distinguish between ‘absolutist-bourgeois modernity’ and ‘capitalist modernity’ as two social totalities.⁷ The point here is not to suggest that there is an essential continuity between the two forms of modernity.

On the contrary, it is to emphasize not only that these two modernities are incommensurable and that absolutist-bourgeois modernity did not generate within itself the forces which led to capitalist modernity; it is ultimately to assert the limited utility of the category of modernity itself. At the same time, it becomes possible on the basis of this distinction to ask in what way aspects of absolutist-bourgeois modernity continue to shape and configure capitalist modernity during the nineteenth and twentieth centuries, not just in the political and cultural realms, but also in the economic 'sphere'. However, this does not imply an interpenetration of 'equals'. There is a very definite sense pervading Wood's argument that capitalism is universalizing itself and subordinating the 'historical legacies' of absolutist-bourgeois modernity to its logic of process (ibid.: 554 and 558).

It is, then, the notion of *totalization*, rather than *totality*, which has to be at the centre of the interpretation of capitalist development over the past 200 years. The notion of totalization must be one of the least popular in today's social sciences. Some readers will predictably take this turn in the argument as proof that historical materialism, in the end, cannot escape from its methodologically reductionist and, worse, politically totalitarian foundations. I may not even be able to convince them to read on by reassuring them, as many Marxists have done previously, that I regard capitalism as a form of social organization that is inherently contradictory and that by necessity produces fragmentation and differentiation. Nor will these readers take comfort from my assertion that it is, after all, capitalism itself that is not only totalizing but also inherently totalitarian, given its tendency to subsume all social relations, all cultural creations, and even nature itself, under its manic logic. Consequently, they will not give much credit to (or at least they will doubt the viability and indeed the desirability of) the political project underlying this book, which is to insist on the need to overcome capitalism in order to make possible the full development of the potentials of human individuality.

Having said all this, I should also point out some of the more immediate benefits of a switch from totality to totalization for the interpretation of capitalist development. For this shift in perspective implies that, whatever may be the case today, in the past really existing capitalism was *not* what Marx termed a 'mature totality'. Consequently, to analyse the process of capitalist development exclusively through the prism of 'capital in the totality of its social relations' would be highly misleading. As Marx noted, even the leading industrial states of nineteenth-century continental Europe, Germany among them, suffered

not only from the development of capitalist production, but also from the incompleteness of that development. Alongside the modern evils, we are oppressed by a whole range of inherited evils, arising from the passive survival of archaic and outmoded modes of production, with their accompanying train of anachronistic social and political relations. We suffer not only from the living, but from the dead. *Le mort saisit le vif*.⁸

(Marx 1977: 91)

The perspective of totalization implies that 'historical legacies' become progressively subsumed under the capital relation. In this sense, capitalism certainly has become more 'total' than it had been during the first half of the nineteenth century when it started its bloody march across the world. Yet the perspective of totalization, of the increasing subsumption and *internalization* of aspects of social life that do not derive from the capital relation itself, has to be complemented by considering the ways in which really existing capitalism was and is structured or configured by historical legacies.

To argue, for instance, that Enlightenment thought was not a form of consciousness developed through the experience of capitalism and its logic of process is not at all to say that Enlightenment thinking did not play an important role in the practical, scientific, moral and aesthetic experience of the past two centuries. The forms of consciousness that emerged during the early modern period, from Renaissance humanism to the Enlightenment (which did not simply accompany but often directly challenged the prevailing social orders), continued to shape the way in which men and women conceived of their world, even as it became transformed by capitalism. They provided them with reasons for resisting or promoting this transformation, and moulded their perceptions of the possibilities for, and limits to, individual and collective agency.

In the end, however, we live in the age of capitalism. The legacies from absolutist-bourgeois modernity are losing their ability to structure capitalism's existence. Returning to Wood's argument, we can now see that this is what the contemporary debate on postmodernity so inadequately reflects (given that it misunderstands capitalist modernity as the direct continuation of the Enlightenment project). For Wood, what is distinctive about the present conjuncture is that capitalism has finally become 'total'. After the end of the Second World War, 'capitalism has become for the first time something approaching a universal system'. Only since then has capitalism 'truly penetrated every aspect of life, the state, the practices and ideologies of ruling and producing classes, and the prevailing culture' (Wood 1997: 551).⁹ What some Marxists, seeking to ground postmodernity in material relations, have sought to conceptualize as postmodern capitalism is thus

not just a *phase* of capitalism. This *is* capitalism. If 'modernity' has anything at all to do with it, then modernity is well and truly over, not created but destroyed by capitalism. The Enlightenment is dead.

(ibid.: 559)

It is this perspective that will guide my attempt to conceptualize the development of the relationship between the capitalist world economy and society on the one hand, and the territorial state and system of sovereign states on the other. I will suggest, however, that we cannot take for granted – even today, as capitalism has come to correspond more closely to its own concept – that the process of subsumption has been completed. In fact, I will contend that pre-capitalist dimensions of statehood have not yet become completely internalized. It is precisely the

territorial aspect of capitalist statehood that speaks to this; a complete subsumption would entail the emergence of a 'global state' (a concept which I will leave deliberately unspecified for the time being). The question of whether we are currently witnessing the transcendence of territorial statehood is, of course, at the heart of the globalization debate. Wood is certainly right to criticize the spatial terms on which this debate takes place, and to stress that

we must now talk about the new world order not just in essentially geographic terms, nor simply as the liberation and spatial expansion of some perennial 'economic' logic, but as a continuing process of social transformation – a social transformation that increasingly subjects human beings, their social relations and practices to the imperatives of capital accumulation.

(*ibid.*: 554)

At the same time, it is clear that accumulation takes place within specific spatial parameters. These parameters are not fixed; they are, as a generation of radical geographers has taught us, themselves socially constituted and have profound social implications.¹⁰ The geographies of accumulation and exploitation, of class relations and international domination, thus have to form an integral part of the study of capitalist development as a process of the widening and intensification of relations of market dependence. This is all the more the case if the accumulation and social reproduction of capital continues to be structured by an element of social reality that does not have its origins in the capital relation itself, and thereby to influence not only the global relations between capital and labour (as well as many other forms of domination and exploitation), but also the patterns of war and peace.

Capitalism rather than modernity is the category that allows us to make sense of our historical period. Such has long been the claim of Marxists. But if we are to understand the dominant way of ordering social life over the past two centuries as capitalist, we can only do so by moderating our claims for the specific historical phenomena and processes that the category of capitalism can encompass. In particular, I have argued that capitalism simply cannot be equated with modernity; Marxists cannot go one better than 'bourgeois theorists' simply by collecting all the things that are usually designated 'modern' and then declare confidently that they all emanate from capital. Capitalism, as E.P. Thompson insisted, is more than capital. The crucial task is, instead, to show how the institutions and modes of thought which absolutist-bourgeois modernity generated became part of capitalist modernity, both by shaping and by being shaped by the capitalist logic of process.

A general discussion of the ways in which absolutist-bourgeois 'modernity' and capitalism interpenetrated is beyond the scope of this book, though this issue will of necessity intrude in this and the subsequent chapters in an *ad hoc* way. The central concern of these chapters is the conceptualization, in a historical and dynamic perspective, of the changing relationship between the state and the world market. In this context, I will ask how the historical legacy of exclusive

territoriality structures capitalism's logic of process, and how, in turn, 'state space' is subsumed under capital.¹¹

Capitalist international relations?

The implicit claim here is that capitalism, rather than modernity, is also the appropriate concept for the historicization of the international system – even though the very fact that capitalism has an international system cannot be explained by reference to capital itself. In other words, it is suggested that we understand more about the international relations of the nineteenth and twentieth centuries if we *start* from capitalism rather than from the 'structure' of the international system or, more restrictively, from the nature of geopolitics in the period in which the interstate system was born. And yet, we will not understand the international relations of capitalist modernity at all if we *stop* with capitalism and abstract from the heritage of capitalism's pre-history. For the conceptualization of the international system, this implies that the pair of alternatives between which Chris Chase-Dunn would have us choose, namely whether capitalism and the international system follow autonomous logics or are constituted by a single logic, is too narrow (Chase-Dunn 1991: ch. 7).¹² At least for the history of international relations in capitalist modernity up to now, the answer has to be: neither.

Have we ended up with Weberian pluralism after all, as many Marxists will undoubtedly charge? Some historical sociologists have indeed argued that capitalism did not give rise to the international system of territorial states. Theda Skocpol, in particular, has argued that

The international states system as a transnational structure of military competition was not originally created by capitalism. Throughout modern world history, it represents an analytically autonomous level of transnational reality – *interdependent* in its structure and dynamics with world capitalism, but not reducible to it.

(Skocpol 1979: 22)

Michael Mann, too, has persistently pointed out the weakness of the Marxist notion that international relations between sovereign states are a by-product of capitalism. Similarly to the argument suggested here, Mann claims that 'the multi-state system was in place well before capitalism emerged':

One point must be made clearly – there is nothing in the capitalist mode of production which itself 'requires' a multi-state system. The two are contingent. Indeed, [capitalism's] requirements for political regulation and military expropriation . . . would be met more efficiently by a single, universalistic state, at first European-wide, then global in scope.¹³

(Mann 1988: 139)

For Mann, this argument implies that there is an autonomous dynamic of 'militarism' that derives from the fact of multi-stateness itself. The prevalence and logic

of warfare, which was 'a constant right through European history', is not fundamentally affected by capitalism. War neither fulfils a functional role for capitalism (though it is useful in the process of 'primitive accumulation' and expropriation), nor does capitalism's emergence into the European state system lead to the pacification of international relations (*ibid.*: 140–2).

But there is more to social science than methodological pluralism and economic determinism; neither will do. The Weberian tendency to reify the international system as an autonomous and even unchanging structure and to posit 'war' as a relentless force imposing itself on social actors has already been identified as one of its main problems. In its stead, I have suggested that geopolitical systems must themselves be conceptualized as historically constituted on the basis of the prevailing social property relations. While this has been recognized by some Weberian critics of Weberian historical sociology (cf. Hobson 1998a and 1998b; Hobden 1999), their alternatives remain circumscribed by their dogmatic pluralism, which has its source in a naturalistic and evolutionistic understanding of capitalism. Like their historical sociological ancestors, they cannot see that capitalism is more than an economic sphere, that it involves a whole set of structures and institutions which make it possible for people to become and remain dependent on the market for their livelihood.

Capitalism is a social system that entails, among other things, a definite form of statehood: a 'purely political' state that is abstracted from the exploitation of surplus, yet internally related to capitalism as it makes possible the private appropriation of surplus on the basis of the control over economic forms of property. In this sense, even though the concrete policies of the state can never be reduced to capitalist class interests or the functional requirements of capital, the capitalist state is never just a state in capitalist society. It is never just a set of institutions that has evolved along an autonomous trajectory of 'the political' (and perhaps in conjunction with an equally autonomous realm of 'militarism'), which for some more or less determinate reasons begins to interact with a 'capitalist economy'. The critique that Richard Ashley levelled against the 'first wave' of historical sociological theorists applies equally to the 'second wave':

The problem in Tilly's and Skocpol's writings, I think, is a tendency to rely upon an abstract and ahistorical understanding of capitalism consistent with its own reigning ideology. Capitalism thus appears as a purely economic relation, a form of production relations distinguishable from politics, the state, and the nation-state system. The nation-state system can only appear as an exogenous force, a limit, or a condition characterized (after Weber) in terms of its own unique control over violence. It then becomes possible to advance the theme of the anarchic 'structure' of international politics, the situational imperatives it imposes upon local development possibilities, and, hence, the causal priority of international politics over the development of capitalism.

(Ashley 1987: 430, fn. 8)

The problem with historical sociology is thus not simply its naïve and uncritical appropriation of traditional Realism, as some of the ‘second-wave’ critics of the ‘first wave’ of Weberian historical sociology would have us believe, but is related to their misconception of capitalism.¹⁴ Ashley is, however, also highly critical of the argument that the nation-state system preceded capitalism:

Despite the tendency to associate realism with a system of states whose ‘anarchic structure’ is said to predate and condition the emergence of capitalism in Europe, realist power politics cannot be reduced (as Tilly, Skocpol, and Giddens tend to reduce it) to the status of an exogenous constraint on capitalist development, an antecedent condition, a hold-over from a premodern order.¹⁵

(Ashley 1987: 423)

While I have argued that the territorial international system preceded capitalism, I do not think that this must necessarily lead to the conclusion (at least within the present framework, whatever may be the case with Weberianism)¹⁶ that ‘realist power politics’ is an ‘exogenous constraint on capitalist development’. Ashley here seems to reproduce the misleading alternative between pluralistic interaction (here with a presumption of the relative primacy of the political) and the notion that whatever exists *in* capitalism exists *because of* capitalism. The crucial point, however, is that the international system of capitalist modernity is no longer *exogenous*, but has become internalized into its fundamental logic of process.

The perspective of totalization, I have suggested, provides a viable alternative which allows us to understand capitalist development as both a structured *and* an open-ended process. It is open-ended, first, because even within capitalist modernity it is far from clear that capitalism can ever become identical with its own concept and thus achieve its telos; it is unclear, in other words, whether a complete subsumption of historical legacies is possible. Second, even if this were the case, the contradictory nature of capitalism itself renders all attempts to construe the totalization of capitalism as a wholly progressive march towards perfect political community (whether at the national or the global level) hopelessly ideological; totalization also implies the totalization of the contradictions of capitalism. Finally, it is also open-ended, because while the contradictions of capitalism, and the struggles surrounding its reproduction, allow us to glimpse the immanent possibility of a radically different way of ordering social life, the achievement of a socialist alternative is not the *necessary* outcome of the totalization of capitalism. History has no telos; and even capitalist development, despite capital’s totalizing dynamic, does not follow an inexorable path to the identity of really existing capitalism with its own concept. Moreover, just how and in what aspect capital becomes more total in particular historical processes cannot be conceptualized on the basis of an ‘ideal history’.

Territoriality and the world market

Capitalism exists, politically, in the form of a system of abstract sovereign states, not for reasons immanent to capitalism but for historical reasons. Moreover, these historical reasons do not derive from the particular character of early (i.e. mercantile, agrarian or manufacturing) capitalism, but are a result of the processes of political accumulation since the feudal period, which dominated European historical development until the nineteenth century. This argument raises two broad sets of questions for a historical materialist theory of International Relations: first the subsumption of the state and international relations under capitalism; and second the way in which territoriality continues to shape capitalism.

The internalization of the international system

What are the consequences of the capitalist reconstitution of society for the nature of the state and the dynamic of the international system? Against the argument that there is an essential continuity between the early modern and the nineteenth- and twentieth-century state (and state system) as both are premised on the exclusive territoriality of 'rule', I have argued that the transition from absolutist to capitalist sovereignty is of fundamental importance. In particular, the presumption of continuity obscures the crucial reconstitution of sovereignty from a property relation to a purely political relationship in capitalist societies, and hence the related transformation in the character of territoriality based on generalized impersonal rule.

Most fundamentally, the state and its sovereignty were 'hollowed out': territoriality became exclusive with respect to political space only, while the privatization of appropriative power allowed for the organization of surplus extraction across boundaries through the productive employment of contractually secured labour (cf. Diner 1993: 17–24; Rosenberg 1994). As a consequence, the old problematique of sovereignty (i.e. the assertion and rejection of claims to universal empire and the securing of the territorial integrity of a state's polity, society and economy) was supplanted by a new problematique which has increasingly come to dominate the discourse of sovereignty ever since: the ability of states to shape their societies' destiny in the face of world economic and social interdependence (Diner 1993: 38ff).

But the internalization of the interstate system may be the most protracted of all the processes through which capital becomes total. It presupposes that the separation of politics and economics in the domestic realm has been completed, that post-absolutist state classes have lost their grip on the state, that the conflicts between capital and labour have replaced (or at least supplanted) those between the capitalist bourgeoisie and the aristocracy, the monarchy, and so on. Moreover, it presupposes the completion of these processes not just in one state, but in most states, at least those which dominate the international system. Such a reconstitution is thus a gradual process. And yet, if there is any point to the talk about the

emergence of a 'postmodern' international system, we should look for its roots not in or around 1973, but in the nineteenth-century transition to capitalist sovereignty and property relations. Arguably, it is this revolution which underlies the redefinition of state identities and interests since 1945 which have so patently changed the nature of international relations.

Does that mean that capitalism as such is peaceful, that contemporary military conflict derives from the 'non-capitalist' elements in capitalism? Such a claim would surely be untenable. As Michael Mann notes,

more and more of the globe has been caught up in the transition from 'backwardness', through an era of massive expropriation, coercive labour forms and military violence, to a more institutionalized integration into capitalism and free wage labour.

(Mann 1988: 138)

Where no pre-capitalist states existed to internalize this political process of capitalist expansion, imperialist forms of primitive accumulation were employed. Even if capitalist statehood had been spatially co-extensive with the capitalist economy from its birth, the expansion of capitalism beyond its existing boundaries is an inherently violent process. *Market forces* only begin to operate when politico-legal force has set in motion the process of primitive accumulation, the separation of the direct producers from their means of subsistence. But what if this process of global primitive accumulation has been completed and all states have become mature capitalist states? Jens Siegelberg notes in his important attempt to develop a Marxist theory of the relationship between war and capitalism:

Only when capital has run through all the intermediate stages of its own development towards self-valorising value does the possibility emerge for violence to be forgone as an economic force. For only capitalism possesses within itself social mechanisms for the permanent increase of labour productivity and of society's wealth, which make unnecessary the application of direct force in the appropriation of the products of other peoples' labour.

(Siegelberg 1994: 58, my translation)

The process of capitalism's maturation, according to Siegelberg, not only makes possible the pacification of class relations in a way that was unthinkable in pre-capitalist societies, it also creates the conditions for the pacification of the relations between states, which no longer have to engage in external expansion in order to sustain the system of politically constituted property within their boundaries. With an expansive mode of material reproduction existing within and across each state, territorial expansion loses its compulsive character.

In this perspective, patterns of warfare over the past 200 years have to be regarded as accompanying the imposition of capitalist social relations in Europe and beyond, whether war serves the control and transformation of non-capitalist areas, or results from externalization of the contradictions and tensions within

countries undergoing capitalist 'modernization'. With many countries still in the process of the transition to capitalist modernity, which others have long achieved, there has been an increasing bifurcation of the international system. On the one hand, there is a more or less pacified 'zone of peace' in which competition usually takes economic forms; on the other hand, there are the 'zones of turmoil' in the 'underdeveloped' world, in which military force and economic competition still go hand in hand (cf. Singer and Wildavsky 1996).¹⁷ In between, it should be stressed, there are changing spaces of engagement which see the use of military power by members of the zones of peace seeking to contain local instabilities and to maintain the 'rules of the game' of capitalist accumulation.

In terms of Wendt's continuum of security systems, it may be possible to argue that capitalism at least creates the possibility of (if not the necessity for) a move from a 'competitive' to an 'individualistic' system – as it similarly creates the possibility of, but not the necessity for, liberal democracy (cf. Wendt 1999: ch. 6). Can we expect, then, that the future of capitalist development will bring a progressive universalization of the 'zone of peace' as capital becomes more total? Only if we accept the neo-classical understanding of capitalism (which finds its correspondences in the marginalist interpretations of capitalism and the state in sociology, political science and IR/IPE), with all its deficiencies and deformations. The capitalist economy is not a self-equilibrating process; it has an inherent tendency to over-accumulation. Capital accumulation gives rise to uneven development between countries and regions; it also leads to severe social tensions and, as Karl Polanyi emphasizes, even threatens the very possibility of social life itself.

For Polanyi, this social and cultural contradiction at the heart of market society was a central element in the 'breakdown of nineteenth century civilization', which culminated in two world wars (Polanyi 1957: 249). By contrast, Siegelberg (like Mayer and Halperin) sees these wars as an aspect of the protracted rise of capitalism and not as something that springs from its internal contradictions. He suggests, however, that while economic competition increasingly replaces military competition, there is a possibility that war might once again become more likely even within the capitalist core. The reason is that economic competition itself has become so rampant and destructive that it leads to economic crises and social disintegration, which in turn threaten democracy and the pacification of domestic and international relations (Siegelberg 1994: 100).¹⁸

The contradictions of capitalist class society, then, are prone to take a geopolitical form even when states have been subsumed under the capital relation. It could be argued, however, that this is itself a consequence of the incomplete internalization of the state's territoriality and the interstate system. The state has not been fully subsumed until capitalism's political and economic spaces are co-extensive – in other words, until the multi-stateness of capitalist political space has given way to a 'global state'. As long as an interstate system structures capitalist modernity, such contradictions can and will find expression in geopolitical competition and war.

Capitalism, to conclude, transforms the state, the social relations of sovereignty

and the international system; it has also, at least so far, reproduced the international system of territorial states. The states which constitute this capitalist international system are no longer the states of the absolutist period. Every aspect of their statehood, even the nature of their territoriality, has undergone profound transformations. The boundaries of the state have, with the rise of a capitalist world market, been transformed from limits into barriers. What were insurmountable restrictions on pre-capitalist forms of social organization become mere barriers that capital could overcome. Among these are not just social, but also national limits: 'capital drives beyond national barriers and prejudices as much as beyond nature worship'.¹⁹ But capitalism has not obliterated the boundedness of political space (and hence that of political community). The final frontier for capitalism has not been overcome once capital has penetrated every nook and cranny of the globe, every country, every social relation, every aspect of human culture; the final frontier is the boundedness of statehood itself. Marx himself noted:

But from the fact that capital posits every such limit as a barrier and hence gets *ideally* beyond it, it does not by any means follow that it has *really* overcome it, and, since every such barrier contradicts its character, its production moves in contradictions which are constantly overcome but just as constantly posited.

(Marx 1993: 410)

What are the contradictions that arise from the persistence of national boundaries, if only as barriers rather than limits? And can the forces unleashed by capitalism ever overcome this final frontier of exclusive political territoriality?

The territorial configuration of capital

An answer to these questions can only be framed if we look at the interpenetration of capital and territoriality from the other side and ask how territoriality of political authority has come to structure capital's logic of process. What are the implications of this territorial pre-figuration for the way in which capital operates, for the fundamental laws of motion and contradictions of capitalism? More specifically, how does territoriality shape the nature of competition between individual capitals? How does it structure the relations between classes domestically and internationally? How does it affect the way in which the world market is regulated by territorial authority? And in what way is the operation of the law of value itself modified in the world market context by the fact that the circulation of capital is mediated by national currencies?

There is a clear limit to what we can say about these issues on a theoretical level. Territoriality, in itself, does not structure anything. Only through the agency of states and social classes, which in their competitive struggles (both horizontal and vertical) draw on the resources provided by territorial authority, does the territorial form of statehood become imbricated with the social and

spatial reproduction of capital. Not only is the relationship between territoriality and capital's logic of process a dynamic one, it can also, ultimately, only be understood in a historical perspective. Yet, as David Harvey (1985) points out, for too long social theory has taken space relations and geography as unchanging background conditions in which history takes place. It is crucial, therefore, to set out the conceptual issues involved in introducing a historical and geographical materialist perspective. Harvey rightly emphasizes the need not just for greater attention to geographical differences, but also for a historical geography of capitalism. As he notes, Marx did not provide more than the starting points for such a perspective: 'His political vision and his theory are . . . undermined by his failure to build a systematic and distinctively geographical and spatial dimension into his thought'. Harvey however rejects the presumption that such a spatial theory of capitalism 'can be reduced to a theory of the state' (Harvey 1985: 143).

This is an important point, as it cautions us against taking state territoriality to be the only spatial scale of relevance. Capitalism, even in the abstract, is not an aspatial mode of organizing social life. Even a fully totalized capitalism would not be pure temporality, as postmodern capitalism's organic intellectuals proclaim. Even as capitalism is producing abstract space, capital accumulation always takes place in specific spatial geographies and in particular places. As Michael Storper notes, economic activity is 'territorialized' (or 'localized') in as much as it depends on resources specific to a particular locale (Storper 1997: 20).²⁰ The very dynamic of global accumulation itself presupposes the non-identity of the places of accumulation, production and distribution. Moreover,

capital is not perfectly mobile in any of its forms. Certainly money capital moves with great swiftness and to great distances in search of more advantageous combinations of inputs and markets, labourforces and technology. Yet in order to produce surplus (value), firms must build up a productive apparatus consisting of fixed capital, workers, land, political alliances, and so forth – all with a local base.²¹

(Storper and Walker 1989: 47)

This leads to a more general point. Capitalist spatiality can never be simply and immediately global (or local, or national). Following Henri Lefebvre, Neil Brenner argues that we can understand the historical geography of capitalism

as a multi-layered scaffolding of intertwined, coevolving spatial scales upon which historically specific linkages between processes of capital accumulation, forms of state territorial organization, and patterns of urbanization have been crystallized. Lefebvre rejects the attempt to attribute causal primacy to any single spatial scale: local, regional, national, and global social relations overlap within the same worldwide territorial grid of capitalist modernity.

(N. Brenner 1997: 145)

For Lefebvre, the state scale, though not determining, is crucial in the production of capitalist space. This centrality is not least the result of the globalization of national statehood itself, of the universalization of territorial sovereignty as the prevailing form of organizing statehood in capitalist modernity since the late nineteenth century and particularly since decolonization.

The territorial space constituted by the state is thus of particular relevance for the spatial geography of capitalist modernity. Most fundamentally, territoriality has a profound effect on the social and spatial organization of social classes. By fracturing the social space of capital along territorial lines, it conjoins a horizontal dimension to the vertical relationship between classes within each state. It fragments the classes of capitalist modernity (capital and labour foremost among them) on a particularistic basis, and prevents the transnational dynamic of class struggle from becoming decisive. This fragmentation should not be absolutized, as social scientists, enthralled (whether as supporters or critics) by the spectacle of nation-state formation, tended to do for more than a century. Capitalism does constitute a world economy and society that transcends the territorial state; yet it is clear that states are not merely functional or administrative sub-units of the larger world system.

As a result, the world market and society cannot be understood directly in terms of the economic competition between individuals or firms and the social conflicts between capital and labour over property, production and distribution. Class identities and interests always have a transnational dimension in capitalism, but the territoriality of political authority means that particular amalgamations of class interests and 'national interests' will be of decisive importance in shaping the historical geography of capitalism in any given conjuncture. It valorizes the territorial state as the basic spatial point of reference. In important respects, capital constitutes itself as 'national capital'; as Engels suggested, the modern state is 'essentially . . . the ideal personification of total national capital'.²² Much earlier, Marx and Engels had noted that in the process of capitalism's development, independent provinces and their institutions 'became lumped together in one nation, with one government, one code of laws, *one national class-interest*, one frontier, and one customs tariff' (Marx and Engels 1998: 10, emphasis added).

It should be noted that Marx's developmental sketch of the capitalist state (like most of his other historical schemes and many of his historical accounts) is contradicted by the present analysis. Even where nation-states were formed, during the nineteenth century, by agglomeration, the original 'provinces' had been territorial states. What Marx describes is part of the replacement or supplantation of dynastic states by nation-states (through social incorporation and spatial integration), not the emergence of territorial statehood as such. Also, this account leaves open the question why state building stopped at the level of the nation-state rather than moving on, by further agglomeration, to the construction of a world state. But the crucial point here is that, in as much as states came to organize national segments of social classes politically, two consequences follow: first, competition in the world market is not directly between individual capitals, but is mediated by

state boundaries; and second, this enables the state to organize the external projection of national class interests through foreign policy, diplomacy and military force.

The first point is important in that it implies that the law of value has different effects in the national and the international spheres.²³ In Marx's abstract theory of capital, which regarded 'the whole world of trade as one nation', the allocation of socially necessary labour to the various branches of production is explicable on the basis of the law of value. What amount of abstract labour time is necessary is shaped, *inter alia*, by the market in which producers compete. If the whole world is a single nation, then the necessary labour time will be determined on a global basis; consequently, there will also be a single global average profit rate.

But what if the world market is segmented by the boundaries of states? While state boundaries are indeed unprecedentedly porous for the flow of commodities and money in capitalism, and thus allow for the possibility of a world economy, they still have the crucial effect of modifying the law of value. In particular, they make the national market primary in determining necessary labour time and the average rate of profit. The reason for this effect is the existence of different national currencies. The law of value cannot organize the allocation of socially necessary labour time on a global scale in any direct way, as national values are mediated by exchange rates.

This is, of course, the basis for a liberal world market, which allows relatively less productive capitals from underdeveloped countries to compete in the world market with more productive capitals from core countries. The relative protection afforded by the undervaluation of currencies to capitals which would be unable to compete directly (if located within the same national economic space) is what makes an international division of labour possible. However this is an international, i.e. territorial, division of labour; the world market thus constituted is formed not by firms but by nationally delimited spheres of circulation within which firms are located.

This leads us to the second point. The world economy is, of course, not simply the harmonious realm of mutually beneficial exchange that economic theory has seen fit to emphasize. If state boundaries constitute 'national collective capitals', then the competitiveness of individual capitals in the world economy is shaped decisively by the comparative advantages of the 'country'. Consequently, as Realists in their particular one-sided representation of the international political economy have stressed, the boundary mechanisms of the territorial state and its economy can become offensive weapons in the struggle for world market shares and profits. Exchange rates, tariffs and subventions can all be moments of competition policies by states designed to bolster the competitiveness of their national capitals.

Why should states do this? The actions of states, even with respect to the national and international economy, cannot be reduced to the interests of dominant classes or the purposes of 'hegemonic blocs', even though classes and interest groups do, of course, seek to influence state policies. But in important respects, the autonomy of states with respect to policy is quite real. This autonomy is,

moreover, reinforced against the attempts by particular classes or class fractions to impose their particular interests, by the 'Janus-faced' character of the capitalist state. But, as I have emphasized before, this cannot form the basis of a statist theory which attributes an autonomous logic to political development. The state, at least in its aspect as an abstract political entity, is internal to the capital relation. By maintaining the boundaries between the political and the economic (in the sense of keeping property relations depoliticized), the state reproduces the class character of capitalist modernity. Any state, however, that does nothing more than to guarantee capitalist property relations and the sanctity of contracts will soon face severe problems. The legitimacy of the state has become tied up with its success in securing accumulation and profitability. Moreover, the state itself becomes reliant on the material sources provided by the private economy for its own survival and expansion.

In many ways, then, the fate of the state is bound up with the fortunes of the private economy. Yet while capitalist states have become involved in the economy in order to secure the conditions for their own reproduction as well as that of capital, they are faced with two problems. On the one hand, their interventions can themselves disrupt capital accumulation and thereby undermine the pre-conditions for the stability of the state and capital. On the other hand, states do not even have complete control over the *background* conditions of successful capital accumulation and social pacification as many of them are located beyond the grasp of their territorially grounded political authority. The abstract nature of capitalist political authority is fundamentally limited. Indeed, as long as the separation of political and economic spheres is maintained, there can be no real self-determination of the national political community through the sovereign state. '*Cuius regio, eius oeconomica*' is not a viable principle of capitalist sovereignty and territoriality (Diner 1993: 21).²⁴

But while the state cannot, in capitalism, constitute an economy that is completely contained by 'state space', the role of the state in the social and spatial structuration of the world economy remains crucial. Most importantly, the territorial segmentation of capitalist political space means that the role of the state is quite different in the domestic and international contexts. As long as an international system exists in capitalist modernity, even mature capitalist states will play a decisive 'geo-economic' role. Internally, these states are abstracted from the 'economic sphere'; their central politico-economic role is the maintenance of competition and the provisioning of the rule of law. Successful economic reproduction presupposes a high degree of neutrality *vis-à-vis* individual competitors within the 'national economy'. In the external context, by complete contrast, the 'state represents the interests of the national capitals in the international competitive struggle with all available political and economic means' (Busch 1974: 271).

In the world market, therefore, states are themselves parties in the competition for world market shares, rather than guarantors of the market as such. For this reason, Dan Diner argues, the domestic separation of politics and economics is 'inconceivable in the sphere of world society' (Diner 1985: 336–40).

Political and economic forms of power mesh (rather than interact) in the international politics of capitalist states; this finds expression in persistent attempts of particular states to structure the world economy and the international division of labour. These endeavours to alleviate the deleterious consequences of the 'territorial non-coincidence' of the political and economic spaces of capitalist modernity have long been at the heart of IPE. A central aspect of the struggle for *hegemony* is the attempt to impose a particular political framework on the world economy by internationalizing the authority of one state (or perhaps one group of states).

Conclusions

The 'territorial non-coincidence' of statehood and world economy in capitalist modernity is crucial for understanding the social and spatial development of capitalist modernity.²⁵ The reasons for this non-coincidence of capitalism's political and economic spaces is, I have suggested in earlier chapters, not derivative of the capital relation itself; yet its consequences for structuring capital's logic of process in the capitalist age are profound. At the level of the individual territorial state, this finds expression in a tension between the state's need to maintain the ability of 'its' capitals to successfully reproduce themselves on an expanded scale (and thereby to create the conditions for the reproduction of the state).

At the level of the totality, the territorial non-coincidence results in a contradiction. The particular state form of capitalist modernity, the territorially bounded state, is the only basis on which the 'general (class) interest' can be organized. The requirements for the reproduction of capital, of its accumulation and profitability can thus only be met at the national level. This leads not only to an 'over-determination' (to use this terrible term for once) of economic and class competition with political forms of competition; it also raises the possibility, as Robin Murray noted, that the 'state functions' required by global capital cannot be successfully met by national states (Murray 1975: 129).

This is not to say that the relationship between territorial statehood and the world market tendency of capital is *the* fundamental contradiction of capitalist modernity. I accord pride of place to the contradiction at the heart of the capital relation: that between capital and labour. This relationship, in turn, finds expression in a whole range of further contradictions. To name but a few: between use-value and exchange value; between production and realization; between private accumulation and appropriation and its public, political presuppositions. The contention, then, is that each of these relationships is structured by the contradiction between political territorialization and economic and social globalization.

In many ways, the Marxist discussion of the 1970s over the internationalization of capital, which located the contradiction in the inability of national states to provide the necessary state functions for the social and economic reproduction of increasingly global capital, has anticipated, and even set the parameters for, the contemporary globalization debate (Palloix 1975; Hymer 1975). If so, they may also have to share some responsibility for the limits of this debate, in particular

those which stem from the particular question they sought to answer: what are the consequences of the *increasing* transnationalization of production for the national state and the national economy? As for globalization theorists, the nation-state is here turned into the unquestioned starting point in a progressive historical scheme, even while its future is put in question by the forces which drive this progression towards true social, political and economic globality. This, however, is a serious misrepresentation of the economic and historical geography of capitalist modernity, as I will seek to show in the next chapter.

7 Beyond the 'territorial trap'

History, geography and international transformation

The 'territorial trap' and the 'nationalist conceit'

The central argument of this book is that the exclusive territoriality of political authority that prevails in capitalist modernity was not itself a product of the emergence of capitalist social relations. While capitalism entails the separation of political and economic power, we cannot derive from this argument an explanation for the empirical fact that the sphere of the political is fractured by territorial boundaries demarcating sovereign spaces. Moreover, I have argued that the separation of politics and economics, and the differentiation of internal and external realms, did not even have the same historical origins. In chapter 6, I have sought to spell out the conceptual and theoretical implications of this argument with respect to our understanding of capitalism and 'modernity'. In particular, I have argued that the continuing existence of territorial statehood in capitalist modernity must have profound consequences for the way in which capitalism's logic of process is structured both spatially and socially.

But while these arguments tell us something about the tensions and contradictions which the 'territorial non-coincidence' of capitalism's political and economic spaces generates, they do not in and of themselves allow us to understand the concrete development of capitalist modernity. First, the argument presented so far cannot as such explain the *concrete* historico-geographical patterns and political-economic relationships between national states and the world economy that have existed over the past 200 years. The relationship between politics and economics is not fixed and unchanging. To note their unique formal separation in capitalist modernity is clearly not enough; the question that has to follow immediately is how are they related, ostensibly as 'autonomous spheres', in different historical phases of capitalist development.¹ The same applies to the relationship between the national state and the world economy, where this question arises in a more complex way, and to the relationship between 'external' and 'internal' arrangements. Moreover, although the elements of contradiction and totalization emphasized earlier introduce a necessary dynamism into our understanding of capitalism, they cannot themselves determine the concrete historical process. How capitalist modernity developed over the past 200 years, in other words, cannot be read off its constitutive social forms and their relations with each other.

Any attempt to squeeze the history of capitalism into a rigid succession of 'stages' is futile.

If the contradictory relationship between territorial statehood and world market relations cannot explain the particular social and spatial forms of capitalist development, neither can it provide a direct answer to the question why the territorial state became *more* rather than less dominant in the political economy and geography of capitalist modernity. That the territorial state assumed this centrality, however, is undeniable. For at least 100 years after Marx's death, the dominant tendency was the further territorialization not just of political authority, but increasingly also of civil society and the economy. The social sciences, even including modern economics, began to take 'national society' and the 'national economy' as their unquestioned 'units' of social life – so much so that the social sciences ended up in what John Agnew has termed the 'territorial trap'. Socio-geographical space comes to be regarded as frozen, held in place by the formative powers of the territorial state. Instead of limiting the problematique of IR/IPE to the question of how these states relate to each other, Agnew demands that we should launch a new research agenda that centres on the

historical relationship between territorial states and the broader social and economic structures and geopolitical order (or form of spatial practice) in which these states must operate. It has been the lack of attention in the mainstream literature to this connection that has led into the territorial trap. In idealizing the territorial state we cannot see a world in which its role and meaning change.

(Agnew 1994: 77)

The force of Agnew's important contribution to a non-state-centric IR/IPE is somewhat diminished, however, by his acceptance of the notion that state-centrism, though it has become obsolete in recent decades, was adequate to the period after 1875. Along with other critics of state-centrism, he regards social relations in the era of 'rival imperialisms' as almost completely containerized. Moreover, Agnew also follows the conventional notion of a 'secular trend in spatial practice' which leads from a supposedly highly territorialized division of labour under 'early industrial capitalism' to a genuinely global division of labour since the late 1960s (*ibid.*: 66–7 and 69–70).² Globalization means, in this perspective, the break-up of the cage which the nation-state had erected around society.

I have suggested previously that these approaches take as absolute what are only tendencies which actualize different potentialities of capitalist modernity. The age of rival imperialism, for instance, saw not only the containerization of social relations but also, and in very close relationship, their further expansion. To focus on just one of these dimensions of modern development is highly misleading. A large number of studies have by now reacted to the globalization thesis by pointing out that the world economy of the imperialist period was in many respects more highly integrated than today's world market (Hirst and Thompson 1999: ch. 1; Sutcliffe and Glyn: 1999; Bairoch and Kozul-Wright

1998). Moreover, this world economy was not simply an 'international', as opposed to a 'global' system, the former involving trade, the latter transnational production. The imperialist world economy was not simply based on 'arms-length trade' in which nationally produced goods were exchanged across boundaries. Levels of foreign direct investment were relatively high, and, as Glyn and Sutcliffe argue, 'every available descriptor of financial markets in the late nineteenth and early twentieth centuries suggests that they were more fully integrated than they were before or have been since' (Glyn and Sutcliffe 1992: 82). The classical Marxist theorists of imperialism (cf. Lenin 1973: 72), of course, saw the specificity of the imperialist world economy in the dominance of the export of capital instead of goods (as in the period of free trade).

There is, hence, a danger that the critics of state-centric IR/IPE leave the 'territorial trap' only to become entangled in the 'nationalistic snare'. Indeed, as Cameron and Palan note, the paradox of the contemporary globalization debate is that 'the concepts of the nation-state and the national economy have never been so widely and uncritically accepted as at the time of their (alleged) passing' (Cameron and Palan 1999: 53). Even most critics of state-centrism accept the self-representation of the nation-state as the true spatial and social embodiment of political community at face value, when the real task for a critical theory of IR/IPE is to overcome the *nationalist conceit*. This conceit lies not in taking the nation-state seriously, but in accepting its claim to have been the sole source of power, the ultimate container of society, and the primordial unit of space during the century from 1870 to 1970. In reality, the territorial state of capitalist modernity always mediated the dynamics and contradictions of a capitalist world society.

In order to understand the changing nature of this mediation, it is necessary to move beyond the dichotomy of 'national/international and global' as if they were successive stages of modern social organization. Instead, we have to look at the changing *spatialization strategies* of states, classes and firms, which structure successive historical epochs. These spatialization strategies may be understood as different ways of dealing with the fundamental tensions and problems which the territorial non-coincidence of capitalist statehood and world economy poses to actors, whether political, social or economic. The *dialectic* of nationalization and globalization, of the territorialized and the de-territorialized preconditions for the reproduction and expansion of the capital relations, thus has to become the focus of IR/IPE. Within this dialectic, we may then be able to distinguish particular regimes of socially produced space which mediate capital's inherently *global* class relations.

In this chapter, I will seek to outline (and no more than outline!) such a historical geography of capitalist modernity. Before we can enter the historical fray, however, we have to engage with one more central concept of contemporary IR/IPE: hegemony. Whereas the national/global dichotomy represents the dominant spatial lens, the notion of hegemony is the prevailing form in which IR/IPE seeks to capture the social dimensions of distinct world orders. Hegemony, more precisely, is the concept through which theorists of the international endeavour to

understand the way in which the most powerful states bridge the national and the global by internationalizing their authority.

Hegemony?

The concept of hegemony has had an astonishing career in IR/IPE. Originally, it had been adopted by Realists to make up for the limits of its traditional focus: the balance of power. Hegemony is supposed to explain why, in a world of self-help and competition for relative gains, world economic integration is possible. In short, the existence of liberal world economic regimes is thought to be the consequence of the strong concentration of economic and military capabilities in the international system. This approach has been criticized as ahistorical. John Ruggie has argued that while the Realist concept of hegemony introduces a crucial focus on the 'internationalization of political authority', it remains inadequate. In particular, it ignores that the international regimes established by hegemonic powers always represent a

fusion of power with legitimate social purpose. The prevailing interpretation of international authority focuses on political power only; it ignores the dimension of social purpose. The problem with this formulation is that power may predict the *form* of the international order, but not its *content*.

(Ruggie 1982: 382)

As Ruggie notes, not only did the Dutch hegemony of the seventeenth century establish or support a mercantilist rather than a liberal economic order; even between the liberal orders of the *Pax Britannica* and the *Pax Americana*, there are important differences which reflect distinct relationships between politics and economics in both the domestic and international contexts.

This argument was pushed further by the introduction of Gramscian elements by critical International Political Economists (Cox 1996 and 1987; cf. 1989 and 1993). These scholars also emphasize the need to add an ideational dimension to crude power politics; hegemony is held to be possible only on the basis of a certain degree of consensus between the dominant and subordinate sides of social and international orders. For neo-Gramscian theorists, this implies a further historicization of hegemony, as not only the content, but also the social forces that underpin international authority, are to be theorized as changeable. The cyclical Realist story of the 'rise and fall of the great powers' has then to be supplanted with an account of the rise and fall of domestic and transnational 'historic blocs' which managed, for a while, to internationalize their particularistic social and national interests. If we want to understand the construction and demise of hegemons, moreover, we can no longer rely on abstract generalities about the way in which 'the economy' impacts on 'the state', and vice versa; what is necessary is a theory of the relationship of specific social forces to particular regimes of accumulation and modes of regulation (cf. Cox 1996 and 1987; Lipietz 1987).³

There is, however, a crucial problem: hegemony itself is a fundamentally

ahistorical concept which has been abstracted from one particular period, the *Pax Americana*, and imposed on social and international orders in which there is no basis for a consensual grounding of the relations of domination. In other words, it is impossible to historicize world orders on the basis of a distinction between the contents transported by international authority structures, while ignoring that the very possibility of hegemony is itself premised on historical preconditions which certainly did not exist before the nineteenth century. For as long as relations of exploitation were premised on relations of domination, the room for consensus over the nature and purpose of political authority, as well as over distribution, was closely circumscribed. While there may have been hegemony in the Realist sense in the early modern period, the more theoretically sophisticated Gramscian concept of hegemony, while valuable in the study of post-1945 world order, is inapplicable in this context.⁴

But even within capitalist modernity, the forms through which states seek to internationalize their territorially based political authority cannot be circumscribed by the concept of hegemony (whether Realist or Gramscian). As Robert Latham notes, the so-called *Pax Britannica* itself does not meet most of the criteria for a 'hegemonic' ordering of international relations (Latham 1997: 425–31). While Britain's role in Latin America, Africa and Asia was clearly very strong, in Europe it was but one member of an international system (the Concert of Europe) whose purpose it was to prevent the dominance of one power. To be sure, Britain was interested in preventing the ascendance of France and Russia (and later of Germany) largely because it regarded its formal and informal empire as most important to its economic development and unique geopolitical role; but to claim that this constitutes some form of 'hegemony' seems dubious at best.

Even with respect to the ordering of the 'liberal world economy' of the mid-nineteenth century, the role of the British state and classes in consciously imposing or negotiating a particular structure on world trade and finance seems small (Latham 1997: 428–9; cf. McKeown 1983: 88). I have earlier emphasized the role of the geopolitical pressures emanating from Britain, which forced upon the continental European states a series of capitalist revolutions from above. Crucially, however, this process took the form of internal 'adaptations' which, while seeking to emulate the British industrial revolution through the imposition of capitalist property relations, also gave rise to very different state/society relations in continental Europe. Not only was the continental European state much more actively involved in economic development, the dominant social cleavages there were also quite different from the British case.

Despite the significant role of British capital in the expansion of the industrial revolution to continental Europe, there was in no way an internationalization of the dominant British 'historic bloc' that centred around political liberalism, *laissez-faire* and free trade. Indeed, Britain regularly tolerated or even supported the conservative monarchies of continental Europe in their mostly successful attempts to prevent liberal reforms and revolutions in their own realms (cf. Hinsley 1967: 222). When European countries converged towards freer trade after the 1860s, this was not the result of an internationalization of British authority. As Hobson

summarizes: 'Britain's role in the diffusion of free trade in Europe has been greatly exaggerated. Britain proved unable to impose or even persuade other states to adopt free trade after 1846' (Hobson 1997: 200; cf. Keohane 1984: 35–8).

Thus, if the notion of hegemony, most particularly in its Gramscian form, has any pertinence, it is with respect to the *Pax Americana* alone. Only in this phase of capitalist development has a clear internationalization of a domestic 'historic bloc' (itself based on some degree of class compromise) and its social purpose been achieved through consensus formation in the international system and transnational society. There is, however, a further and related problem here. For Cox, the notion of hegemony can be equated with stability. The breakdown of hegemony signals, as in Realism, the breakdown of order and the rise of geopolitical rivalry between states. This was the case with the period of imperialism, when the *Pax Britannica* was replaced by a 'non-hegemonic configuration of rival power blocs' (Cox 1996: 106 and 103). As with hegemony, imperialism appears as a transhistorical category that has to be filled with historical content by looking at its specific forms in distinct imperialist periods.

This dichotomy between imperialism and hegemony obscures more than it illuminates. Imperialism is not simply a period of non-hegemony and instability, a breakdown of the institutions of internationalized authority. Instead, imperialism may be better understood as one particular way of projecting national authority into the transnational space of capitalist world society. Its distinctive aspect is not that it is directed at the establishment of a generalized framework for the world economy, but that it seeks to constitute the relationship between nation-state and world market on a particularistic and exclusive basis. In this respect, imperialism represents one possible form of resolving, for a while at least, the tension between nationally organized political authority and transnational accumulation and reproduction.

Crucially, this form of politico-spatial organization of the world economy emerged precisely when the construction of hegemony became, for the first time, a dominant tendency in the development of capitalist modernity – at the domestic level. In both the domestic and the international contexts, then, hegemony is the result of a historical process; it is a category which itself has a limited historical existence. More concretely, the late-nineteenth-century attempts at social integration not just through the cooption of restricted and elevated social strata, but through the incorporation – by legal, political and social means – of a large part of the population, were the first instances of a hegemonic strategy, at least in continental Europe.

The category of hegemony is then to be reserved for those forms of internationalized authority which are indeed based on a significant degree of domestic and international consensus formation between states and social classes.⁵ Hegemony is but one form of 'geo-economic order' through which the relationship between national states and the capitalist world market is constructed. But what does this mean for those periods that can be understood neither as hegemony nor as imperialism? What, specifically, do we do with the *Pax Britannica*, if it is not a hegemonic order? And can recent forms of socio-spatial restructuring still

be understood in terms of a reconstitution of hegemony, or do we have to think of new categories to capture the social and geographical specificity of the present? An alternative is indicated by the argument, suggested by Michael Hardt and Antonio Negri, that the emerging form of globalized authority may be best understood as a new form of 'empire'. This 'concept of Empire posits a regime that effectively encompasses the spatial totality, or really that rules over the entire "civilized" world. No territorial boundaries limit its reign' (Hardt and Negri 2000: xiv).

We will return to the question of empire in the final chapter of this book. For now, it is important to note that the conceptualization of international authority structures in terms of the rise and fall of hegemonic orders (whether interpreted as a sequence of dominant great powers or as a succession of transnational historic blocs) is not only historically problematic. It also detracts from the explication and theorization of the changing nature of capitalist statehood as a spatial form.⁶

The outline of geo-economic orders which follows draws together many of the arguments presented over different chapters of this book. At its heart is the idea that capitalist development cannot be understood as a unilinear movement from 'the national' to 'the global'. Instead, the political geography of capitalist modernity should be conceptualized as simultaneously involving local, regional and global scales; because of the territoriality of political authority, it is the 'state scale' which will be of particular importance in the construction of the socio-spatial orders of capitalist modernity (cf. Neil Brenner 1997). States assume a crucial role in the creation of the spaces of capitalist accumulation, engaging in continual attempts to restructure space. In these attempts, states cannot simply be presumed always to act on behalf of particular classes, class fractions, social forces, socio-economic groups, and so on; state autonomy is a crucial aspect of capitalist modernity.

Yet the autonomy of the capitalist state is highly ambivalent. It is *real* in that the abstract sphere of the political is not directly involved in the act of exploitation; the capitalist class can organize its class power privately, allowing capitalists to pursue their individual interests without the need for the direct control of the state. In fact, for most of the history of capitalist modernity, it was not a capitalist bourgeoisie that controlled the state, but 'post-absolutist state classes' which sponsored and promoted capitalist industrialization in order to reproduce themselves internally and externally. Exactly who rules the capitalist state, and in whose interests concrete policies are made, cannot be determined on the basis of the definition of capitalism as a class society.

At the same time, this autonomy is no more than *apparent* in that the very abstraction of 'the political' from 'the economic' contributes to the reproduction of privatized relations of exploitation; it is also apparent in as much as the maintenance of the state presupposes not only the guaranteeing of private property and capitalist property relations, but also the successful accumulation of capital. It is for these reasons that states – far from merely guaranteeing private property, the sanctity of contracts and the rule of law – become increasingly drawn into the mediation of the tensions and contradictions of capitalist social relations, whether

they manifest themselves economically or socially. This argument, then, leads us back to our starting point, namely the distinct spatialization strategies that states pursue in order to resolve or alleviate the problems which arise from the fact that capitalist accumulation is always to some degree global, while its political reproduction is territorial.

I cannot hope to achieve more than a preliminary outline of the historical geographies of capitalist modernity, which will necessarily reduce the complexity of the historical process. Its purpose is to provide the starting points for future research and the basis for a concluding discussion of the contemporary process of socio-spatial restructuring.⁷

The British world economy

A capitalist world economy did not emerge before the nineteenth century, when under 'British auspices market exchange was effectively globalized as production for the market replaced the mere trading of goods' (Agnew and Corbridge 1995: 27). Obviously, there had long been international trade, and this trading system increasingly transmitted the goods produced in Britain under capitalist conditions. Some economic historians maintain that the particular role of Britain in the eighteenth-century world economy was the effective cause of the industrial revolution in Britain (and the reason for its relatively early onset).⁸ While this argument is incompatible with the emphasis I have put on the transformation of social property relations within England since the demise of feudalism, capitalist development and the industrial revolution would indeed have been impossible without a world market for food, resources and manufactured goods. The role of international trade and overseas colonialism was thus far from negligible, but it did not itself constitute the dynamic factor of social and economic development in Britain. More important had been the development of a domestic market and rising mass incomes and demand (cf. Elsenhans 1983; Wood 1991: ch. 6). In other words, the industrial revolution was the *product* of capitalism, and the capitalist element was *not* the operation of the world market, whose nature was still largely circumscribed by the non-capitalist property relations prevailing in the areas whose exchange it mediated.

By 1800, Britain had assumed a central role in the world economy. While the world-wide proportion of foreign trade to production was around 3 per cent, the ratio was 27 per cent for Britain, rising to 45–50 per cent by 1860 (Pollard 1974: 14). British manufactured goods swamped the European markets after the breakdown of the Continental System, which had difficulties paying for these commodities with agricultural exports into the protected British market. Some (France, Russia and Austria especially) reacted to the introduction of the Corn Laws by raising their own tariffs. But this did not stop the movement of British capital and capital goods to Europe, nor did it prevent the exchange of commodities (although Britain increasingly exported to non-European markets). During this period, Britain was able to develop complementary patterns of trade not only with its formal and informal overseas empire, but also with Europe. These

European exports to Britain consisted not only of food and raw materials, but increasingly of manufactured and semi-manufactured goods also, but many of these commodities were produced with British machines and financed with British capital (*ibid.*: 17–19).

If we look at these patterns of economic transactions from the perspective of world economic integration, we can arrive at two very different conclusions. On the one hand, the degree of integration looks relatively low if we take our starting point to be the European market, given that the export and import ratios to GDP of most European countries were rather low. If, however, we begin from the assumption (following from earlier discussions on the process of capitalist development in Europe) that Britain, rather than Europe as a whole, formed the ‘core’ of the first capitalist world economy, we arrive at a rather different picture. As Eric Hobsbawm notes:

An entire world economy was . . . built on, or rather around, Britain, and this country therefore temporarily rose to a position of global influence and power unparalleled by any state of its relative size before or since . . . There was a moment in the world’s history when Britain can be described, if we are not too pedantic, as its only workshop, its only massive importer and exporter, its only carrier, its only imperialist, almost its only investor; and for that reason its only naval power and the only one which had a genuine world policy. Much of this monopoly was simply due to the loneliness of the pioneer, monarch of all he surveys because of the absence of any other surveyors. (Hobsbawm 1990: 13)

This unique economic position allowed Britain to introduce its free trade policy during the 1840s, creating the conditions for a ‘single system of free flows in which the international transfers of capital and commodities passed largely through British hands and institutions’ (*ibid.*: 14). But while many European states subsequently embraced free trade, and the *idea* of free trade may be said to have become hegemonic, Britain itself did not become a hegemon. According to Holsti, ‘Great Britain’s role as a world power did not translate into continental hegemony. The governance system in nineteenth century Europe was a polyarchy, not a hegemony’ (Holsti 1992: 56). In its relationship with Britain’s formal and informal empire, on the other hand, the internationalization of the authority of the British state was much more direct. The element of coercion was far more decisive here than that of consent and ‘leadership’.

The ‘regime of free trade’ was therefore not premised on the internationalization of British authority as far as Europe was concerned, while the ‘imperialism of free trade’ to which areas in the Middle East, Latin America and Asia and later Africa were subjected was dependent on direct or indirect political control. This should not distract from the specificity of the British world economy. Most importantly, political control was not systematically employed to advance the interests of British capitalists, but guaranteed the penetration of the European periphery by all capitals. It thus acted as an ‘ideal collective capitalist’ on a global

basis, however much the benefits accrued *de facto* to British traders, industrialists and financiers (given the limited scope of overseas activity of continental European capitalists). The spatialization strategy of the British state was thus oriented towards providing the preconditions for the world-wide expansion of capital, whatever its origins. Yet while this spatialization strategy required the widespread and ongoing use of force in order to produce and maintain social property relations conducive to capitalist penetration, it also reflected the notion that political means should not be used for particularistic economic interests.

The presupposition of this system was the temporary absence of economic and political competitors who could have threatened the exceptional role of Britain – a presupposition that could not possibly be maintained forever without political control over the European countries undergoing capitalist transformations. In these countries, however, political power was used in order to shape comparative advantages in the international trading system, though this power was so far used mainly in a defensive capacity. The situation after the Vienna Congress put severe restraints on the European great powers; instead of resuming their traditional military competition, their main consideration was now the prevention of liberal revolutions and nationalist projects of secession or unification.

The primary international issue came to be the management of the external consequences of the passive revolutions to capitalism, while securing the internal consolidation of the post-absolutist state classes. Far from expressing the interests of capitalists or the capitalist class, foreign policy in this period reflected the concerns of ruling ‘groups’ which had formed a kind of class during the *ancien régime* (a ‘state class’ which maintained itself mainly through its control of property in the state), but had now become an ‘elite’ seeking to maintain control over the social and economic forces they created in order to maintain at least some of their privileges. It is this ambivalent role of these ‘post-absolutist elites’ which also helps us to understand the very different role of the state in the ‘newly industrializing countries’ of continental Europe. Their spatialization strategies were directed at achieving national economies which could sustain the pursuit of the ‘national interest’ of these states.

It was clear that this purpose could only be achieved if European countries did not become permanently integrated into the British world economy on the basis of existing comparative advantages in food and natural resources. Natural factor endowment could be no more than a starting point for nationally defined development projects that aimed at catching up with industrial Britain. The ‘national political economy’ of List and Hamilton rather than the ‘cosmopolitical economy’ of Smith and Ricardo thus became the guiding ideological framework in many of these states (Ruggie 1983b: 6).⁹ Even when, after 1860, most of the newly industrializing countries committed themselves to free (or freer) trade, their governments typically maintained a strong role in economic development and in shaping the international competitiveness of specific sectors and industries.

But, as we have seen, for a long time the role of the state in economic development remained defensive. Ironically, it was during the heyday of free trade that the only relevant peak of international wars during the ‘hundred years’ peace’

occurred (between 1858 and 1871). The failure of the 1848 revolutions, and the incorporation of the middle classes, allowed European states more latitude in their international relations, and enabled them once more to use the instrument of war to advance their interests. But these interests themselves were changing. The wars of this period were neither simple wars of aggrandizement, nor were they meant to achieve economic advantages in any immediate way. Hobsbawm notes correctly: 'Nobody – not even Marx, contrary to a common assumption, thought of European wars as primarily economic in origin in this period' (Hobsbawm 1989: 99).

These wars were, instead, wars of nation building. To reduce this process in Germany and Italy to the creation of larger economic territories in the interest of 'capital' would be fundamentally misleading. There was clearly a link to the rupture in social life which the ongoing capitalist transformation brought with it. But in many ways, these wars were part of the defensive movement of the post-absolutist state elites against the aspirations of the capitalist bourgeoisie. Bismarck's project of unification, for instance, aimed first and foremost at the weakening of the middle classes in the Prussian parliament and the preservation of the privileges of the aristocracy and monarchy. The achievement of national unity by the monarchical institutions of Prussia was meant to undermine the ability of liberal groups in parliament to press for constitutional changes.

The result was the increasing co-optation of the middle classes on the basis of an aristocratic worldview, which had been the dominant trend since 1815 (and reinforced after 1848). Nowhere in continental Europe did industrial capitalist interests have immediate sway over governments. The interests of capitalists, and more importantly, of the capitalist economy, could not be ignored, but their 'requirements' could only find their way into government policy refracted through the social, political and economic interests of the post-absolutist state elites (Pieterse 1989: 153–5; cf. Halperin 1997: 85–92; Mayer 1981: ch. 3). In no way can the switch to free trade itself be explained with reference to the interests of the 'rising' industrial bourgeoisie; in Germany the interests of the Junkers were probably decisive.

Even in Britain, the dominant social interest was not that of the industrial capitalists. For Hobsbawm, the repeal of the Corn Laws is a clear sign of the ascendancy of industrial capital over agriculture. But, as Cain and Hopkins argue, industrialists remained subordinated to the 'gentlemanly' culture of service capital concentrated in the City of London. The dominance of 'gentlemanly capitalism' dated back to 1688, arising from an alliance between agricultural and finance capitalists, which henceforth shaped British trade and colonial policy (Cain and Hopkins 1993: ch. 1). After the turn to free trade, agriculture suffered a sharp decline, and industrial capitalists achieved more influence; moreover, the central form of capital internationalization became, for a short while, the export of manufactured commodities, before it was once again surpassed by financial exports. Industrialists were integrated in a subordinate position into the genteel and, despite the decline of agriculture, landed culture of the city and the manor.

There was, however, a crucial difference between the ruling orders of Britain

and those of continental Europe. Put simply, whereas in the latter the dominant aristocracy, until very recently at least, was a thoroughly non-capitalist class which imposed its purposes on the newly emerging capitalist bourgeoisie, in Britain the aristocracy had been a (or even *the*) capitalist class for many centuries and politically dominant since 1688. This implies an important modification of the Schumpeterian perspective which pervades the work of Mayer and Halperin: the same label may disguise very different contents; the British aristocracy represented a very different social interest than the aristocracy in France, Austria or Germany.

According to Cain and Hopkins, there 'was no sharp, Schumpeterian antithesis between aristocracy and capitalism in Britain after 1850, but there was a distinction to be drawn between gentlemanly and industrial capital'. In their perspective, while Schumpeter's 'insight that the capitalist system's development was significantly affected by the non-capitalist environment from which it sprang' must be maintained, it is misleading to posit too strong an opposition between the old and the new. Thus, instead of stressing 'the gulf between traditional elites and the modern economy', Cain and Hopkins emphasize 'the extent to which capitalism and tradition came to terms with each other to create a unique domestic "substance"' (ibid.: 15). The alliance of gentlemanly capitalists also expressed itself in a particular form of imperialism and expansion. 'Put simply, overseas expansion and the imperialism which accompanied it played a vital role in maintaining property and privilege at home in an age of social upheaval and revolution' (ibid.: 45).

This argument applies, in principle, also to continental Europe which was in the middle of the transition to capitalism, even if the aristocratic element was clearly much more dominant there (and thus created different 'domestic substances'). The point to emphasize here is not the dualism of contradictory social forms and motivations, but their interpenetration. When, after the 1870s, war and military competition made their return on to the European (and increasingly global) scene, this did not reflect the resurgence of the aristocracy's 'atavistic impulses', but the increasing contradictions of capitalism in its existing form. The conflicts between the aristocracy and the middle classes were overshadowed (though not replaced) by the aspirations of the workers; the contradictions between national regulation and global accumulation increasingly emerged as acute problems facing the newly industrializing countries.

While the development of capitalism in this period implies a totalization of capital, it also entailed a certain fragmentation of the world economy that had been created under British tutelage. It is this state of affairs that those who posit an ascending movement from the national to the global take as their starting point. As we have seen, this must misrepresent the real development of capitalist modernity which started out more global (though less universal) than perhaps any capitalist world economy since. In order to understand this process, we must turn our attention to the emergence of the nation (as opposed to territorial or national) state.

Nation formation and the imperialist world economy

The state and the nation

Why did states become so crucial in defining not just the spatial, but also the social forms of organization which have characterized capitalist modernity ever since the last third of the nineteenth century? For most liberal theorists of the nineteenth century, it was clear that military rivalry had become a thing of the past with the onset of the capitalist or industrial period. In this perspective, the rise of this new economic society generated a new economic rationality, which would leave individuals to prefer chasing wealth rather than power. In the long run, this new order was bound to assert itself politically, subordinating the state to the rule of rational interests of the bourgeois classes as the bearers of rationality rather than the violent passions of the aristocracy. As Hobsbawm puts it:

The bourgeois prophets of the mid-nineteenth century looked forward to a single, more or less standardized, world where all governments would acknowledge the truths of political economy and liberalism carried throughout the globe by impersonal missionaries more powerful than those Christianity or Islam had ever had; a world reshaped in the image of the bourgeoisie, perhaps even one from which, eventually, national differences would disappear.

(Hobsbawm 1989: 83)

Herbert Spencer even envisaged the demise of the state, whose functions would be taken up by a society growing increasingly complex and integrated. Indeed, the state itself originated in a society organized for war rather than commerce, and the increasing predominance of the latter made war, and thus the state, increasingly unnecessary for its reproduction. As a result, there would be a world in which individuals competed directly against each other in the world market, with no role for military competition organized by states (Koch 1984: 324). Marx and Engels did not follow liberal thinking quite so far, but there can be no doubt that they, too, expected a declining role for the state, given that 'the national differences and antagonisms between peoples are daily more and more vanishing' (Marx and Engels 1998: 36). While this would allow for the universal competition between individuals, it would, more importantly, also lead to a situation in which war between classes would replace war between states. As we have seen in chapter 3, they had an inkling that these two lines of conflict might intersect in ways as yet unforeseen, but the full historical consequences of this intersection escaped them.

Central to the historical process whereby the territorial state became more and more critical to all aspects of social life was the transformation of statehood from the dynastic to the nation-state. One aspect of this transformation was the tendency for the borders of the state and the boundaries of nations to become more congruent, whether through movements of national secession or unification. Perhaps even more important, however, was the increasing need for states to

be able to represent themselves as embodying the nation – not just culturally, but also politically.

What were the sources of the historical constitution of the nation-state? The idea of the nation had existed for many centuries in Europe, without becoming the basis for state legitimacy. During the nineteenth century, it became a political rallying point especially (but not only) for the middle classes, which often associated the demand for national sovereignty with the call for national unity or secession. By the late nineteenth century, however, nationalism had become a weapon in the hands of the post-absolutist state classes against the middle classes as well as a means of integrating the working classes. The latter task became increasingly pressing with the onset of the Great Depression after 1873, and the second industrial revolution which not only increased the number of workers but also created (with its large factories) the conditions for more effective organization in parties and trade unions. These processes of social and territorial integration also allow us to understand the ‘territorialization’ of the social sciences, and their role in the construction of national spaces.

The ‘territorial trap’ revisited

For Marx and Engels, the worker had no motherland. In their 1848 perspective, the individual worker was quickly losing his or her ties to particular localities: ‘modern industrial labour, modern subjection to capital, the same in England as in France, in America as in Germany, has stripped him of every trace of national character’ (Marx and Engels 1998: 21). From the perspective of 1914, however, this was clearly a cruelly dispelled illusion. Not just the workers, but the capitalist bourgeoisie as well, were evidently associated with particular national states. Thus, the period between 1873 and 1914 has laid the foundations for the state-centrism that has dominated the social sciences until recently. And yet, it would be completely misleading to follow the social sciences into their statist ontology. For both the ‘nationalization’ of the social sciences and the ‘containerization’ of society after the 1870s were aspects of the mediation of capitalist class relations and of the social and economic contradictions to which they gave rise. And, as Martin Albrow points out, many of these efforts of the state were stimulated directly by Marx’s theory of global capitalism and transnational class relations:

Marx’s work revealed the deepest problem for the future of nation-state society, namely that its trajectory would be influenced by forces which crossed its boundaries. For any analysis of the economic system showed that it was intrinsically connected to the world as a whole . . . Marx’s ideas struck terror into the nation-state and simultaneously gave internationalism the reputation of subversion.

(Albrow 1996: 45)

The subsequent ‘caging’ or ‘containerization’ of the market and of social relations must be understood in this context. It is not so much an expression of a

secular logic of centralization inherent in the 'political sphere', but a reaction to the transnationalization of social relations which had been a product of the very measures (i.e. the imposition of capitalist production relations) which continental European states had pursued since the early nineteenth century in order to effect an industrial revolution. As Albrow argues:

the response of the nation-state to the social transformation which industrial production brought in its wake was to domesticate the problem. That is, the forces which were worldwide, the new threats from uncontrolled society, were converted into problems within the nation-state. The 'social problem' was a code to refer to the problem of incorporating the newly formed industrial proletariat into nation-state society. It was a big enough problem setting to generate simultaneously socialism, the welfare state and sociology as an academic discipline.

(ibid.: 45–6)

Albrow's arguments allow us to understand the nationalizing of the social sciences *after* Marx as a reflection of the process of social containerization, to which they themselves contributed by legitimizing the state's project. The first major sociological challenge to Marx's understanding of modernity as based on capitalist class relations which embodied this trend was Max Weber's historical sociology. In the self-representations of the social sciences, this challenge is usually regarded as the recovery of the dimension of political power which liberals and Marxists had chosen to discount, blinded by the rise of industrial capitalism. In this perspective, a vital reality of modern life since at least the sixteenth century is finally given the weight it deserves, whose consideration would enable Weber and his successors to make understandable why the socialist movement failed to bring about a world revolution and the state became more rather than less dominant in the further course of modern history. In this sense, we have become accustomed to resolving the Marx–Weber debate in the latter's favour: Marx was wrong, Weber was right.

Alternatively, however, Weber's work may be regarded as a critical step into the state-centrism which has since taken hold of the social sciences, including International Relations. Moreover, his contention that bureaucratized and territorial states rather than transnational classes determine socio-spatial organization appears as not simply a value-free analytical statement reflecting the role which the state had assumed in orienting the actions of individuals; it is itself an intervention by this self-described 'class-conscious bourgeois'¹⁰ into a social struggle which at that moment was far from decided. The purpose of this intervention was precisely to legitimize the caging and domestication of social relations whose revolutionary potentials were threatening capitalist society, and thus to make the ideal-type of the modern state more reflective of the actual practices of the individuals of capitalist society by legitimizing the state's claim to the loyalty of its subjects.

Returning to Albrow's argument, it is thus possible to see that Weber's sociology, like 'much of social theory was effectively designed to reflect back to the

state its own efforts to control society'. But, as we have seen, not *just* to reflect these efforts:

Most of the modern theory of the state was devoted to demonstrating that its particular form of social organization was indeed the true and permanent expression of the nature of society. But the fact is that a particular version of the state, the nation-state, sought to create society in its own image. Thus from a late modern perspective the state appears as primary and the social a sphere to be controlled by it.

(ibid.: 43)

The origins of the 'modern' social sciences in the period of nation-state formation at the end of the nineteenth century were thus not coincidental; they were themselves deeply implicated in the construction of the nation-state as the primary form of political community. If, therefore, the *Communist Manifesto* proved 'a pathetic prophecy', as Weber suggested,¹¹ it did so not least because Weber and other social scientists developed theories which sustained the state's right to suppress alternative forms of social and spatial organization, and to employ 'legitimately' their monopoly of the means of coercion for this purpose.

The world that they helped to usher in, if perhaps only as stentorians, was one that conclusively ended the quest for a different form of human community (and the lives of many of those who struggled for it – Rosa Luxemburg, Karl Liebknecht and Antonio Gramsci but a few among them). This triumph of statist social theory over its rival was not simply the inevitable result of a supposedly superior social analysis (claiming to have rediscovered an 'objective reality' temporarily forgotten by classical liberals and socialists) vindicated by events. It was the result of a political struggle, in which nationalists, and the new type of national-liberals represented by Weber himself, managed to gain victory. For Weber himself, the analytical centrality of the state follows from his belief that 'the furtherance of the nation-state must take primacy over all other objectives' (Giddens 1972: 26). Well, clearly Weber was on the side of the winners in this political struggle, though we would do well to remember that, more than the victory of the nation-state as such, it was the triumph of the German 'Machtstaat' (power state) that was his primary political objective, and this aspect of his project did not end quite as successfully.¹² The costs of the nation-state's historical success were huge, of course, as those European power states forged on the basis of nationalist integration increasingly displaced vertical class conflicts with horizontal competition between 'power states'. The massive energies released in the process of the cellular fusion of populations, peoples and classes into nations laid the foundations for the catastrophic 'European civil wars' of the first half of the twentieth century.

Behind the move of the social sciences into what John Agnew has termed the 'territorial trap', which can be understood as the conceptualization of the territorial state as a 'sacred unit beyond historical time', is thus the political *project* of the containerization of social relations (Agnew 1994: 65). This project sought to

supplant and eventually replace the imagined community of a transnational class striving to overcome the territoriality of political authority, and ultimately even statehood as such, with the imagined community of the nation. The social substance of this project was not any natural tendency of the state towards self-aggrandizement, which Realists have abstracted from the historical context of this period, but the attempt to maintain capitalist class relations and the capitalist market, both potentially non-territorial, through the strengthening of the relationship between state, territory and society.

Nationalization, internationalization and inter-imperialist rivalry

There is more that needs to be said about the constitution of the nation-state, the national economy and national society. We may best understand certain aspects of nation formation, however, if we also look at this process from the perspective of the international system, and particularly the growing inter-imperialist rivalry between the leading states of this system. The blurring of the boundary between domestic and international spheres is not an innovation of the contemporary period.¹³ Nation formation and imperialist expansion were closely related processes. The theorization of this relationship, moreover, was a central concern of the classical Marxist theorists of imperialism. As Ankie Hoogvelt notes, they developed their frameworks in a historical context dominated by two countervailing tendencies:

One the one hand there was the intensifying *nationalist* rivalry between the capitalist countries which boiled over into the First World War, and on the other was the phenomenal growth, not just of a world market for commodities freely exchanged across borders, but of the internationalisation of production itself when giant firms from metropolitan countries began to vertically integrate mine-to-market production chains across the globe, when international trusts and cartels appeared to set world market prices and allocate spheres of investment and distribution outlets, and when shares began to be traded across frontiers and international loans became the order of the day.

(Hoogvelt 1997: 23)

The theories which Hilferding, Bukharin and Lenin produced to account for these contradictory tendencies gave historical materialism a slant which removed it far from the original perspective of Marx and Engels, who clearly privileged the tendency of globalization. Yet they could claim that the seeds for the transformations of capitalism which they had to grapple with had already been recognized by Marx and Engels – and therefore that they were doing nothing but building on Marx's original insights. It was in the tendency for monopoly to replace free competition, which Marx had posited as an inevitable process of capitalist development, that they located the sources of both nationalist integration and imperialist expansion.

The result of this inevitable process of monopolization was, according to Hilferding, the rise of 'finance capital', which united the banking and industrial capital and thus imposed on the capitalist class a single class interest. Having rid themselves of their fractions, capitalists could now impress their collective interest on the state. This interest was seen to lie in maintaining the conditions for reaping monopoly profits at home (through the raising of tariff walls), and in promoting the search for new outlets for investments abroad. Capital export implies the control of the areas of investment. Finance capital thus entails a stronger economic role for the state which acquired three essential functions: the creation of as large an economic space as possible; which is shut off by the state against foreign competition through tariff walls; and which thus becomes an area for exploitation by national monopolies organized by the state (which in turn comes to lose all autonomy *vis-à-vis* finance capital). As a consequence of the rise of monopoly capitalism, the 'bourgeoisie ceases to be pacific and humanitarian . . . Its ideal is now to secure for its own nation the domination of the world, a striving which is as unlimited as the capitalist drive for profits from which it derived'.¹⁴

The state thus came to assume a central role in securing the expanded reproduction of (monopoly) capital. We have already noted (in chapter 3) that the classical Marxist theorists of imperialism had little by way of a theory that explains why 'national blocs of capital' should have become the organizational form of international political and economic competition. But theirs was a specific concern. Taking the existence of capitalist states (and the complete dominance of the capitalist class over these states) as given, they wanted to know why these states increasingly engaged each other in military competition. The thesis which they put forward has immediate spatial implications: the more competition within the industrialized states was restricted, the more competition was transferred to the international realm, where it was pursued with the support of the state apparatus. As Bukharin suggested, national economies were transformed '*into one gigantic combined enterprise under the tutelage of the financial kings and the capitalist state*' (Bukharin 1972: 73–4). These political-economic complexes now competed against each other for profits in the world market much as individual firms had competed against each other within the national economies – with the vital difference that the new form of competition was pursued by political and military means. Each state, furthermore, sought to gain exclusive control of economic territories beyond its national boundaries. Lenin in particular saw the super-profits that could be reaped in these dependent areas as crucial to the ability of capitalists to bribe the 'aristocracy of labour' into accepting the existing political and economic structures.

It should be noted here that the element of colonialism never assumed more than a subordinate role in these theories of imperialism. For Lenin, Bukharin and Hilferding, what was new about the 'new imperialism' was not the striving for colonies. All of them recognized that colonialism had existed throughout the nineteenth century and far beyond. Indeed, as Lenin argued, the *new* imperialism began only when all the world had been split up between the capitalist great

powers – roughly around 1900. Their theory of monopoly capitalism was thus not meant to explain the scramble for Africa and the division of Asia into spheres of influence, as so many of their critics assumed when they sought to falsify the ‘economic’ theory of colonial expansion (Stokes 1969; Etherington 1984). Indeed, they were perfectly willing to accept that colonialism was, like every concrete historical phenomenon, the result of ‘manifold determinations’, from the need for raw materials to strategic considerations, to the externalization of social problems (cf. Linklater 1990: 86–9; Etherington 1984: 134). What their theory of monopoly capitalism was meant to explain was the increasing inter-imperialist rivalry between capitalist states and the failure of the working class to resist a war in which workers fought willingly for their motherlands.

Imperialism, in the sense used by the classical Marxist theorists of imperialism, was thus not identical with colonialism. Colonialism was relevant to the theory and practice of imperialism only in as much as colonies became part of the spatialization strategies of the imperialist powers. Where colonies, under whatever flag, had so far been open to the capital of any country, they now (around the turn of the century) became the preserves of the colonizing power. And where the colonialism of the pre-imperialist era, including the scramble for Africa, had been managed cooperatively and relatively peacefully (as far as the relationship between the colonizers is concerned!), the competition for the redivision of colonies for exclusive use now became much more aggressive (cf. Kiernan 1974: 6).

While these issues and problems do indeed constitute the proper focus of a theory of imperialism, the preceding remarks are not meant to suggest that the answers given by Hilferding, Bukharin and Lenin can be accepted without scrutiny. Far from it. Scores of critics have dealt severe – and probably deathly – blows to the idea that imperialism is nothing but monopoly capitalism. Bill Warren (whose alternative theory of capitalist development is, it must be said, at least as dubious as the one he attacks so effectively) has pointed out that the causal link between monopolization, capital export and imperialism posited by Lenin and others cannot be maintained. The states with the most extensive empires and capital exports do not fit the monopoly theory either. Britain (and to a lesser extent France) was marked by a low degree of monopolization and concentration (Warren 1980: 65). On the other hand, some of the players on the imperialist chess board, including Russia, the USA, Italy, Germany and Japan, were rather insignificant as capital exporters. In fact, as Fritz Fischer notes, a crucial problem for Germany’s imperialist aspirations was its *lack* of exportable capital, which undermined its ability to tie governments in the agrarian world to itself. This was the result of the enormous industrial development recently experienced by Germany:

German industrialisation had consumed vast investments, which were no longer available in the race for spheres of influence; this was directly contrary to France, which could employ enough investment-seeking capital politically, because she was less developed economically.

(Fischer 1984: 133)

The Russian case was rather different from these two (or that of Britain); Russia was the main recipient of French funds and only just beginning to undergo capitalist industrialization. What, then, is the common element which drove these states to pursue imperialist strategies, if it is not monopolization and the need for outlets for capital investments? Realist scholars of IR/IPE have often suggested that there is no such common element; states of all possible social constitutions have engaged in imperialism since the beginning of time (cf. Waltz 1979: 25). Instead, they have pointed to the inexorable logic of anarchy which forces states to expand their power. In this way, the crucial question asked by the classical Marxist theorists of imperialism (and many other contemporary observers), why military violence assumed such renewed prominence at the end of the nineteenth century, disappears from sight.

If abstract theories of the anarchical international system remain unable to elucidate concrete historical processes, it should also be noted that the search for an element common to all late-nineteenth-century imperialist state/society complexes may indeed be futile, as Realists suggest. But does a theory of imperialism have to be built upon either an international or a comparative methodology? I would suggest that such is not the case. It may be quite possible that imperialist strategies were first adopted by some states, in reaction to the social and economic contradictions of capitalism, whose strategies then induced other states to embrace similar policies even though the social and economic problems which they confronted were rather different ones. In this way, imperialism may become an attribute of the international system, even though the origins of imperialism can only be found in a limited number of imperialist states.

Imperial world economies

This is not the place to develop a new Marxist theory of imperialism beyond the indication of some starting points. Such a theory would have to encompass, as we have seen, the international dynamic which relayed the consequences of the increasing imperialist orientation of states such as Germany or France to other states at the end of the nineteenth century. The increasing rivalry between states also reinforced the militaristic tendencies within these states which led to the increasing subordination of bourgeois to military values. Any historical materialist theory that fails to admit the central role of inter-imperialist strategic rivalry (and the autonomization of this geopolitical dynamic once it had been set in motion) in the age of imperialism remains one-sided and, in the end, irrelevant. Neither in the process of colonial expansion up to 1895–1900, nor in the subsequent imperialist struggles for the redivision of the world (and the political engagement of parts of the world economy under the leadership of rival imperialist powers), can economic motives account for all or even most foreign policy decisions.

And yet, imperialism was unequivocally part of the contradictory self-expansion and the social, political and economic reproduction of capitalism. Its origins are to be found in the world economic crisis of 1873–1896, which also

became a world social and political crisis. Given that the territorial states which global capitalism had inherited from the absolutist period were the only available political organizations that could assume the role of maintaining capitalist property relations and securing (and this meant expanding) the conditions for capital accumulation, it was these territorial states which more and more came to assume centre-place in the process of capitalist development. But in this process of crisis management, these states also sought to establish increasing control over the global presuppositions and dynamics of capitalism.

On the one hand, this took the form of the development of nation-states. Most importantly, this entailed redirecting the loyalty of the workers from a transnational class allegiance to the state itself (as well as the shifting of the loyalty of other parts of the population from the local to the national level). This could not be achieved through nationalistic propaganda alone; legal, political and social concessions, which often entailed significant economic costs, were necessary. This, in turn, required more control over the economy; nation formation also necessitated the creation of national economies. On the other hand, for many states the formation of national economies was only part of a strategy which aimed at the incorporation of parts of the world economy under the sovereign authority of rival nation-states. Especially those states undergoing the 'second industrial revolution' could not afford (or *thought* they could not afford) to remain dependent on the goodwill of other states for their access to raw materials. With respect to finance and credit, too, the political, diplomatic and military power proved of great value. The more exclusive the rights that could be wrought by governments from the ruling groups of non-European states, the more the potential benefits to their own 'national' capitals.

Imperialism was itself also directly involved, at least in some countries, in the constitution of the nation as the primary form of political community. 'Social imperialism' is thus central to any comprehensive theory of imperialism.¹⁵ It allows us to see, in particular, that the descent into inter-imperialist rivalry was intimately bound up with the constitution of 'hegemony' within some of the crucial imperialist powers, especially through the national and social incorporation of the working class. The very attempt of the dominant classes to make their authority more stable in the face of social challenges by reconstituting this authority on a hegemonic basis had profound consequences for the relations between states. For the establishment of hegemony within gave the pursuit of 'national interests' abroad much more importance and allowed for many fewer compromises, whether for 'material' or symbolic reasons. Domestic consensus formation and inter-imperialist rivalry were thus aspects of the same process. Together, they spelled the end of the transnationally integrated British world economy. *For the workers could only be given a motherland if capital could be made to carry the national flag.*

The imperial political economies, which sought to internalize partial world economies into the boundaries of an imperial state, were at the same time symptoms and agents of the demise of the British world economy since the world economic crisis. After the first industrial revolution in continental Europe, Britain

had increasingly shifted its division of labour to the non-European areas. With the second industrial revolution, the continental European states followed Britain on this path, seeking to recreate a core-periphery relationship with their own colonies. But while for the European states this was but one part of their economic development strategies, in Britain the 'retreat into empire' emerged as an 'alternative' to the state-sponsored organized capitalism that was a precondition for the second industrial revolution (Hobsbawm 1989 and 1990). Britain, however, did not react to the imperialist strategies of its continental rivals by imposing tariffs and other forms of exclusion around its colonies. In this respect, even though Britain had the largest colonial empire the world had ever seen, the notion of imperialism as defined by the classical Marxist theorists of imperialism may be much less applicable to Britain than to France and especially to Germany. This was also suggested by Joseph Schumpeter, whose position is concisely summarized by Etherington:

as long as [the British] colonies were not cordoned off by tariff barriers as 'objects of exploitation in a sense different from that in which independent countries can be exploited', Britain could not be numbered among the aggressive imperialists.

(Etherington 1984: 155)

This leads us back to the domestic processes which gave rise to imperialist strategies of expansion. Schumpeter, of course, pointed to the continuing dominance of absolutist ruling classes in explaining why the continental European states were so prone to militaristic forms of political and economic expansion. Put this way, Schumpeter's argument is completely overstated. However, it is crucial to note that while imperialism was, at heart, a response to the global crisis of capitalism, the way in which states reacted to this social and economic crisis was indeed strongly shaped by the interests of the post-absolutist state elites of continental Europe. These social strata, while having become dependent on the growth and expansion of capitalism, nevertheless had interests which often conflicted with those of the capitalist bourgeoisie. It was on the premise of their predominance, moreover, that hegemonic blocs were created in the period of nation-state formation and inter-imperialist rivalry.

The classical Marxist theorists of imperialism looked at the 'new imperialism' from the perspective of its implications for the transition from capitalism to socialism. They depicted a situation where capitalism, as a result of its 'maturation', had become 'overripe'. Its contradictions had become so severe that only military expansion could sustain its need for new outlets for goods and capital. The state, which had assumed a decisive role in this quest, had itself come completely under the sway of finance capital. Looking forward to the final breakdown of capitalism, however, these theorists failed to notice that the new imperialism was, in many respects, still part of the transition from absolutism to capitalism, even though it already expressed and mediated the contradictions of global capitalism. In many respects, the increasing

inter-imperialist rivalry was thus not the result of monopoly capitalism; imperialism was not a necessary and inevitable stage of capitalist development, but a political strategy of specific social strata seeking to maintain their privileges in the face of the rapid social, political and economic transformations brought about by capitalism. In this sense, imperialism was also an aspect of the 'European civil war' which was to lead the world into two devastating wars (cf. Mayer 1981; Halperin 1997).

Nations, empires and capitalism

The decisive development of the period between 1873 and 1914 was the replacement of the British world economy by a number of competing imperial world economies. This was the result of the role assumed by the territorial state in 'resolving' the contradictions of capitalism through specific social and spatial 'fixes' (cf. Harvey 1982: 431–45). It should be noted, however, that just like the caging of capitalism's global civil society through the nation-state, the nationalization of the economies was only relative. The imperialist states that strove to replace Britain at the apex of the international system and the world market, as Philip McMichael points out, 'internalized the conditions of (world) capitalist competition in their commercial policy'. Most crucially, they secured the ability of the capitals on which they placed increasing 'national limits' to reproduce themselves in the world market through the adherence to the gold standard. 'Thus, in the center of world-capitalism in particular, the *nation*-state emerged as the characteristic political structure of the world market' (McMichael 1987: 193–94).

In this sense, it would be completely mistaken to interpret the efforts of states to nationalize capitalist society as an absolute reality rather than as a tendency, or even to regard this as *feasible* within the framework of capitalism. Levels of trade and investment between capitalist states remained high and colonies never became fully exclusive. It was, in fact, only in the autarkist fantasies of the fascist regimes in Germany and Japan some decades later that the idea of a (partial) world economy subordinated completely under one state came to dominate. The notion of a political and economic 'Großraum' came to express the most extreme variant of the perpetual attempts of capitalist states to resolve the contradictions between territorial authority and global capitalism (cf. Diner 1993: 50–4). In the end, however, it was a completely different model of bridging the national and the global that emerged as dominant (or, indeed, hegemonic), based on a system of international governance under American leadership.

Pax Americana and the welfare state

A re-embedded economy?

The international order established after the Second World War seems to be that of a system of national states and national economies linked together

through inter-national relations. While there is a world market, it appears to be subordinated to the control of sovereign states which, by limiting the mobility of capital, gained a high level of national autonomy in deciding over their societal development. A major reference point in this mythology is the work of Karl Polanyi (Polanyi 1957).¹⁶

Towards the end of the Second World War, Karl Polanyi came to the conclusion that 'market society' had finally run its course. The devastation it had wrought upon social life, he argued, had been just too catastrophic for the 'market utopia' to emerge as dominant once again, as it had after the First World War. All the now dominant models of social organization, namely communism, fascism and the New Deal, had one thing in common: they rejected the self-regulating market for societal self-determination. Polanyi, while not expecting the New Deal to represent the final form of an economy embedded in society, certainly took it to be a first step in a gradual reassertion of the primacy of cultural and political institutions over the market.

But is this what actually came to pass after the end of the Second World War? According to John Ruggie, the postwar period saw indeed a major reorganization of the balance between economics and politics; this balance was institutionalized in an international system of economic 'multilateralism . . . predicated upon domestic intervention', which may be termed 'embedded liberalism' (Ruggie 1982: 393). This international order sought to reconcile an open world economy with the active role of states within their domestic economies, thus reflecting a general reversion of the priority formerly accorded to economic concerns both domestically and internationally. However, as Ruggie himself points out, 'Polanyi's prediction of the end of capitalist internationalism does not stand up well against the subsequent internationalization of production and finance' (ibid.: 388).¹⁷ These processes took off during the late 1950s, suggesting a rather gradual contrast between the supposedly 'subservient' role of finance in the *Pax Americana* and its dominance in the neoliberal period thereafter. The expectation which Polanyi associated with the 'great transformation' envisaged for the postwar period was that

the market system will no longer be self-regulating, even in principle, *since it will no longer comprise labor, land, and money*. To take labor out of the market means a transformation as radical as was the establishment of the competitive market.

(Polanyi 1957: 251, emphasis added)

But can it really be maintained that, measured against these criteria (which require a complete decommodification of the so-called factors of production), the economy of postwar western societies underwent a process of re-embedding in Polanyi's sense? Gøsta Esping-Andersen has indeed suggested that the essence of social policy is the extension of social rights, which have the capacity to decommodify labour power by allowing people to sustain their standard of living independently of the market. Yet Esping-Andersen himself is quick to note

that what he calls decommodification 'should not be confused with the complete eradication of labor as a commodity', i.e. with 'de-proletarianization'. This, however, was precisely what Polanyi regarded as central to an economic re-embedding.¹⁸ Nowhere was decommodification in this more far-reaching sense approached or even attempted, not even in the social-democratic welfare states which rank highest on Esping-Andersen's 'de-commodification score' (Esping-Andersen 1990: 37 and 47–54).

In the period of the dominance of the welfare state, the possibility for individuals to temporarily 'opt out' of the market, and the capacity of society to sustain this partial decommodification of the labour power of individuals, remained premised on the operation of the market mechanism, and thus on the ability of nationally defined societies to achieve their material reproduction through the market. Moreover, this societal reproduction was, as in all phases of capitalist modernity, dependent on the ability of individual capitals to compete in the world market. This was a capitalist world market – but what kind of capitalist world market?

Bretton Woods and the expansion of the commodity form

The nature of the world market of the *Pax Americana* has been the subject of countless studies, many of which are built on the assumption that this was an inter-national world economy par excellence. There were, indeed, important mechanisms that had been designed with the express purpose of insulating, to some degree, the national economies of this system from the immediate pressures of the world market.¹⁹ While the expansion of world trade had been a central objective of the Bretton Woods order, it was accepted that the stability of the world economy presupposed the political and social stability of the state/society complexes which 'made up' the postwar world political economy. This was seen to require the ability of national economies to adjust to changes in comparative advantages through (limited) adjustments of the exchange rate. In order to prevent speculative assaults on currencies, however, capital mobility was severely restricted. These mechanisms, it is argued, constituted a world economy integrated by 'arms-length' exchange of products manufactured within distinct national economies.

Instead of a Polanyian re-embedding of the economy, the world economic order constructed after the Second World War reflected the Keynesian concern of saving capitalism from itself. It sought to contain the economic and social contradictions of capitalism through a number of mechanisms which transformed the relationship between the political and the economic, without transcending their fundamental abstraction from each other (cf. Rupert 1995: 86). State interventionism was, more than ever before, recognized as a necessary and legitimate instrument in securing the social reproduction and profitable accumulation of capital. But whereas the rise of organized and welfare capitalism had been a crucial aspect of the turn to imperialist strategies, it was now accompanied by the development of institutions of international governance. Their task was the prevention of a return to imperialist competition by allowing for the coordination

between capitalist states in their attempts to secure the international competitiveness of their capitals. To some extent, moreover, the world economic institutions also enshrined the right of states to shield parts of their national economies from the world market (cf. Cox 1987: 220).

The reconstitution of the relationship between politics and economics was thus part and parcel of a more encompassing transformation in the relationship between the territorial state and the world economy. The re-emergence of a universalistic world economy was made possible by the mitigation of its sway over national economies. The Gold Standard of the late nineteenth and early twentieth centuries had allowed for the direct impact of the law of value on each national/imperial economy, which could only be lessened by individual states through the use of political instruments that led to the particularization of the world economy. The Bretton Woods order, by contrast, provided the political preconditions for the increasing force of the law of value over national economies by establishing the collective institutions which would allow national economies to adjust to its constantly changing commands and demands.

The geopolitical presupposition of this system was the internationalization of the authority of the US. If ever the notion of hegemony had any pertinence in the international realm, it was in this historical context. Not only did the US accept some of the demands of its junior partners, it also played a crucial role in the social, political and economic reconstruction of these state/society complexes. A central aspect of this process was the final obliteration of the influence of post-absolutist ruling elites in European societies. From now on, the class conflicts which shaped the development of these state/society complexes were indeed those between capital and labour. The sphere of the political was now, finally, subsumed under capital, though the exclusive territoriality of political space continued to structure capitalist modernity.

The ability to construct the relationship between national states and the world market on a relatively consensual basis, however, required more than the hegemony of one state, but also the transformation of class relations within each state. The 'politics of productivity', which the US actively promoted, aimed at transforming producers into consumers. The postwar reconstruction of 'social order' was achieved by de-ideologizing 'issues of political economy into questions of output and efficiency'; in this way, the postwar 'politics of productivity' was thus to 'ensure the primacy of economics over politics' (Maier 1987: 146; cf. Panitch 1987: 134). It sought to shift class struggles from conflicts over property and sovereignty to conflicts over distribution. After the ravages of the first half of the twentieth century, stabilization 'meant winning the adherence of a large enough segment of the working classes to preserve the scope for private economic power and hierarchy that defined liberal capitalism' (Maier 1987: 184). In that respect, postwar reconstruction can be seen as a completion of the interwar stabilization of capitalism through a social bargain, 'the increasing satisfaction of material wants in return for a restoration of industrial authority' (Maier 1987: 168).

In *this* sense, the domestic and international limitations placed on the economy

through the extension of citizenship rights and social policy were accompanied by an increasing subordination of all aspects of social life under the exigencies of 'the market'. Efficiency and productivity became, more perhaps than ever before, the guiding principles not just of action in the economic 'sphere', but of the organization of society as a whole. It should be noted that the totalization of capitalism in this particular form was not just a phenomenon of the domestic sphere. As Robert Gilpin argues: 'While solving the problem of a closed economy, the welfare state has only transferred the fundamental problem of the market economy and its survivability to the international level' (Gilpin 1987: 63). For Gilpin, the tensions between the welfare state and capitalism could be limited, for a while, because of the US's willingness to shoulder the burdens of the hegemonic power. But Ruggie also notes that a crucial aspect of the welfare compromise was the externalization of its costs (in particular, inflation) to other welfare states, but also to the Third World (Ruggie 1982: 229f.).

But the postwar order was marked not simply by an externalization of the problems arising from welfare capitalism; more fundamentally, the partial decommodification of labour within these states was accompanied by the global expansion of commodity relations. This took the form of an ongoing process of 'primitive accumulation' (i.e. the first level of commodification of labour). As Aristide Zolberg suggests, the postwar 'expansion of the market system fostered the transformation of the outlying regions of Europe into a periphery whose growing population was propelled by the processes of the great transformation into the national and international industrial reserves' (Zolberg 1991: 312). The reliance on foreign labour, to be procured and discarded according to economic rationales, was fundamental to the operation of welfare capitalism, in its ability to limit inflationary tendencies inherent in national economies based on relatively high wages (cf. Dreher 2006). Zolberg concludes: 'The arrangements that arose throughout the OECD were predicated on an expansion of the world economy to encompass a vast periphery and the subjection of this periphery to the great transformation' (Zolberg 1991: 316; cf. Pellerin 1996). The availability of migrant labour allowed the welfare states of the West to keep in check the social rights and economic incomes of workers, by buttressing competition between them. It thereby underpinned the 'social contracts' which turned workers into consumers.

The territorial state, it may be concluded, did indeed play a crucial role in organizing not just political space, but also the social and economic space of capitalist modernity. It did so especially during the century from 1870 to 1970, if in very diverse forms in different historical phases. But while the territorial state, as nation-state, came to structure economy and society in decisive ways, it never fully contained capitalist social relations within its particularistic boundaries. The state mediated the contradictions of capitalism in every phase of this development. And as capitalism always remained – in a fundamental way – global, states continued to face the problem of having to secure the reproduction of 'their' capitals in a world market in which their authority could not be projected without being limited by the sovereignty of other states. We have to take account of both

these dimensions of capitalist modernity instead of falling for the nationalist conceit. Only then can we effectively disentangle ourselves from the territorial trap, for we can now see that the methodological territorialism of the 'modern' social sciences was indeed inadequate even to the period of the world-historical pre-eminence of the nation-state.

8 **Governing global capitalism**

Towards *imperium*?

Beyond globalization

The starting point for this book was the argument that the debates surrounding 'globalization' had so far yielded unsatisfactory explanations and conceptualizations of contemporary processes of socio-spatial restructuring. The reason, I suggested, can be found in globalization theorists' acceptance of statist interpretations of modernity; taking those as their baseline, cautious and extreme globalists alike were bound to exaggerate the novelty of the present, to overestimate the degree of change and thereby ultimately to misunderstand the nature of the present conjuncture. Thus, rather than to reassert the continuing relevance of 'classical' frameworks of social and international relations theories, I argued that we face a challenge perhaps even greater than that identified by globalists: a new theory not for new times, but for the period now supposedly in decline or already past, precisely in order to better understand the transformations of the present.

The real challenge of social theory, today, is to rethink 'modernity' by engaging in a radical historicization of the categories that the modern social sciences have tended to take for granted. In this book, I have sought to make a contribution to this task from the vantage point of the international system, through the historical and conceptual examination of the concepts of sovereignty and territoriality. This inevitably involved us in the study of the origins and structures of capitalism, and consequently in the attempt to explicate the relationship between capitalism and territoriality. Before spelling out some implications of these enquiries for the analysis of contemporary global restructuring (though this is properly a task for a separate volume), I will briefly summarize some of my principal conclusions. Clearly, these findings barely begin to scratch the surface of the challenge outlined above, and I have doubtless myself taken too many aspects of modernity for granted even while challenging others.

Beyond hegemony

The story of the rise and decline of hegemonic powers has long been the only way in which international change was admitted. While this involves, in the most basic versions, only the change in relative material capabilities, more elaborate versions

have pointed to the changing social purposes embodied in the international institutions created by the hegemon, and consequently a focus on the state–society relationships that may explain changing social purposes. Finally, in some versions, the focus on hegemony fused with the globalist arguments, leading to the suggestion that earlier international forms of hegemony are now being replaced by a transnational hegemonic system. I have argued, by contrast, that the concept of hegemony is ill-suited for the conceptualization of internationalized authority as such. While hegemony may be usefully employed to analyse the particular structure of international rule in the postwar period, it is much less useful with respect to the ‘Pax Britannica’ or indeed the forms of internationalized rule that we observe today (cf. Onuf 1997). We need to develop not just a typology, but a historical sociology, of rule in the international system which allows us to grasp the distinctive forms of organizing geopolitical space and world market competition over the past two centuries.

Beyond anarchy

Against the still prevailing orthodoxy that the international system is a timeless realm of anarchical interactions between conflict units, I have argued that geopolitical systems are rooted in the social relations of domination and surplus appropriation that are at the heart of a historical period. This claim goes far beyond the superficial notion that domestic politics shapes foreign policies, and requires that we begin to think historically about international systems not just in terms of their own properties, but in relation to the fundamental ordering principles of a historical period’s social relations at large. This approach, moreover, suggests that those attempts to historicize international systems in terms of different ‘logics of anarchy’ may not be far-reaching enough. By starting from the historical constitution of political-economic authority, I have shown that anarchy itself may best be understood not as perennial structure, but very concretely as the historical product of the consolidation of absolutist states through the disempowerment and demilitarization of the kings’ rivals in the struggle for political authority, aristocrats foremost among them. This evacuation of social content (the feudal forms of suzerainty, subordination and obligation, and the overlapping forms of authority and politically constituted property that were previously expressed through them) from the relations between sovereign dynastic proprietors was constitutive of the new absence of rule between those actors that had successfully become sovereign and were recognized as such. With the transition to capitalism in the nineteenth century, this anarchical space was once again (though partially, and in a way that was very different indeed from feudal lordship) penetrated by transnational power relations, as the now privatized power to appropriate surplus was deployed by individual actors beyond national boundaries, creating an ‘empire of civil society’.

Beyond Westphalia

These arguments suggest that the sovereignty or territoriality of the state can no longer be understood as the defining hallmark of the 'modern' international system. We cannot, in other words, attribute a single historical form or dynamic to the international system over the period from 1500 (or 1648) to 2000 (or even just 1973). The prevailing understanding of territorial sovereignty as definitive of the international aspect of modernity rests on the presumption of an 'analogy' between the emergence of absolute private property and absolute sovereignty in the absolutist period (Ruggie 1993; Burch 1994; Ashley 1987; Giddens 1985; and, as *locus classicus*, Anderson 1974). Yet, as I have shown, the private property of absolutism was a pre-capitalist form of politically constituted property, which continued to mediate political forms of surplus appropriation. Thus, the late fifteenth-century differentiation of external and internal realms was not accompanied by the separation of politics and economics within the territorializing states. On the contrary, absolutist *social relations of sovereignty* remained constitutive both of the dominant forms of rule and of surplus extraction. The domestic as well as the international forms of contestation of absolutist authority therefore were centrally about the distribution of rights, privileges and territory, and thus the relative access to (peasant) surplus. Only in the nineteenth century did the separation of the power to rule over subjects from the power to exploit these subjects take place in continental Europe. Capitalism came to exist in this way in a preconstituted system of territorial states. While the capitalist revolution transformed the nature of statehood, it reproduced the basic fact of the exclusive territoriality of political space. Neither Ruggie's privileging of territoriality, nor Rosenberg's attempt to decode sovereignty as a specifically capitalist social form is therefore adequate as a centre of a historical theory of 'modern international relations'. Only by replacing the prevailing focus on private property rights and the institution of sovereignty with a focus on social property relations and the social relations of sovereignty can we begin to recognize the epochal disjuncture between the rise of sovereignty and the emergence of capitalism, and only then are we enabled to adequately conceptualize their subsequent interpenetration. The notion that this global condition can be understood through the concept of the 'Westphalian system' has long been based on a 'myth' (Osiander 2001; Teschke 2003). However, despite these origins, international relations during the period of capitalist modernity did not simply represent an anachronistic (or atavistic) principle. On the one hand, territoriality was increasingly 'internalized' as the content of territorialized authority was transformed and became *capitalist* territoriality. The international relations of capitalist modernity came to mediate the emergence and expansion, but also the crises and contradictions, of a historical form of society in which surplus is primarily appropriated privately by 'economic' means. But this 'internalization' of the system of territorial states also entailed the 'imbrication' of the interstate form of capitalist political space into the 'base' of capitalism. The results, as I have argued, cannot be conceptualized in terms of a duality of territoriality and accumulation as Harvey (2003), for instance, would have it.

Beyond 'modernity'

In as much as the social sciences still retain an understanding that social structures are historically distinctive and need to be conceptualized in terms that do justice to the specificity of social relations prevailing in a particular time and space (a commitment that has been severely undermined by the devastating sway of positivism), 'modernity' has been the category of choice to conceptualize the specificity of 'our age' – even for those who posit that this age is now being superseded by postmodern conditions. But perhaps the most important casualty of the reconstruction of social and international relations theory on the basis of a radical historicization of 'modern' social forms is the category of modernity itself. Having started from the argument that modernity is fundamentally misunderstood if conceptualized as a historical order dominated by and centred on territorial states, it appears, at this point in the argument, that the category of modernity itself is highly problematic, as it subsumes under one term forms of societal organization that are radically dissimilar. Much of what is today referred to as typically 'modern' is in fact an outgrowth of a social order that has vanished long ago. I have suggested that the solution to the problems of the category of modernity may not be found in redefining modernity, but in replacing it with 'capitalism'. This cannot be achieved, however, by simply redesignating all that is commonly held to be 'modern' as 'capitalist'. The two categories are incommensurable. Neither should they be taken to refer to the same social reality (if from different vantage points); nor can capitalism be understood as a subset of modernity, whether as its 'economic structure' or as a particular historical variant of 'modern society' alongside others (such as absolutism). But, while according prominence to 'capitalism' as the category best suited to provide the bases for the historicization of contemporary society, I have also noted that this presupposes a limitation of the claims made for efficacy of capitalism as a constitutive and explanatory concept. In particular, I have argued that the notion of capitalism as a totality has led to an overestimation of its coherence and the degree of organic correspondence between capitalist modernity's various social forms and institutions. The notion of 'capitalist modernity', while not perfect, both highlights the break in what we usually think of as modern that emerged with the transition to capitalism, and emphasizes the need to think about capitalism as a form of organizing social relations that came to exist in a particular historical context, which continues to shape capitalism's development. To call this condition 'hybrid' would be inappropriate, however, as this implies the interpenetration of two distinctive dynamics and logics, whereas I have sought to show how specific historical legacies, disembodied of their original social content, became crystallizing points which imbricated them more and more deeply into the fabric of capitalist society.

Beyond globality

The tendency of theorists to build their understanding of international relations on the practices of the early modern period while ignoring the fundamental

changes in the constitution of the international system which have taken place since then, has been appropriately lamented by R.B.J. Walker, who argues that 'theories of international relations remain deeply informed by the ontological horizons of early modernity'. In particular, the 'primacy of space in the cultural and intellectual experience of the early modern period' (Walker 1993: 10 and 11) proved decisive in shaping later forms of political community, as well as the modes of thought with which we understand society as territorially bounded and organized as sovereign spaces. I have argued that it is indeed crucial to recover the global dimensions of capitalist modernity, and recognize them as a vital structuring principle, as well as a practical challenge to the managers of capital and capitalism.

Yet while one-sidedly territorialist models became antiquated with the transition from absolutist to capitalist social relations of sovereignty and property, 'globality' hardly provides a better master concept for the understanding of our social world than sovereignty or anarchy. For even while capitalism's globalizing forces began to shape the world, in its political dimension, now reconstituted as a public realm of abstract rule, territoriality and the absence of an over-arching authority remain salient facts, albeit far from determinative of international processes in the Realist sense. What remains missing from those approaches that put the anarchy *problématique* at their centre is the conceptualization of what the international relations of capitalist modernity are about: the negotiation of all those crisis of production, reproduction and legitimacy that are generated in the process of capitalist development (which is far from suggesting that foreign policy or international politics are somehow determined by capitalism conceived of as some sort of independent causal variable).

By moving beyond the anarchy *problématique*, therefore, we must not forgo the ability to recognize that world politics even today remains shaped and limited by the absence of a global state. While the 'anarchy' of the capitalist international system has a character that is very different from the anarchical system of absolutism, and while the particular capitalist logic of anarchy is itself the product of the contradictory development of capitalist modernity, the fact that an anarchical system of states came to structure capitalism's real existence in the first place was highly significant for the further development of capitalist modernity. In fact, every crisis in global capitalism has led to the strengthening of political territoriality; even more importantly, perhaps, it has also led to the territorialization of capitalist world society and economy. The inherited territoriality (and hence, from the systemic point of view, anarchy) of the international system, even in its capitalist form, prevented the possibility of state formation at the global level to 'deal' with the contradictions of global capitalism. Consequently, as political power became increasingly central to the reproduction of capitalist property relations and capitalist accumulation, it was national states that *organized* capitalism. They did so, on a particularistic basis, deploying various strategies to subsume the world economy (or parts of it) under their independent territorial authority.

The conflicts between these national states, and even the process of their consolidation, mediated the expansion and deepening of capitalist social relations

(cf. van der Pijl 1997: 30–6). We cannot understand imperialism, nation-statism and the world wars of the first half of the twentieth century if we abstract from the world-historical and ‘global character of this structuring process’ whereby states sought to encage social relations that inherently transcended boundaries (McMichael 1987: 194). Global capital remained the presupposition of the nation-state. As a consequence, the dynamics of *inter-national* relations between 1873 and 1945 not only continued to reflect the contradictions of global capitalism; they also expressed, more specifically, the contradictions which arose from the attempts by national states to resolve the social and economic contradictions of capitalism by strengthening not just the power of the state, but also the link between individual and state through the construct of the nation, which became the primary source of political identity.¹

Karl Marx and Friedrich Engels, it should be noted, did correctly identify, in the *Communist Manifesto* and elsewhere, the inherent tendency for capital to globalize and totalize itself. And yet, when they argued that capital was reshaping the world in its own image, they were at least as completely wrong about capitalist modernity and its developmental trajectory, as they were absolutely right. They failed, in particular, to anticipate how closely conjoined capital and the territorial state would become. While Marx and Engels clearly recognized that it was *British* capital that was doing most of the reshaping, they did not grasp the implications, which were to become so decisive for European and world history: that the image of capital could be painted in rather different (national) colours.

This failure may be easily understood in the context of the 1840s, when the expansion of capital took place under the auspices of a state that pursued a universalistic world market strategy, keeping its own borders, and the boundaries of the areas it controlled, open to non-British capital. But it nevertheless indicates a profound misunderstanding of the (potential) role of the state, and of interstate relations, in capitalist modernity. Marx and Engels simply did not understand the extent to which capital’s ‘logic of process’ could become transformed, in response to the social and economic crises of global capitalist development, through the utilization of state power as a resource in world market competition. Historically, as we have seen, the nationalizing of capital was not so much the result of capitals using states as their tools. Rather, states, as they claimed to pursue the interests of the nation, imposed their colours on individual capitals in order to integrate national society and to challenge the British red on the map of the world.

Capital did indeed create a world in its own (though not in Britain’s) image, though this picture turned out to be closer to Cubism than to Victorian landscape. For, superimposed on the canvas of capitalist world society were the multiple frames constructed, in historically changing ways, by states, their borders and their spatialization strategies. At least for the century from 1870 to 1970, the ‘units’ of the world market were not individual capitals, but national economies. States were able, to a significant (but always limited) degree, to containerize social relations and processes. They were able, in this way, to impose an inter-national form on transborder social and economic movements. Still, this inter-national form of organization was never more than part of the reality of capitalist modernity.

Far from being a mere appearance that hides a global essence, the representation of the world as an agglomeration of national states with their attendant national societies and economies is nevertheless a mystification. At every moment of the development of capitalist modernity (a development in which states clearly assumed a *directing* role), states continued to mediate the dynamics and contradictions of global capitalism. In any particular conjuncture, moreover, states were confronted with the impossibility for capital (as a social relation and as a process of accumulation) to be merely national or even international.

The dichotomy of 'the national' (and its corollary, 'the international') and 'the global' is therefore incapable of serving as the basis for the conceptualization of current processes of social and spatial transformation. Rather than a teleological progress from the ideal-type of the national/international to the ideal-type of the global, the central focus of a historically informed analysis of globalization should be the continuing *dialectic* of territorializing and globalizing tendencies, within which the constitution of national economic spaces has to be situated. This dialectic, I have argued, arises from the tensions and contradictions inherent in the 'territorial non-coincidence' of national statehood and global economy, which in turn feeds on the contradictions of capitalist class society.

The centre of a historical geography of the international system thus has to be the political production of space, and of different spatial scales. The national state has played, throughout capitalist modernity, a crucial role in patterning the integration and fragmentation of global space. But neither was this state ever a container of social relations, nor could the strategies it pursued to produce social and spatial 'fixes' be understood in abstraction from the problems of the economic and social reproduction of capitalist social relations. State-centric IR/IPE, in short, was never a viable proposition – yet globalism is an equally inadequate intellectual response to both the past and the present of capitalist modernity.

Transcending territoriality? Class, the state and global restructuring

Does this mean that nothing has changed? Certainly not. The relationship between state and market *has* been reorganized, as the functions of states in the national and the global economy *have* been redefined. The boundary between the political and the economic has been redrawn, as many dimensions of social life have been taken out of the realm of public control and subjected to considerations of profitability. Finance has assumed, as a result of decreasing restrictions on its mobility, a central role in the capitalist world economy. There have also been profound changes in the organization of capitalist production over the past quarter-century. In many ways, production has indeed become more integrated across borders than after 1945 – and perhaps more than at any time since the emergence of a capitalist world market.

All this adds up to an important modification in the way in which capitalism exists and operates; more specifically, it clearly signals a transformation of the socio-spatial organization of capitalist modernity. But it does not amount to a

transition from a national/international to a global mode of existence of capitalism. To be sure, the spatialization strategies of firms (and not just of the huge global corporations among them) are increasingly geared to the formation of transnational production chains. World market competition has become the necessary point of reference for their economic activity. In some sectors of the world economy, the classical notion of a territorial division of labour posited by Ricardo seems indeed increasingly inadequate; rather than specialization in the production of goods in which *countries* have comparative cost advantages, we find firms in different countries producing the same goods and competing with each other on the basis of absolute advantages.

It may be argued that this development heralds the transcendence of the territorial division of labour by a global social one. It should be noted, however, that the intra-sectoral trade first became a hallmark of precisely that world economy which serves the globalization debate as its *international* counterpoint: the *Pax Americana*. John Ruggie argues that states in the postwar period promoted a division of labour that would reduce the costs involved in adjustments to changes in comparative advantages that could undermine the competitiveness of whole economic sectors. In order to shield the national economy, and in order to prevent social instability, they promoted competition within economic sectors, as this would not entail lower adjustment costs.

The result was that economic transactions were increasingly concentrated between the industrialized countries of North America, western Europe, and Japan; this triadization remains a central feature of today's world economy. It also led to decreasing specialization between countries and rising intra-firm trade. As Ruggie concludes, the postwar division of labour entailed a 'critical shift in functional differentiation *from* the level of country and sector *to* the level of product and firm' (Ruggie 1982: 399–401).² Robert W. Cox, moreover, notes that a transnational economy of production was gradually supplanting the international economy of trade already after 1945 (Cox 1987: 244). In the realm of finance, finally, the Bretton Woods system never actually implemented the 'euthanasia of the rentier' envisaged by Keynes, and it has been suggested that the 'Bretton Woods years should be regarded in a number of respects as the cradle of the global financial order that eventually emerged in the final two decades of the last century'.³ A soft system of capital controls quickly proved incapable of containing foreign investment and speculative flows. As Polanyi (1945) had feared at the end of the war (in contrast to his optimism in *The Great Transformation* only a few years earlier), 'capitalist globalization was relaunched in the post-World War II era' (Panitch and Gindin 2004: 48).

But is the implication of these arguments merely that a more gradual transition process from the national/international to the global should be assumed than most contributions to the globalization debate are willing to accept? This would modify the notion of a progression to the global rather than replacing it with a focus on the dialectic of territorialization and globalization. The latter approach, by contrast, starts from the recognition that no phase of capitalist modernity has ever been purely 'international', but all phases have combined national,

international and global (as well as local, urban and regional) scales. We cannot, however, leave things at that and conclude that capitalism in the current phase is just the same as capitalism in any other phase, a mix of scales. The crucial question is how these scales are related to each other in specific historical conjunctures.

The production of space, and of the nexus of spatial scales, I have sought to show in the preceding chapter, is a social process in which territorial states have historically played a crucial role. The intrinsic globalizing tendency of capital has always formed the context in which states deployed their spatialization strategies, and it has also tended to undermine any particular 'spatial fix'. However, states never just codified the prevailing world market strategies of firms, nor did they simply execute the global interests of 'their' capitalist classes. States construct social spaces, creating a specific nexus between territorially based political authority and the different scales of accumulation, from the local to the global. They thereby shape and limit possible strategies of firms and classes.

If one thing is clear from the history of capitalist modernity over the past two centuries, it is that the role and function of the territorial state cannot be 'read off' the dominant forms of capital and its prevalent form of world market movement. The crucial difference between imperialism and the current phase of capitalism, for instance, is not to be found in the 'fact' that today foreign direct investment has replaced portfolio investment and trade as the basis for world economic integration. Much of liberal and Marxist globalization theory relies, however, on the representation of economic development (linked to arguments about technological progress) as an 'independent variable' that is supposed to explain changes in the forms and functions of states, without itself requiring much explanation.

In historical materialist versions, the rise of the transnational corporation, which organizes globally integrated production, accounts for the dissolution of the close link between nation-state and capital. The 'internationalized state' is one that no longer represents its 'national capital', but all the capitals active within its boundaries. In this way, a global capitalist class, which is no longer defined by the territorially fragmented character of political authority, emerges, and with it a global class interest (cf. Radice 1984: 116). Many Marxists have built precisely on this foundation for their claims for a shift from national to global capitalism.

But can the reconfiguration of the dominant forms of capital circulation – if it actually took place – provide an adequate basis for theories of global state formation, global governance or empire? Can it explain the changing dynamics of geopolitical conflict and cooperation, including the prevalence of inter-imperialist rivalry in the early twentieth century and the seemingly much more cooperative form of international interaction among capitalist centres at its end? In order to understand the nature of the Marxist globalization argument, it is instructive, in this context, to reconsider the logic of Lenin's and Bukharin's theory of imperialism.

The original Marxist theorists of imperialism, it should be noted, certainly did not accept the notion that world capitalism in their period was based mainly on trade connections. On the contrary, in ways that strongly parallel today's claims

for the newness of globalization, they suggested that the imperial age was marked by a shift from a world economy integrated (at 'arms-length', in today's parlance) by trade to one integrated by financial flows. Lenin had seen the source of the rise of imperialism in the transformation of capitalism: from competitive to monopoly capitalism. This change had consequences for the world economy: 'Typical of the old capitalism, when free competition had undivided sway, was the export of *goods*. Typical of the latest stage of capitalism, when monopolies rule, is the export of *capital*' (Lenin 1973: 72).

The increasing importance of capital exports was also highlighted by Bukharin. Indeed, 'the specific weight of this form of international economic intercourse has so increased, that to a certain extent we may even speak of a new type of economic relationship between countries' (Bukharin 1972: 96). He argues that the result of this 'internationalisation of capital' is the creation of an 'ever thickening network of international interdependence' (ibid.: 41–2). World market conditions (world prices and profit rates) form the presupposition of all 'national spheres' of capitalism. Bukharin and Lenin here seem to posit for the pre-1914 world economy what globalization theorists today see as the specificity of the 'global' economy held to have emerged since the 1970s. But they do not see this shift in the world economy as giving rise to a harmony of interests between individual and national capitals as well as states. On the contrary, they stress that '[c]apital export unusually sharpens the relations between the great powers. Already the struggle for opportunities to invest *capital* . . . is always reinforced by military pressure' (ibid.: 100).

So corresponding to the internationalization of finance capital was a foreign policy which 'reduces itself to the struggle of the Great Powers for the economic and political division of the world' (Lenin 1973: 101). Force is ultimately the arbiter over the relative extent of each state's spheres of influence, colonies, and so on.⁴ Thus, the internationalization of economic activity and increasing international competition went hand in hand. The reason, as Bukharin especially seeks to establish, is that 'the internationalisation of economic activity is by no means identical with the process of the internationalisation of capital interests' (Bukharin 1972: 61). As they become involved in economic activities beyond their national boundaries, individual capitals find that they have *parallel, not identical* interests (ibid.: 62). Internationalization therefore enhances competition between capitals, and in this competition, the relationship with their respective states comes to be of great significance. In fact, Bukharin argues, this is increasingly a competition between national capitals. The process of monopolization, in this perspective, has gone so far as to turn each national economy into a 'single combined enterprise' organized through finance capital and the nation-state. Crucially, therefore, 'together with the internationalisation of economy and the internationalisation of capital, there is going on a process of "national" intertwining of capital, fraught with the greatest consequences' (ibid.: 80). Only if the parallelism (and hence the antagonism) of interests were to be replaced by an 'actual unity' of interests could inter-imperialist rivalry be avoided. This would require an internationalization of the 'capital interest' itself.

According to Bukharin, '[t]here is only one case in which we can say with assurance that solidarity of interests is created. This is the case of growing "participation" and financing, i.e., when, due to the common ownership of securities, the class of capitalists of various countries possesses collective property in one and the same object. Here we actually have before us the formation of a golden international' (ibid.: 62). The idea that such a common or identical interest of capitals regardless of their national origin is in fact emerging is precisely what underlies current historical materialist theories of world order. The reason is that there are crucial differences between the forms of capital export of the age of imperialism and those of the current age of globalization; the former saw the internationalization of money capital, while the present is witnessing the internationalization of production capital.

This argument is made explicit by Robert Cox: 'International production expands through direct investment, whereas the rentier imperialism, of which Hobson and Lenin wrote, primarily took the form of portfolio investment . . . With direct investment, control is inherent in the production process itself and remains with the originator of the investment' (Cox 1996: 110). Through joint ventures and other forms of transnational investment, capitals are becoming more and more interpenetrated, and hence the capital interests identical. This allows for the emergence of transnational class alliances. Indeed, 'as a consequence of international production, it becomes increasingly pertinent to think in terms of a global class structure alongside or superimposed upon national class structures' (ibid.: 111).

No longer do national blocs of capital confront each other, specifying distinctive and competitive national interests. Rather than national capital having similar interests organized by and through the state (and against other states and their national capitals), we have a situation in which the transnationally oriented capitals of various countries increasingly have common or identical interests, which separate them from nationally oriented capitals (cf. van der Pijl 1998). Jim Glassman notes similarly that the internationalization of capital in its current form has 'helped generate a highly transnationalized elite' (Glassman 1999: 676). This 'leads to possibilities for alliances which transcend national boundaries and which are grounded in objectively similar interests in particular kinds of state policies' (ibid.: 680).

Cox argues similarly that, while classes have so far existed within 'nationally defined social formations', the result of the emerging global production structure that increasingly supplants traditional world trade is that 'it becomes increasingly pertinent to think in terms of a global class structure alongside or superimposed upon national class structures' (Cox 1996: 110–11). For Cox, the globally organized capitalist class is dominated by 'finance capital', which now no longer rules through the nation-state, but instead generates a 'network of control and private planning for the world economy of international production' that 'performs the function of Lenin's collective capitalist in the conditions of late-twentieth-century production relations' (ibid.).

It is this 'transnational business class' that underwrites the 'internationalization

of the state' (Palloix 1975 and 1977). According to Cox, the state has now become 'a transmission belt' which conveys the 'perceived exigencies' of the world economy to the national economy (Cox 1992: 30–1). In this process, the state agencies most closely associated with the global economy (ministries of finance, central banks especially) become more important in the policy process, and are linked into international networks. As Glassman points out, this internationalization of the state does not imply the decline of statehood as such, but the breaking of the previously close link between national territory and state structures. Now we see international state structures emerging which mostly, however, continue to operate through the institutions of the nation-state.

The essence of the internationalization of the state concerns the question in whose interest the state acts. This is a question which, according to Glassman, depends on the exigencies of the class struggle. But as the 'transnational business class' forms itself, it is able to exert more and more influence on state policy formation: 'State policies may thus simultaneously serve certain "domestic" and certain "foreign" fractions of capital. This is one foundation for the development of an internationalized state which can function to facilitate capital accumulation by foreign nationals within its own national territory' (Glassman 1999: 680–1). It is this process of the internationalization of the state that allows for the amelioration of the consequences of what Murray called the 'territorial non-coincidence' between the spaces of accumulation and governance, which have become more acute as a consequence of the emergence of global finance and production structures. States increasingly, individually but also in coordination with each other, provide the state functions required by transnational capital.

In many respects, these arguments present an inversion of Lenin's and Bukharin's original theory of imperialism. They take for granted that pre-1914 imperialism was based on inter-imperialist rivalry because of the predominance of the (inter-)national capital interest, and argue that the globalization of production has shifted the basis of international politics, allowing for the emergence of inter-state coordination and integration that resembles the 'ultra-imperialism' of Kautsky, yet goes far beyond what Kautsky was able to envisage. Indeed, as both Lenin and Bukharin had pointed out, the emergence of a global capitalist class and a global state on the basis of transnationally integrated networks of production and finance *is* inherent in the logic of capitalist development (Lenin, Preface to Bukharin 1972; Bukharin 1972: 110). They expected, however, that this logic would be short-circuited by social revolution. This, of course, did not happen, and so it may be no surprise that we now find theories which posit the transnationalization of capital and the capitalist class as the *very latest stage of capitalism*.

The logic of this argument has been developed most fully by William Robinson (2002; 2004). For Robinson, the internationalization of the state was characteristic of the postwar period, in which states came to act for foreign (especially American) capital. Today, however, we are witnessing a process of global state formation, which subordinates the nation-state to transnational institutions (Burbach and Robinson 1999: 30). This process is tied to equally fundamental transformations

in the class structure of global capitalism: 'The international class alliances of national bourgeoisies in the post-World War II period have mutated into a transnationalized bourgeoisie in the globalization epoch; this transnational bourgeoisie has become in the 1990s the hegemonic class fraction globally' (ibid.: 34).

This entails a new logic of capitalist competition, which severs the link between economic and territorially based forms of competition that prevailed in the previous 'nation-state phase of capitalism'. Previously, 'as national markets were consolidated, national bourgeoisies displayed an organic identity of interests vis-à-vis their foreign rivals around national circuits of accumulations. And these core state bourgeoisies turned to their states for international market expansion and war making, to paraphrase Clausewitz and Lenin, as an extension of economic competition by other means' (ibid.: 33). This situation has changed fundamentally, starting in the postwar period, but assuming a new quality since the 1970s: 'Now under globalization, national bourgeoisies are metamorphosing into local (national) contingents of an emergent transnational bourgeoisie. To the extent that local productive apparatuses are integrated into transnationalization, the logic of local and global accumulation tends to converge and earlier rivalries among capitalists no longer take the form of national rivalries' (ibid.).

Thus, instead of class struggles articulated through and mediated by national states, we now find a global capitalist system in which a global capitalist class and a global working class confront each other more or less directly. In the final analysis, Robinson suggests, 'economic globalization has its counterpart in transnational class formation and in the emergence of a transnational state (. . .) which has been brought into existence to function as the collective authority for a global ruling class' (Robinson 2002: 11). The globalization of the state, according to Robinson (1996: 18–20), does not imply that national states disappear; global capital continues to require the differences between national legislations to play off against each other. But beyond the destruction of the autonomy of the national state, there is also a transfer of ultimate decision-making authority to supranational institutions.

The same fundamental logic of argument, it should be noted, is at work in Michael Hardt's and Antonio Negri's *Empire*: 'Government and politics come to be completely integrated into the system of transnational command. Controls are articulated through a series of international bodies and functions' (Hardt and Negri 2000: 307). This development can best be grasped, they argue, in terms of the emergence of a new form of state, a 'global empire', which is as different from the nation-state as it is from the particularistic and rival empires of the late nineteenth century. Moreover, it is only with the process of global state formation corresponding to the globalization of production that a Marxist theory of the state becomes possible; for only when nation-states decline and 'the state and capital effectively coincide' do we find the 'full realization of the relationship between the state and capital' (ibid.: 236). Capital and labour now confront each other without the mediation of national frontiers and national state apparatuses. It would appear, then, that current globalization processes have finally brought about the situation that Marx and Engels had so prematurely diagnosed in 1848 – and

made Marxism not simply as relevant as before, but perhaps for the first time truly 'applicable', as the reality of capitalist society now conforms to its concept.

The geopolitics of globalization

Hardt and Negri merely continue the historical materialist inability to conceptualize territoriality and its geopolitical implications (or potentials) which has kept the *Communist Manifesto* in suspension, as it were, for 150 years, and return to an unmitigated functionalist and economistic logic. Indeed, for Robinson, the essential difference between Weberian and Marxist globalization theories is that Weberians, by presuming that each sphere follows its autonomous logic, can maintain the notion of a disjuncture between political and economic structures. Marxism, by contrast, suggests that when capitalist class relations become global, the state cannot but become global, too, as the capitalist state is, according to Robinson (2002: 14), nothing but the institutionalized political form of the capital relation.

It is just this logic that has been challenged throughout this book. The fact that the capitalist state has, so far at least, taken the form of a territorial state wielding exclusive political sovereignty does not derive from the *independently given* international form of capital circulation and world market integration, and its functional requirements. Capitalist statehood has been based on territorial sovereignty not because capital, in its early stages, required a national state (cf. Habermas 1998b), but because of the historical prefiguration of capitalist modernity by pre-capitalist forms of territoriality. If the national state, in response to social and economic crises as well as in the contestation of the structures of Britain's 'empire of free trade', became increasingly central to the organization of even economic space, it was because national states were the only organizations available to address these crises. In the process of this restructuring, national strategies structured the space of accumulation in such a way that capital came to serve nationally defined interests (which are not the same as the Realist notion of the *national* interests) at least as much as these states served to reproduce capitalism and to advance the interests of 'their' capitals.

This argument should caution us against the presumption that the functional requirements of capital, or the interests of capitalists or transnational classes, can determine historical processes in the way that Marxist globalism suggests. This is not to say that transnational production networks and concomitant class formation are not of relevance to the interpretation of the present conjuncture. Many of the criticisms made by globalization sceptics against both Marxist and liberal claims concerning the depth and density of global production structures and the globalization of TNC activities remind us of the continuing inter-national dimension of world economic organization (Hirst and Thompson 1999). Clearly, the transnationality of business organization can easily be overstated (Kiely 2005: 37). But that should not obscure the very real integration process at the global level, and the 'fusion of capital interests'. Capital *is* becoming increasingly globally integrated, though it remains enmeshed in national institutions, networks, cultures and

traditions. The question, however, remains as to what the consequences of this real yet limited process of global formation and restructuring are for the question of the form of state, and for the patterns of global conflict and cooperation.

One central claim of globalization theorists is that state sovereignty is being undermined and increasingly supplanted by global institutions. It would probably be more appropriate to argue that sovereignty is being restructured so as to facilitate the global penetration of national economic spaces. States have shedded many of their protective mechanisms that offered some reprieve from world market forces in the postwar period. Moreover, the causality of such restructuring is more complicated than globalization theorists presume, as such neoliberal strategy shifts often have their origin in domestic politics. Once such policies have shifted the political-economic terrain, however, there can be little doubt that the need to be attractive to global (and domestic) capital reinforces constraints on domestic policy choices. If such constraints can be disregarded in any particular instance, they nevertheless impose costs.

None of this implies a diminishment of sovereignty, even as domestic territorial space is becoming more porous at least for some flows (yet often more restrictive for labour in search of employment). It does, however, point to actual and potential problems for national states as effective managers of economic and social contradictions and crises. We are witnessing not just the neoliberal dismantling of the welfare state, and thus of instruments of societal integration at the national level; there is also, arguably, a loss – by active divestment and structural invalidation – of national mechanisms to deal with severe economic problems and imbalances. With increasingly dense and deep integration of productive and financial capital, and considering the potentials for global financial crisis in particular, it is clear therefore, that capitalist modernity's national/global gap is looming larger than ever. What remains unclear is what response to this gap will come to predominate.

Liberal theorists have long pointed to a 'governance gap' arising from global economic integration, just as Marxists have pointed to capital's increasingly urgent need for a global state to complement global accumulation. In pointing to this issue, these approaches have highlighted a crucial aspect of the present conjuncture. However, with their presumption that this gap will be plugged, or that capital's needs will be met, they have subsumed the investigation of this decisive analytical and political problem under the teleological narrative of the shift from the national to the global. They have thus reduced this issue to a technical problem or a mechanical response rather than explore the political rivalry and the contestation, both horizontal and vertical, of alternative projects of ruling the world market – and indeed the world.

There is, then, a rational core to the globalization debate. Contemporary socio-spatial restructuring and global integration are neither myths, nor a temporary illusion, as Rosenberg (2005) suggests, but their one-sided and teleological interpretation is as debilitating as the blind-spot that historical materialist form theorists have developed. Based on the notion that territorial sovereignty is an inherently capitalist social form, they conclude that there is an unproblematic

relationship between the national state and transnationalized capital. Like Hardt and Negri, I have argued, by contrast, that the concept of capital entails a global state. Whether it exists, or will come into existence, cannot be precluded conceptually, at least not on the basis of the formalist arguments employed by Rosenberg. At the same time, however, the historical reality of capitalist modernity remains, *pace* Hardt and Negri, far removed from the pure concept of capital, and political territoriality continues to fragment capitalism's global society. While deep economic transnationalization, for instance, has indeed contributed to the disarticulation of national and capital interests, it has not given rise to the coherent reaggregation of class interests and political authority at the global level. Instead, there are a number of partly complementary, and partly competing, projects that aggregate national and class interests (which themselves should be understood in terms of concrete balances rather than as the instrumentalist pursuits of a specific elite or class fraction) in different ways and entail quite distinctive socio-spatial ordering principles.

To repeat, then: the globalizing tendency of capital makes a corresponding process of political integration necessary if current levels and patterns of global productive and financial integration are to be sustained. Only a global state of the sort envisaged by Robinson, or an 'empire' of Hardt and Negri's specification, could sustain global capital through crises and contradictions. Only a global state could secure the social and economic reproduction of transnational capital and thus fulfil the state function. But while a global state is an essential requirement for the successful continuation of capitalist globalization, the point of this book has been to show that it cannot be presumed that such a process will indeed take place. The real historical process of capitalist development follows a rather different script from the ideal history of its conceptual self-realization.

This statement should not be seen as a firm conclusion, but as a starting point that makes possible an open-ended enquiry into the geopolitics of globalization. While there are, in fact, discernible movements towards global state formation, there are equally strong movements towards political-economic fragmentation. True, institutions of global governance have, in some areas, taken over increasing state functions, supported by transnational moves for consensus formation. But, as E.A. Brett correctly notes, that 'is not to say . . . that this structure is capable of performing the functions required of it if the stable evolution of the system over the long term is to be guaranteed' (Brett 1985: 22; Brett 2000: 96–8). Brett argues that while increasing economic integration has indeed, as most globalization theorists posit, undermined the efficacy of the national state in the social and economic reproduction of capital, there is no effective global political structure that could take over the role of the nation-state (Brett 1985: 22–3). The 'new system will only survive', he argues, 'if we can create an institutional structure capable of meeting all the requirements of a modern state system at the level at which these problems are generated' (Brett 2000: 96).

István Mészáros similarly argued a decade ago (and his point is even more pertinent today than in the heyday of globalist illusions), that the globalizing urge of capital is limited by the fact that the

vital configuration of . . . 'global capital' is to the present day totally devoid of its proper state formation. This is what sharply contradicts the intrinsic determination of the system itself as inexorably global and unrestrainable. Thus the missing 'state of the capital system' as such demonstrates capital's inability to carry the objective logic of the system's unrestrainability to its ultimate conclusion. It is this circumstance that must put the sanguine expectations of 'globalization' under the shadow of grievous failure, without removing, however, the problem itself – namely the necessity of a truly global integration of humanity's reproductive interchanges.

(Mészáros 1995: 35)

Thus, the notion of an irresistible and irreversible process of economic globalization in an age in which capital has become all-powerful and reduces states to mere transmission belts or even local branches of a global empire is incomplete and one-sided, though it undoubtedly captures an important aspect of the current conjuncture. This conjuncture, then, finds the national state in question as never before in the history of capitalist modernity. It may be that territorial statehood, while not originating within capitalism, has become so entrenched that it is all but impossible to move towards a form of state that corresponds to capital's globalizing dynamic. The very fact of international anarchy, despite its transformations not only with the emergence of capitalist relations of sovereignty, but also with the subsumption under capital of the relations of domination within nation-states after 1945, prevents the emergence of a state form adequate to capital's global existence. As Ellen Meiksins Wood suggests: 'The inevitable uneven development of separate, if inter-related, national entities has virtually guaranteed the persistence of national forms' (Wood 1999b: 8).

Having been reproduced, therefore, in the transition to capitalism, territorial statehood may not be so easy to get rid off. This does not imply a return to Realism or even to the 'anarchy *problématique*' in the orthodox sense, as no specific dynamic of international relations can be derived from the principle of anarchy. Moreover, what distinguished the approach presented here is precisely the recognition of the contradictions between national statehood and capital's global dynamic, which is largely absent from the Realist framework. And yet, unspecific as it is, the anarchical context remains central in continuing to imbue a geopolitical dimension to capitalist modernity even in the current conjuncture. While 'anarchy' makes a bad starting point for understanding the international relations of capitalist modernity, an approach that neglects this dimension or reduces it to the logic of capitalism will not provide an adequate basis, either.

If this is the case, we would do well to analyse current processes of socio-spatial transformation from the perspective of the continuing dialectic of territorialization and globalization, rather than from the expectation that the globalizing tendency is about to obliterate the territorializing one. We have to focus on the contradictions inherent in the further totalization and universalization of capital, and to ask in what way the dynamics and contradictions of global capitalism may be shaped by states, which still find themselves in a relationship of political and

economic competition with each other. From this perspective, the crucial question that has to be asked about our current period is not (or not primarily) in what way global economic integration is limiting or overwhelming the national state, but in what way the continuing territoriality of capitalist political space is limiting and even undermining the sustained transnational integration of production and finance.

Imperialism, empire or imperium?

This question, which has so far been precluded both by the nation-statist convictions of the globalization 'sceptics' and by the millenarian certainties of the globalists, not only puts the globalization debate on a new footing, it also places the examination of the modalities of global rule at its centre. This allows us to recognize the open-ended competition between different projects of global rule. Instead of a liberal-universalist system in which national states are seemingly incorporated into a multilateral global political authority structure, we are now confronted with the prospect of an American empire. Crucially, this global state formation project, though it relates the national and the global in a rather different way, remains geared to governing capitalism as a globally integrated structure, rather than claiming control over a part (cf. Panitch and Gindin 2004). In this sense, the US's imperial project is best understood as providing the basis for an alternative system of 'global governance'. This structure is – and according to Panitch and Gindin, has been since its very inception during World War II – far removed from the multilateral idealizations of liberal internationalists (or the transnational 'nebuleuses' of critical International Political Economists). That does not imply that the role of the US – whether during the Bretton Woods or the neoliberal periods – can be understood in terms of 'unilateralism' (though an element of that certainly exists). Rather, Panitch and Gindin point to the emergence, consolidation and transformation of a 'hub-and-spokes' system with the US at its centre, in which states remained central even as their sovereignty came to assume a completely new meaning, and in which classical patterns of great-power relations conceptualized as balance of power or imperialist rivalry no longer applied.

By the end of the 1950s, the American state was not merely at the apex of a hierarchy of states, but was by now a qualitatively different kind of state from the rest, and was internationalized in a distinctive way. To be sure, the US had not simply imposed itself on Europe; it required the active participation of European states in the transformation of capitalist order in the postwar period. But while all the advanced capitalist states increasingly recognized (to varying degrees) the responsibility they had to participate in the management of international capitalism, they also recognized – and increasingly insisted on – the central role the American state had to play in this. Only the American state bore the burden – and had the accompanying capacity and autonomy – to take on the task of managing capitalism as a whole.

(Panitch and Gindin 2004: 54–5)

This formulation makes it clear how much of global rule is based not in global institutions but premised on states, especially the United States, though in a way that cannot be grasped by Realist and other forms of statism, which miss the transformation in the nature of these states and the functional differentiation of their global roles. While this historical sociology of global state-formation introduced by Panitch and Gindin captures the complexities of successive phases of the postwar order better than competing radical accounts, it remains open to question whether the processes to which they point amount to a decisive transformation within the structure of capitalist modernity (not exactly towards 'globality', but nevertheless a system-transforming departure from national/imperialist capitalism to a new type of US-centred post-imperialist empire), or whether they are better understood as a vast experiment that continues to be limited (like the liberal-universalist project) by the entrenchment of territoriality. Arguably, the same caveats made regarding liberal internationalist forms of global governance apply to the US imperium: the appreciation of its emerging structures and institutions needs to be combined with a recognition of its limits and deficiencies. While Panitch and Gindin are right to point out the absence of inter-imperialist rivalry, it is crucial to recognize the degree to which the territorial basis to the aggregation of interests continues to prevent the emergence of a system of global rule – US-centred or globalist – that could truly provide the stabilization functions for global capitalism that national states assumed in the age of rival imperialisms at the level of national/imperial geographical spaces. Indeed, what stands out today is the mutual obstruction of alternative global state-formation projects. This contest over world order structures complements the de-militarized rivalry between national and regional centres of capitalist accumulation in the neoliberal period, which, as Albo points out, 'are concentrated in the uneven development of the conditions for the international circulation of capital' (Albo 2003: 107).

The point here, again, is the existence of alternative projects of global rule: US empire thus not simply the 'true' structure of post-war capitalism, but one – and surely the dominant – facet of global political transformation. In this sense, the post-9/11 'shift' in the dynamics of international politics may be about more than a shift from a benign empire (in terms of its accommodation of the interests of subordinate states and capitals) to a malign form of US imperialism. Rather, we may be witnessing a shift in the balance of two or more incipient alternative systems of global rule. Ronnie Lipschutz argues, in this vein, that the past five years have witnessed a profound reorientation of 'governmentalities'. The 1990s were characterized by the liberal-universalist attempt to advance the market utopia by imposing market discipline in public and private sectors, a project based on legalization and the setting of binding rules, and carried on by the 'UN Republic' which conceived of itself as having a multilateral character. Yet this project of neoliberal market making had severe shortcomings. According to Lipschutz (2002: 215), '[w]hat was evident prior to 11 September 2001, but only made clear on that day, is that an arrangement of this type is inherently unstable not only in terms of markets but also self-discipline, for it requires that everyone

behave so as to maintain both function and stability and to believe that the system generates “good” outcomes’. In the absence of such behaviour, ‘the response of the United States has been to transform a system of global discipline based on the appearance of self-regulated behaviour toward one more dependent on the overt display, deployment and employment of military force and police power to keep populations and individuals in line. The result is a universalized social space, governed by the United States’ (ibid). Out went the UN Republic and multilateralism, such as it was, to be replaced by ‘imperium’.

These arguments point to the tensions between global and national interests, though it is unclear whether Lipschutz himself considers the US-centred projection of global rule as a strategy of pursuing national rather than universal interests – and thus whether the turn to imperium marks a change in substance rather than form. Arguably, the role of the US in the construction of institutions of global rule over the past decades has been a highly ambivalent one. On the one hand, the US is the leading underwriter of those inter-governmental institutions of global governance that do exist, and it is also deeply involved in the creation of ‘private’ regimes that regulate specific aspects of the global economy. Yet the US has also often acted to limit the expansion of the scope and reach of existing institutions, and the transfer of further authority, especially when it would bind the US to rules that might hinder it in the pursuit of what its representatives consider its ‘national interest’.

To globalists such as Robinson or Hardt and Negri, there is no real divergence between the interests of global capital and the interests of the US as the leading capitalist country. They stress the degree to which the US pursues liberal-universalist interests and acts not in defence of nationally aggregated class interests but to advance the rights of private property no matter what their origin or destination may be. In this sense, the observation of the contradictory role of the US remains inconsequential as the relationship between the state apparatus of the US, as the main branch of the global state, and global institutions is considered complementary and mutually reinforcing. Even the strengthening and deployment of the US’ unilateral capacities of global regulation would still appear as a strengthening of the global state of which it is supposed to be a part.

Yet this presumption of an identity between the US’ national interests and the interests of transnational capital must be subjected to much greater probing than Marxist globalists have so far engaged in. Gowan (1999) and Anderson (2002) have stressed the mercantilist dimension of US-led global restructuring – a new type of mercantilism that is directed not to promote domestic development or create exclusive economic zones, but combines claims to universality and the pursuit of very particular economic and strategic interests in a novel way. If a US imperium, then, is more than simply an instrument in the pursuit of a global state expressing transnational capitalist interests, it becomes once again critical not just to think about its contestation from below (the supposedly global ‘multitude’), but to consider the challenges that such a project may provoke from other capitalist centres and ‘their’ capitals, who may not find their interests equitably represented in this world order.

These questions cannot be resolved here. What remains, however, is the recognition that these issues must be explored in a much more systematic fashion within an approach that does not assume that the direction of change in this historical conjuncture is already predetermined by the logic of (global) capital. We need to venture beyond globalization, not by debunking the concept, but by situating the process within the development of capitalist modernity. I have argued that the conceptualization of this development process requires an appreciation of the non-capitalist origins of territoriality and its continuing (that changing) power to shape and transform capitalism's logic of process. Taking this as a starting point, it becomes obvious that the contemporary transnational integration of production and finance raises fundamental questions about the social and spatial framework of capitalist modernity – and the possibility of, and indeed the systemic need for, a global state.

For now, however, the inherited territoriality of capitalist political space, of which the nation-state was one particular expression, appears altogether more resilient and unlikely to be completely subsumed under the capital relation. Projects of multilateral global governance or unilateral imperium have proved highly problematic and unlikely to succeed in creating the foundations for the stabilization of global capitalism. In this sense, it may be too early yet to embrace, as so many liberals and Marxists enthusiastically if sometimes unconsciously, do, the economic determinism and evolutionism of the *Communist Manifesto*. There is more that was wrong with this historical document than its being a little precipitate (by about 150 years).

Notes

1 From the international to the global?

- 1 Where the open-ended character of globalization is emphasized and political struggles are highlighted, there nevertheless remains a strong presumption of a uni-directional 'global shift'; what is left open in transformationalist approaches is not the global form itself, but the concrete content of global politics, i.e. the question whether neoliberal or 're-embedded' state-market relationships will prevail. But see Cerny (1996) for a 'transformationalist' approach that avoids these caveats.
- 2 Janice Thomson (1995) accepts this restriction of the validity of Realism to the modern international system. But while she admits that the international politics described and analysed by Realists have a historical origin, she does not yet see an end to these practices. For a critique of this particular attempt to conceptualize national and global relations as complementary rather than dichotomous, see Lacher (2003: 526–8).
- 3 Shaw (1994: 3) recognizes that a 'global society' did not emerge all of a sudden; but he argues that today, for 'the first time since human beings inhabited this earth, it is possible to describe comprehensive networks of social relationships which include all people. We have not just some global connections – these have been developing for centuries – but the clear outline of a global society'. For Shaw, this global society is characterized not just by processes of 'systemic integration', such as the development of global production and exchange systems, global mass media and 'world politics' (superseding 'international relations'); he contends that there is also a definite process of global 'normative integration', with the appearance of common values and a global political culture emphasizing human rights, democracy and minority rights (ibid.: 129).
- 4 *Partly* constitutive, as I do not want to suggest that it was the 'discourse' of nationality/internationality as embraced by the modern social sciences that was ultimately the reason for the nation-statist reorganization of social relations. My argument here, it should be noted, is not an attempt to determine the origins of modernity (in which case the argument would be clearly under-specified), but to indicate the political context and the political project that circumscribes the origins of the modern social sciences.
- 5 In this perspective, 'the future stretches out as a limitless expansion of more of the same, an intensification (*Steigerung*) of rationality' (Albrow 1996: 18). By the same token, the past is like the present, if not yet to the same *degree*. Thus, modernity is less a particular epoch than a 'cultural condition of the West'; modernity became 'limitless', without a real beginning and without a conceivable end. Albrow (1996: 20) adds: 'Effectively, then, it was social scientists, in tune with the times, sometimes following, sometimes independently replicating Weber, who promoted the limitless modernity notion. They responded to Marx by discarding his theory of epochal change, making their science into a study of the present as an unbroken continuation of the past'.
- 6 Mann (1986: ch. 1) develops a more general argument against the spatial equation of society with the state (not just for the modern period, but applicable to all of history).

- 7 The concept of 'interdependence' as used by liberal institutionalists remains closely tied to a modified state-centrism. This is clearly a rather different approach than the one suggested by Marx and Engels.
- 8 The reference here is to civil society understood in Hegel's sense rather than the 'non-governmental organizations' that preoccupy current liberal and critical scholars of IR and IPE.

2 Modernity, historicity and epochal theory

- 1 The following caveats apply also, it should be noted, to Wendt (1999). Wendt claims to develop a 'social theory of international politics', but this is limited to a rediscovery of the social (rather than mechanical) nature of international interactions.
- 2 This is not to suggest that current historical scholarship in IR/IPE fails altogether to recognize the interactions between 'the international' and other 'spheres' of society; but, as I will argue below, the notion of 'interaction' between social structures or spheres already implies an ontological commitment to a model of society that ultimately impoverishes our understanding of the past and present.
- 3 Thomson (1994: 160 fn.36) suggests that the alternative between (external) anarchy and (domestic) hierarchy is too restrictive and precludes the possibility of geopolitical systems based on deterritorialized forms of authority; this would imply that modernity is not just a particular instantiation of the anarchical structure of the international system but is itself *constitutive* of anarchical relations. This would then entail a more radical historicization of modernity and its international relations than that proposed by Ruggie's (1993) or Buzan, Jones and Little's (1993) attempt to specify distinct historical logics of anarchy.
- 4 This is not to suggest the narrow definition of modernization that underlay the 'modernization theories' of, for example, W.W. Rostow (1960), which not only posited an ideal-type of liberal modernity, but also presumed a teleological march by all states, in parallel but with time-lags, towards the individualized, secularized and economically rational model of social organization that US society seemed to represent. By contrast, no such developmental path is implied here. Modernization, or the processes and projects of becoming modern, not only involves the pursuit of alternative modernities, both within and between states; modernization also involves, in all instances, the generation and historical reworking of countervailing rationalities that accompany and often overwhelm the liberal rationality of political and economic action which modernization theorists (and many contemporary social theorists) deem dominant.
- 5 Cf. Rosenberg (1994: 4) and (1996). Complementary or alternative arguments for a shift in the focus of IR from anarchy to modernity (often in conjunction with a claim for a postmodern transition) can be found in a large number of post-positivist and critical reconsideration of the proper agenda for IR. See Devetak (1995), Rengger and Hoffman (1992), Dillon (1995), Walker (1993), also compare Wallerstein (1996).
- 6 The concept of 'modernity' itself, it should be noted, is of much more recent origins. As Anthony Woodiwiss (1997: 2) points out: 'the term "modernity" as a specifically sociological sign has its origins in the representation of American society contained in the work of sociologists like Daniel Bell . . . and David Riesman . . . , and given a technologically determinist inner logic by the eponymous Modernizationists of the 1960s'. Woodiwiss charts the popularization of this concept, and its increasing displacement of the epochal concept of capitalism, in the work of Jürgen Habermas, Anthony Giddens and Stuart Hall in particular. In the process, Woodiwiss charges, they have actually embraced many modernization-theoretical underpinnings in their conceptualization of the structure of modernity.
- 7 For a more systematic discussion of these issues, see Lacher 1999b.
- 8 The point here is not that the market generated hunger through exploitation and misery; Polanyi claims that in fact material circumstances improved with industrial

capitalism. Rather, it is the political creation of hunger and scarcity through the destruction of communal institutions which leaves individuals dependent on the market for their livelihoods. This dependency thereby constitutes the market as a compulsion that subordinates society to its dictates and subjects people to its sway to such an extent that it threatens the cultural annihilation of 'man' (cf. Polanyi 1957: 163–7).

- 9 Polanyi seems aware of the problems of his claim, but remains unable to make the stark causality of his thesis more plausible except by fudging it: 'We do not intend to assert that the machine *caused* that which happened, but we insist that once elaborate machines and plant were used for production in a commercial society, the idea of a self-regulating market *was bound to take shape*' (Polanyi 1957: 40, emphases added).
- 10 It is not completely clear whether Ruggie accepts this view of Marxism which he ascribes to Weber. It should be noted that, like Wendt, Ruggie's own perspective, demonstrates a 'continuing commitment to a unity-of-science thesis and the pursuit of a theory of international reality based on positivist basic assumptions' (George 1994: 127). Also compare Katzenstein *et al.* (1999a: 35–8).
- 11 The social historian Jürgen Kocka, who ultimately remains closer to Weber than to Marx, notes that 'whenever [Weber] focused on Marxism, he criticized a particular elaboration of Marx's theory but essentially missed Marx's own position, from which the contemporary historical materialists had transgressed' (Kocka 1985: 135). The same may be said about many of today's critics of Marxism; there is, however, less excuse for them today than there may have been for Weber, who did actually write in a period when Marxism had become heavily positivistic (under the influence, it should be noted, of the same neo-Kantianism which has also profoundly influenced Weber himself). Kocka concludes that there are important similarities between the two approaches. Hayward Alker (1996: 15) similarly argues that both Marx and Weber could be seen as 'exemplary writers' in the tradition of an 'interpretative/constructivist social science'.
- 12 According to Giddens (1981: 234), a non-positivistic interpretation of *Capital* could take as its starting point the observation that 'for Marx the existence of capitalism is predicated upon the prevalence of reification, such that the laws of the valorization and accumulation of capital *appear* to have the status of "iron laws" '.
- 13 The problem identified by Kocka, of course, persists. Thus, John M. Hobson (1998b: 357) suggests: 'the only way to exorcize Marxist reductionism is to abolish Marx's dialectical approach'. Note that dialectics is largely absent from today's meta-theoretical debates in IR. Even where alternatives to positivism are recovered, as in Smith and Hollis's valuable *Explaining and Understanding International Relations* (1991), the dialectical alternative receives scant attention (but see Heine and Teschke 1996).
- 14 Quoted in Mommsen (1985: 239). Gramsci (1971: 163) noted laconically: 'it often happens that people combat historical economism in the belief that they are attacking historical materialism'.
- 15 Giddens (1985: 33) makes a similar point when he notes that Marx's 'mistake was to suppose that the West, prior to the origins of capitalism, was any more dynamic, or "progressive" than other class-divided societies have been. It is only with the arrival of capitalism, more particularly industrial capitalism, that the pace of social change becomes really dramatic'.
- 16 Cf. Giddens (1985: 67); Elias (1994); Polanyi (1957: ch. 4); Anderson (1974: ch. 1).
- 17 On the notion of a 'radicalized ontology', see Rupert (1995: 16–25).
- 18 The concept of the 'mode of production' may indeed be most useful with regard to capitalism. After all, it was from the study of this historical society that it derived, only for its fundamental aspects to be abstracted from their historical determinations and elaborated into a transhistorical model of social organization. The reason for its potential usefulness in the analysis of capitalist societies is that only here are forces and relations of production the dynamic elements of social process; see Comninel (1987).
- 19 This section draws strongly on E.P. Thompson's reformulation of historical materialism

- in Thompson (1978b); compare also Holloway (1991: 239ff.) and Clarke (1991a, 1991b and 1991c). Clarke argues that 'capitalist production is not a *structure* with a given foundation, it is a *process* whose reproduction depends on its reproducing its own foundations' (Clarke 1991c: 190). I will return to the problem of reproduction at the end of this chapter.
- 20 Thompson's notion of 'structured process' is directed not only against those approaches which set structure against process, but also, as Wood notes, against those which see structures undergoing processes. This distinction reflects an epistemological difference: 'on the one hand, a view of theoretical knowledge – the knowledge of structures – is a matter of "static conceptual representation", while motion and flux (together with history) belong to a different, empirical sphere of cognition; and, on the other hand, a view of knowledge that does not oppose structure to history, in which theory can accommodate *historical* categories, "concepts appropriate to the investigation of process" ' (Wood 1995: 79).
 - 21 If we can still speak of capitalism as a 'system', this is 'because of (a) conformities in the ways in which the parts are related to the whole, giving a totality informed by characteristic concepts, and (b) because of an identity in the logic of social process' (Thompson 1978c: 357).
 - 22 The problem, according to Thompson (1978a: 163), is the 'move from the circuits of capital to *capitalism*; from a highly-conceptualized and abstracted mode of production, within which determinism appears as absolute, to historical determination as the exerting of pressures, as a logic of process within a larger (and sometimes countervailing) process'.
 - 23 Thompson (1978a: 194) similarly notes that the 'base', if we want to use this term at all, is 'not just economic but human – a characteristic human relationship entered into involuntarily in the productive process'. While he does want this to be taken as a denial that 'the "economic movement" has proven to be the "most elemental and decisive" ', he goes on to argue that 'social and cultural phenomena do not trail after the economic at some remote remove; they are, at their source, immersed in the same nexus of relationship'.
 - 24 According to Carr (1981: 116), 'Marx was dominated by nineteenth-century presuppositions' when 'writing as if economics and politics were separate domains, one subordinate to the other'. Like those who insist on the primacy of the political, he failed to understand that 'Economic forces are in fact political forces'.
 - 25 Elsewhere, Cox (1987: 107) suggests somewhat contradictorily, that politics and economics are generally separated in hegemonic phases (including, presumably, the *Pax Americana*), while this separation breaks down in non-hegemonic periods and in times of transition. It is thus unclear whether the separation of politics and economics is a product of one particular hegemony, or characteristic of all hegemonic phases.
 - 26 By contrast, in feudalism 'social labour is . . . mobilized and committed to the transformation of nature primarily through the exercise of power and domination – through a political process. Hence, the deployment of social labour is, in this mode, a function of the locus of political power; it will differ as this locus shifts position' (Wolf 1982: 80). In capitalism, on the other hand, 'the social allocation of resources and labour does not, on the whole, take place by means of political direction, communal deliberation, hereditary duty, custom or religious obligation, but rather through the mechanisms of commodity exchange' (Wood 1995: 29).
 - 27 The argument of this paragraph draws on R. Brenner (1985b); Wood (1991 and 1995).
 - 28 This is not to suggest that the public sphere has to be democratic in every capitalist society. That this is not the case has been amply demonstrated by history. But it points to the *possibility* of liberal democracy in which abstract citizenship in the public sphere is made possible by the abstraction of 'economic' relations of domination and exploitation from political control. Giddens (1985: 207); Giddens (1981: 210–13 and 220–9).
 - 29 On these concepts, see Ollman (1976: 26–40). As Thomas (1994: 135) notes, to ground

- particular relationships between politics and economics in the 'fits' generated by hegemonic blocs is insufficient, as it does not recognize that their relationship is an internal one even if it is not mediated by hegemony.
- 30 Karel Kosik (1976: 115) comes to the same conclusion by accepting 'the economy' (but not the 'economic factor') as the material base, while expanding the meaning of the 'economic': 'Economics is not only the production of material goods; it is the totality of the process of producing and reproducing man as a socio-historical being. Economics is the production of material goods but also of social relations, of the context of this production'.
 - 31 The quotation within the citation is from Marx's *Grundrisse*.
 - 32 Cf. Clarke (1991b: 61 and 1991c: 190). Bromley (1995: 240–1) similarly notes that 'in the political sphere, the sovereign form of the polity must be actively maintained by the subordination of state activities to the rule of law and money and through the bureaucratic exclusion of the people from the means of administration'.
 - 33 Thompson, quoted in Trimberger (1984: 221). Cf. Wood (1995: 92). Also see Kosik (1976: 119): 'Marxism is no mechanical materialism that would reduce social consciousness, philosophy and art to "economic conditions" and whose analytical activity would entail revealing the earthly kernel of spiritual [*geistige*] artefacts. Materialist dialectics on the contrary demonstrates how a concrete historical subject uses his material-economic base to form corresponding ideas and an entire set of forms of consciousness. Consciousness is not reduced to conditions; rather, attention is focused on the process in which *a concrete subject produces and reproduces a social reality, while being historically produced and reproduced in it himself*'. On Kosik's understanding of the economic, see above, fn. 30.
 - 34 'The dead man clutches onto the living' (Marx 1977: 91).
 - 35 Cf. Sayer (1989: 96): 'Societies exist in time, and cannot be made sense of otherwise. *Erscheinungsformen* equally have an historical dimension, even if it is never independent of people's "materialistic connections" '. It is this historical dimension which specifies the limits under which 'people make their own history . . . under the given and inherited circumstances with which they are confronted'. Sayer therefore suggests: 'Amongst these "given and inherited circumstances", . . . the cultural legacy of the past must be reckoned a powerful material constituent of the present, framing present experience, informing "phenomenal forms" ' (ibid.).
 - 36 This does not imply that capital is always the same; on the contrary: social praxis changes the forms of capital and thereby constantly reconstitutes the 'laws' of capital and the ways in which the imperatives of capital impinge on social individuals. But as long as the capitalist relations of production are reproduced in these processes, the 'logic of process' of capital cannot be suspended completely. This logic of process is socially produced; it is not unchangeable, not working according to iron laws. But its imperatives are the products of the relations into which people enter involuntarily and there is a limit to how far these imperatives can be transformed and modified without threatening the underlying social relation itself.

3 The international relations of capitalist modernity

- 1 Cf. Barker (1991: 204): 'One might get the impression from [Holloway and Picciotto] as from a mass of other Marxist writings on the state, that capitalism has but one state. Where it is acknowledged that the beast is numerous, the implications of that very concrete fact are not developed at all'.
- 2 If we regard the classical Marxist theorists of imperialism as the 'first wave', and world-systems theory as the 'second wave' of historical materialist theorizing of the international, then the work of Marxist scholars such as Mark Rupert (1995), Peter Burnham (1990, 1991, 1994) and Justin Rosenberg (1994), as well as Simon Bromley (1995, 1996, 1999), Chris Boyle (1994), Dan Diner (1993) and Jens Siegelberg (1994) may count as

- the 'third wave'. Just as the 'second wave' of neo-Weberian theories of international relations distinguishes itself from the authors of the 'first wave', such as Skocpol (1979), in that it no longer takes the anarchical international system as given, so the 'third wave' of Marxist IR theories finally seeks to problematize the capitalist international system as a social form. On the waves of neo-Weberian IR theory, see Hobson (1998a).
- 3 So far, these efforts have not been noted by the systematizers and disciplinarians of IR and IPE. In the US, at least, Marxism (which so far, in the form of 'world-systems theory', had been present in the academic discourse under the label of 'globalism' or 'structuralism') seems to have lost its status as a serious and influential perspective in the usual triadic representations of the discipline, to be replaced by 'constructivism'. See the representation of relevant IR/IPE debates in the special fiftieth anniversary issue of *International Organization*, collected in Katzenstein, *et al.* (1999b); also compare Stephen Walt's (1998) argument that realism, liberalism and constructivism (rather than 'radicalism') today form the central paradigms of IR/IPE.
 - 4 As Linklater points out, Marx and Engels thought of the form of class struggle as national; the goal, however, was the transformation of the global society constituted by capitalist production relations.
 - 5 This paragraph draws on the excellent study by Terry Kandall (1989). Already in 1848, Marx and Engels 'had advocated that Germany carry out a revolutionary war against the Russians to keep the revolution on the Continent moving, shift the revolution in Germany to the left, and "call in question the entire European balance of power" by restoring Poland' (Kandall 1989: 43).
 - 6 Kandall (1989: 57) concludes that 'contrary to popular academic opinion – Marx and Engels held a systematic conception of the international system of states in the nineteenth century. The relations within that system, in Marx and Engels' theoretical conception, are conditioned by, but not reduced to, the uneven development of capitalism and the class conflicts within nation-states, as well as the political military capacities of states (. . .) and the historical memories resulting from wars and revolutions'.
 - 7 Elsewhere, Marx explains the national state of capitalist modernity in a more historical vein: 'Independent, or but loosely connected provinces, with separate interests, laws, systems of taxation, and governments, became lumped together in one nation, with one government, one code of laws, one national class-interest, one frontier, and one customs tariff' (Marx and Engels 1998: 10). This argument raises the question why the process of capitalist state formation stopped with the establishment of the nation-state and did not proceed to the creation of states which integrated separate interests, etc. at an even higher level, and ultimately as global state.
 - 8 This failure is, perhaps, completely justifiable, given the pressing need for answers to questions raised by the transformations in capitalism and the national mobilization of workers for war, which were to inform the evaluation of the possibilities for revolutionary action under *given* circumstances. Today, however, after the fall of the 'socialist' regimes established under the leadership of the main theorists of imperialism, and in conditions of capitalist 'globalization', which seems to open the possibility not only for the strengthening of 'global governance' (a possibility that was emphatically denied by Lenin and Bukharin), but also for the transcendence of the institution of sovereignty, these questions can no longer be ignored.
 - 9 Cf. Harvey (1985: 143). See also Mann (1988: 140): 'Why should rivalry between capitalists be between "national" blocs of capital? Not a word in Marx, in Hilferding, in Lenin or in the rest of the orthodox Marxist tradition serves as an explanation of these factors . . . Nation-states are *presupposed* in the Marxist theory of imperialism'.
 - 10 Other contributions include Boyle (1994) and Bromley (1995 and 1996).
 - 11 Cf. Burnham (1991: 89): 'The state as an aspect of the social relations of production must be seen as (sic) one remove from the interests of particular capitals since the form of the state dictates that its role is to address the contradictory foundations of accumulation in the guise of meeting the interests of capital-in-general'.

- 12 A similar argument is made, from a realist perspective, by Janice Thomson (1995).
- 13 These issues will be taken up in greater detail in the next chapter.
- 14 But see Skocpol (1979: 55) for an argument more in line with the one presented here.
- 15 John Hoffman (1998: 33) notes that 'Rosenberg is surely correct to emphasize that an analysis of the state and sovereignty must focus on the centrality of change'. But he also points out that the discontinuity that Rosenberg posits seems arbitrary: 'it does not follow that because the capitalist state is different from its predecessor, it alone can be said to have sovereignty'. Hoffman adds that Rosenberg, like Hinsley, is 'right to see the modern state as different, but wrong to assume that because it is different it has nothing in common with its predecessors. A critical view of sovereignty is one which stresses *both* continuity *and* discontinuity in historical analysis' (ibid.: 41).

4 Absolutism, capitalism and state formation in post-feudal Europe

- 1 Note that the question of when this capitalist mode of social organization emerged is deliberately left underspecified for now, so as not to anticipate the answer that emerges in the course of this (and the next) chapter.
- 2 This chapter and the next build on arguments in Lacher (1998a and 1998b). For a similar, yet more comprehensive interpretation of feudal and absolutist geopolitics and the rise of capitalism, which also builds on the centrality of the struggles surrounding the constitution of politically constituted property emphasized by Brenner, Wood and other 'political Marxists', see Teschke (1998 and 2003).
- 3 The notion of capitalism as rudimentarily present in every society, waiting to be liberated from its fetters, is widespread among Marxists and liberals; see Braudel (1984: 620). For a critique, see Robert Brenner (1977); Wood (1991: 6–11).
- 4 The underlying economism is even clearer in the work of North and Thomas (1973), on which Ruggie relies heavily for these issues.
- 5 On the character of feudal lordship, see Finer (1975: 87).
- 6 On the absence of a concept of the economy in feudal society, see Polanyi (1957: 46–52).
- 7 Michael Mann argues, very much against the thread of the argument presented in this thesis, that (advanced) capitalist states are simultaneously political and economic phenomena, as they redistribute large amounts of the wealth produced within their boundaries. By contrast, he suggests, the states of medieval Europe 'redistributed very little of contemporary GNP. The separation between economic and political functions/organizations was clear and symmetrical – states were political, classes were economic' (Mann 1986: 17). But 'medieval states' were precisely the fragmented systems of rule in which state power was dispersed among feudal lords; and while these lords did not 'redistribute GNP' in the modern sense, they certainly appropriated a large part of the surplus produced in this society by the peasants and artisans who stood in different forms of dependence to them. It is in this sense, then, that there was a fusion of politics and economics in feudalism, and that it makes sense to speak of politics and economics being separate in capitalism, even if, as Giddens (1985: 211) notes, modern states are, of course economically active in many ways.

Giddens also takes up the important question of the class character of feudalism raised by Mann. He stresses, as I do, that in this form of society, it is the 'co-ordination of authoritative resources', rather than the 'accumulation of allocative resources', that is the 'more fundamental lever of change' (Giddens 1981: 92). As 'class' refers to the control of property (or lack thereof), and property is not central to the organization of social life under feudalism to the same degree as political authority is, it follows that class relations remain subordinate in feudalism. An alternative, however, would be to historicize the concept of class; as Connell argues, feudal relations of domination can thus be recognized as class relations inasmuch as we conceptualize them as social property relations (rather than 'production relations' in the capitalist sense) and place

- the political constitution of feudal property at the centre of this approach (Comminel 1987: 149–55 and 167).
- 8 The theoretical and conceptual implications of the capitalist character of the separation of politics and economics, and their inseparability in pre-capitalist societies, are elaborated in a path-breaking essay by Wood (1995).
 - 9 Cf. Wood (1991); Mooers (1991); McNally (1988); Comminel (1987); also compare Parker (1996) and Elsenhans (1983).
 - 10 See also the incisive critique by Hall and Kratochwil (1993) and the reply by Fischer (1993).
 - 11 The problem with the dichotomy of anarchy and hierarchy also applies to different forms of feudalism: was Angevin England, whose hierarchy was much more developed than in the classical case of northern France, an ‘anarchical sphere’ or a ‘state’?
 - 12 Ruggie insists that what demarcates feudalism from modernity is not the absence of anarchy but a different form of spatiality. One is left to wonder what the space of anarchy is if the differentiation of external and internal realms is produced only by modernity. If the feudal ‘system of rule was inherently international’, as Ruggie notes (1983a: 274), then anarchy, defined as the absence of rule, does not seem to be an appropriate structural principle of this system. Janice Thomson (1994: 160, fn. 36), by contrast, rightly suggests the need for further alternatives such as localized or deterritorialized authority.
 - 13 On the ‘feudal state’, see Rowen (1980: 16).
 - 14 Brenner employs the concept of ‘political accumulation’ to refer to the process of feudal state building. Here, it denotes the process of expansion of coercive powers by individual lords, which may be fragmentive or integrative of larger entities.
 - 15 On land, domestic and banal lordship, see Duby (1978: 174–7). Domestic lordship constitutes arbitrary power over personal dependents (slavery being its extreme form); land lordship relates to land and confers only limited rights to services, leaving tenants personally free.
 - 16 On the role of the ‘peace of god’ in this process, see Poly and Bournazel (1991: 151–62).
 - 17 On the general differences between English and French feudalism, see Bloch (1960) and Hilton (1990). During the period of economic expansion, parts of the manorial demesnes were leased out to peasants in return for labour services and rents. There was even some relaxation of exploitation in the twelfth century. But with increasing scarcity of land due to continuing population growth, the lords were able, because of their relatively strong collective position, to reinforce manorial exploitation. In fact, the thirteenth century saw the establishment of a degree of unfreedom in England which was unprecedented there. Those who held demesne lands as tenures were subjected to the private jurisdiction of the manorial lords (much like peasants in the Carolingian period of the Frankish empire) with regard to their relationship to the lord and his other serfs.
 - 18 On the problems of Wallerstein’s world-systems perspective, see Brenner (1977); Skocpol (1977); Gourevitch (1978).
 - 19 On markets as ‘internal’ to feudalism, cf. Merrington (1976) and Press (1989).
 - 20 Subsequently, aristocrats tried to make up for their declining incomes by external wars and finally by factional strife, leading to descent into civil war in the mid-fifteenth century.
 - 21 The question whether the Dutch Republic may represent another case of capitalist development, or whether a further distinction between ‘commercial’ and capitalist agriculture is necessary, is too complex to answer in the present context. The case of the US also has to be set aside here, although a capitalist dynamic seems well established there by the eighteenth century.
 - 22 That is, of course, an exaggeration as there were many non-absolutist states in early modern Europe. Any comprehensive theorization of social change in Europe will have to take these into account. Absolutism was, however, the most important form of social

- organization, defining the character of the period, not least in its international aspect. France, on which I will focus here, was the most dominant and influential state.
- 23 In the orthodox paradigm, as Charles Beik (1985: 4) notes, 'France and England are treated as directly comparable, and their respective governments are viewed as interesting variation on the common theme of the rise of the Western industrial nation-state . . . This orthodoxy continues to be repeated despite the findings of a generation of social historians that French society was structurally very different from English society in the sixteenth to eighteenth centuries'.
 - 24 On the different forms of enclosures, not all of which were coercive, see Clay (1984: 69–91); Holderness (1976: 77).
 - 25 Compare Thirsk (1989); Beckett (1990: ch. 1). The debate started in the late 1960s. See the contributions to Jones (1967b). Important contributions have also been made by Kerridge (1969) and Wrigley (1985).
 - 26 Population growth in other European countries was between 50 and 80 per cent during this period. Urbanization increased five-fold (to 27.5 per cent) while it stagnated in the rest of western Europe (at 10 per cent). Whereas 100 persons employed in agriculture provided food for 132 persons outside agriculture in 1520, by 1800 the ratio had grown by 88 per cent (100:248). In France, the relationship was 100:138 in 1520 and 100:170 in 1800. But Wrigley notes that this difference may well underestimate the difference in productivity between England and France. See Wrigley (1985: 720–6).
 - 27 On the problems of this formulation, discounting the difference between absolutist and constitutional monarchical government, see Gourevitch (1978: 424 and 436).
 - 28 This is not to deny the importance of monetarization and mercantile wealth to the rise of the absolutist state. While these phenomena brought about neither the decline of feudalism nor the rise of capitalism, it is clear that the availability of money was necessary for the centralization of power; mercantile wealth at the same time limited the arbitrariness of sovereigns; cf. Hirschman (1977); Weiss and Hobson (1995: 62).
 - 29 The widely accepted picture of very different paths of agrarian development between England and France has recently attracted some challenge. But Parker notes that critics fail to distinguish between output and productivity. Eighteenth-century expansion was marked by increasing output after a severe crisis of subsistence, not by the emergence of a more productive agriculture (Parker 1996: 207–17).
 - 30 Mooers argues that proto-industry actually 'served to retard the transition to factory-based production' as merchants financed a putting-out system of production that did little to change the forms of production (Mooers 1991: 60). Proto-industry itself presupposed a sluggish agriculture. Peasants tried to increase their incomes in addition to the produce of their lands in order to maintain themselves as peasants. Proto-industry and modern industry are thus opposites rather than part of a temporal continuum.
 - 31 The development of French agriculture follows closely the 'peasant model' delineated by de Vries (1974: 4–6).
 - 32 Compare Bonney (1991: 360): 'Absolutism can be viewed as a set of arrangements, unique to a particular country, by which the civil power operated to protect private property rights such as those enshrined in public offices and annuities'.
 - 33 On the different 'objects' to which 'public' and 'private' referred in Roman, medieval, absolutist and modern times, see Brunner (1984: 122–5). It also needs to be emphasized that private property even of productive assets was not necessarily capitalist property (cf. Comminel 1987: 181). Many authors assume, incorrectly, that the strengthening of property rights via Roman Law created capitalist property relations; cf. Anderson (1974: 24–8) and North and Thomas (1973).
 - 34 Wood (1991: 23): 'The state itself was a primary instrument of appropriation, a private resource for public office-holders . . . Office in the absolutist state represented a "centralization upwards" of feudal exploitation, in which peasant-produced surpluses were appropriated in the form of tax instead of rent'.
 - 35 Nor, according to Root (1992: 14), did it create a modern society in order to serve the

pursuit of *raison d'état*: 'If modernization means the creation of a society based on competition and individualism, on the destruction of corporate bodies, and on the institution of private property, then the state of the Old Regime did not play a modernizing role'.

- 36 On the distinction between generalized personal domination, contrasting to feudal private personal domination and capitalist generalized impersonal rule, see Gerstenberger (1990: 497–532) (who includes England in the first category). On the personal character of Louis XIV's authority as *maître* to all his *fidèles*, see Kaiser (1990: 142) and Rowen (1980: 30–5 and 75–92).
- 37 According to Braudel (1984: 620), there were signs far in advance of its final triumph which announced the coming of capitalism: 'the rise of towns and of trade, the emergence of a labour market, the increasing density of society, the spread of the use of money, the rise in output, the expansion of long-distance trade'.
- 38 Outlines of a *new social interpretation* of the French Revolution not based on the narrative of the capitalist bourgeoisie's perpetual rise are developed by Comninel (1987: 196–205). The dominant interpretation of the French Revolution, however, is now 'cultural' (cf. Hunt 1986). Skocpol notes that many revisionist approaches, despite their inability to locate a capitalist class, implicitly rely on the grand scheme of the rise of the capitalist West. Skocpol (1979: 54–60 and 174–9), by contrast, asserts the non-capitalist character of early modern French development.
- 39 On 'modes of production' and 'modes of exploitation', see Comninel (1987: 155 and 174).

5 The international system of the *Ancien Régime*

- 1 As I have argued in chapter 3, Rosenberg's argument is rather ambiguous and can be sustained precisely because he remains vague about the timing of the transition to capitalism.
- 2 Critics of Waltz's neo-Realism have sought to historicize the international system on the basis of distinct logics of anarchy; cf. Ruggie (1993); Wendt (1987); Buzan *et al.* (1993). The present approach is distinct in that it does not accept anarchy as a timeless attribute of the international system. Anarchy is itself a historical product of the demise of the feudal geopolitical system of authority. But within this post-feudal anarchical system, different logics of anarchy have existed; I will argue below that Wendt's concern with patterns of interaction can be fruitfully linked to the 'social relations of sovereignty' emphasized here.
- 3 On homogenization, see Waltz (1979); Halliday (1994: ch. 5).
- 4 The category of absolutism is here used in two ways: on the one hand as a form of organizing society which prevailed from about 1500 to 1800; and in reference to the institutional form in which juridical, legislative and executive power becomes concentrated in the person of the prince or king. The latter is here taken to be a subset of the former. In order to distinguish these meanings, I will refer to 'monarchical absolutism' when I specifically address the political institutions of the later absolutist period.
- 5 It should be noted that the argument proposed here is different in kind from the familiar claim, happily bashed by Realists of all stripes, that states with differently constituted political systems pursue different foreign policies. Realists are quick to point out that the foreign policy of the Soviet Union after 1917 very quickly adhered to typical great power behaviour predicted by Realist theory. But even if this claim can be maintained, it does not follow that an international system constituted by 'communist' states would have the same logic and dynamic as the capitalist one within which the Soviet Union was situated. It is with this level of abstraction, the constitutive principles of different historical international systems, that I am concerned in this chapter. These constitutive principles are premised on the social relations of sovereignty of the states

which shape the system; states with other social constitutions will have to adapt to the systemic dynamics externalized in this way.

- 6 Cf. Bonney (1991: 98). When scholars insist that to early modern monarchs, 'economic considerations came low on the agenda: trade was not the *métier* of kings' (Tallett 1992: 16–17), the importance of the allocative aspects of 'political' pursuits should be remembered.
- 7 On France, see Bérenger (1989). An old myth sees state formation taking place in the context of the decline of the aristocracy, which is in turn related to the increasing monetarization of 'the economy', or to the greater success of kings in mobilizing money for the acquisition of increasingly expansive military armaments. For the case of Germany (Franconia, more specifically), Hilla Zmora points out that the princes engaged in state building were actually dependent on the financial support and cooperation from their aristocrats. In turn, these aristocrats were able to further expand their incomes through the rights conferred on them in return for the financial pledges: 'The regalian and other superior rights exercised by pledge-holders and office-holders, the "state-power" they wielded, could be harnessed by them in their seigniorial capacity to the ruthless collection of rents, dues and tithes' (Zmora 1996: 54).
- 8 Not to mention military conflict involving individual possessors of coercive force reproducing themselves outside the emerging state: robber barons, pirates, etc. (cf. Thomson 1994).
- 9 For Kaiser (1990: 8), the fundamental units of this geopolitical system are aristocratic networks rather than territorial states. He notes: 'War in that period was the very essence of aristocratic politics, as well as one of the means by which the aristocracy drew resources from the rest of society' (ibid.: 2).
- 10 Perhaps the best treatment of these issues is Rabb (1975: 60–82); cf. Sorel (1947: 46–7).
- 11 On sovereignty and the state as property of the monarchy, see Black (1990: 150); Symcox (1973: 4–5). Cf. the fascinating study of French proprietary dynasticism by Rowen (1980).
- 12 Wendt (1992) highlights the role of sovereignty as a norm excluding non-state actors from the geopolitical system, rather than as a 'brute fact' created by the state.
- 13 On the crisis of the seventeenth century, see Kaiser (1990: 22–4); Rabb (1975). Also Aston (1965).
- 14 While the differentiation of internal and external spheres became more pronounced, the attribution of different logics respectively, one characterized by the rule of politics, the other by the sway of force, is rather questionable; cf. (Walker 1993: ch. 8). Absolutism remained fundamentally coercive in both respects.
- 15 Elliott (1992: 69) suggests that one of the reasons for the resilience of this state of affairs lies in the ability of princes to marshal the resources of one territory against rebellions in another.
- 16 Kunisch (1992) notes that this is the case even for the most advanced states such as Prussia. Cf. Elliott (1992); Black (1990: 192).
- 17 Kratochwil's argument that the dynastic element decreased in importance during the eighteenth century contrasts with Kunisch (1992: 22–3); Sorel (1947: 27–8). On the international consequences of proprietary dynasticism, see Symcox (1973: 2–7).
- 18 'The imperatives of dynastic aggrandizement and prestige and the vagaries of dynastic change . . . compromise any attempt to present the international relations of the period in terms of distinct and defined national interests': Black (1990: 3). Symcox (1973: 6) notes: 'Personal *gloire*, dynastic prestige and reason of state often added up to the same thing'.
- 19 The Spanish Succession illustrates the argument.
- 20 For Realists, the balance of power is of course a general principle of international politics rather than an institution of a specific international order (but see Krasner (1988)). English School realism, by contrast, gives prominence to the question of the

- origins of modern international society and the balance of power. For an insightful exposition, see Butterfield (1966).
- 21 As Sorel (1947: 33) notes: 'Louis XIV's treaties for the regulation of the Spanish Succession caused a complete rearrangement of the map of Europe, a strange changing of dynasties and an astonishing migration of sovereigns and governments'.
 - 22 Mercantilism is another of these means, usually identified as one of the signposts towards modernity. Justin Rosenberg (1994: 40 and 91–122) proposes an interpretation of mercantilism, and the patterns of international trade in the early modern epoch, as dominated by a fundamentally pre-capitalist logic. Cf. McNally (1988); on the non-capitalist nature of merchant 'capital', see Wolf (1982: 79).
 - 23 Note that Wendt (1992) does not break down the anarchy–hierarchy dualism, nor does he ask how an anarchical international system emerged in Europe. Like Ruggie (1993), he accepts the transhistorical existence of anarchical international relations while basing his historicization of this structure on patterns of interaction rather than modes of differentiation.
 - 24 'Sovereignty transforms this system [the Hobbesian state of nature] into a Lockean world of (mostly) mutually recognized property rights and (mostly) egoistic rather than competitive conceptions of security' (Wendt 1992: 415–16).
 - 25 Historical sociologists emphasize the role of external threats in the ability of monarchs to monopolize the means of violence. As we have seen, the constant wars in the sixteenth and seventeenth centuries, in fact, tended to strengthen the magnates. It may well be the relative security of the realm that *allowed* English nobles to give up their independent military forces (though that they should *want* to do so derives from their new forms of reproduction). Otherwise, nobles might well have found it in their interest to maintain their military power and organize defence along neo-feudal lines in order to fend off the domestic dangers that a monarchical army implied. Insularity was an important factor contributing to the possibility of the English path; it was not, however, constitutive as Hintze (1975b: 199) implied, arguing that the 'main explanation for the difference in the way political and military organization developed in England and France . . . lies in the difference in the foreign situation'.
 - 26 Ellen Wood (1991: 44) notes that 'even by the more rigorous standards of Bodin, it was England more than France that met the requirements of a true state, with a unified locus of political authority. The conceptual clarity of the French idea [of sovereignty] was a response to the *absence* in reality of an "absolute" and "indivisible" power'.
 - 27 It would be a mistake, however, to see English foreign policy in the eighteenth century, as Eric Hobsbawm (1990: 49) does, as determined solely by commercial motives. Most importantly, 'commercial motives' were themselves shaped by the competitive dynamic of the absolutist geopolitical system, coming to be expressed in terms of a mercantilist strategy pursuing *relative* gains. Cf. Christie (1982: 51); Crouzet (1996: 437); John Brewer (1990: 167–74). Whereas French mercantilism did not generate a dynamic of *self-sustaining* economic (or even narrowly industrial) development, in England it did contribute to economic development.
 - 28 This geopolitical threat not only came from outside, as the consequences of the industrial revolution led to military advantages, but also arose from the decreasing ability of European manufactures to compete against British goods, which undermined the economic foundations of military power.
 - 29 That is not to say that only a perceived threat from Britain induced passive revolutions. In the case of Prussia, for instance, it was the defeat against Napoleon which triggered off the permanent revolution from above. But emulation of the model which had enabled Britain almost single-handedly to finance the Napoleonic wars promised a strengthening of the military powers of the state beyond what was possible by rationalizations within the absolutist property system.
 - 30 According to Cox, a 'passive revolution' refers to a situation in which a powerful state influences the revolutionary development within other societies in ways not inherent in

their own social structures. Powerful states are 'precisely those which have undergone a profound social and economic revolution and have most fully worked out the consequences of this revolution in the form of state and of social relations' (Cox 1993: 59); cf. Gramsci (1971: 116).

- 31 There is a tendency in Polanyi's work, or at least in that of scholars influenced by it, to understand the disembedding of the economy in terms of non-interference by political forces (Polanyi 1957). But capitalism can be politically regulated, within limits, by political institutions without overcoming the fundamental differentiation of political and economic spheres.
- 32 It may be objected that early modern England, too, was a territorial state; therefore, the argument that territorial statehood is a historical legacy from the pre-capitalist past into which capitalism was born may seem to be unfounded. Yet in the English case, the highly developed feudal state structured the possibilities for political organization once capitalism emerged; it also provided the basis for the kings' attempts to strengthen their own domestic power. British territorial statehood was also strengthened, as we have seen, through Britain's involvement in the absolutist international system. How the political structures of the British state would have developed if the city-state rather than the territorial state had become the dominant political form in continental Europe is a counter-factual question that is hard to answer; on the possible 'communal' alternative to the territorial state, see Press (1989) and Spruyt (1994).

6 Incongruent spaces: national states and global accumulation

- 1 Cf. Halperin (1997: 190): 'the structure of traditional society remained intact in Europe until the beginning of World War I'.
- 2 Cf. Mayer (1981: 20); Anderson (1974).
- 3 The 'Scottish Enlightenment', by contrast, would seem to owe its distinctive character precisely to the rather different socio-economic context of British development.
- 4 Heilbron (1998) argues that the discursive construction of the 'homo economicus' cannot be directly related to the rise of capitalism, or to the increasing influence of the bourgeoisie.
- 5 Santos (1995: 1) adds: 'Modernity did not presuppose capitalism as its mode of production . . . Conversely, the latter, far from presupposing the sociocultural premises of modernity for its development, has coexisted with, and indeed thrived in conditions that, viewed from the perspective of the paradigm of modernity, would definitely be considered premodern or even antimodern'.
- 6 Wood (1997: 548) notes: 'I have no wish to reduce the Enlightenment to crude class ideology; but the point is that in this particular historical conjuncture, in distinctly non-capitalist conditions, even bourgeois *class ideology* took the form of a larger vision of general human emancipation, not just emancipation for the bourgeoisie but for humanity in general'.
- 7 This differentiation is based on Wood's distinction between bourgeois and capitalist modernity (Wood 2000 and 1991: ch. 1).
- 8 'The dead man clutches onto the living'.
- 9 Cf. Löwy (1998: 17–18).
- 10 Cf. Lefebvre (1991); Harvey (1982 and 1985); Smith (1984); Soja (1989); Neil Brenner (1999).
- 11 The concept of 'state space' derives from Henri Lefebvre. According to Neil Brenner (1997: 146), 'Lefebvre conceives state space in terms of three fundamental elements – national territorial space; an integral grid of state sociospatial organization composed of politico-institutional and administrative configurations, built environments, and symbolic monuments; and the mental space produced by the state'.
- 12 Chase-Dunn's (1991: 131) argument is that 'the capitalist mode of production exhibits a single logic in which both political-military power and the appropriation of surplus

value through production of commodities for sale in the market play an integrated role’.

- 13 Mann (1988: 139) continues: ‘It is true that many historians argue that the multi-state system encouraged the competitive dynamism of capitalist development; that is competition between states, as well as enterprises, encouraged growth. I accept this argument. But if so, this was an empirical fact, not a functional requirement’. In this respect, my approach differs widely from Mann’s, as it does not even accept an empirical relationship between state formation and capitalist development.
- 14 According to Hobson, the ‘first wave’ of Weberian historical sociologists, and especially Theda Skocpol, have emphasized the autonomous role of the state in historical change. ‘However, at times the system of states has been singled out as the sole determining variable, leading to a geopolitical reductionism, which in turn justifiably lends credence to the critique of [Weberian historical sociology] as merely a sociological realism’ (Hobson 1998a: 288).
- 15 The point that Ashley seeks to make here is the one which I have tried to refute in the previous chapters, i.e. that the international system of territorial states is a social form of capitalism. In remarkably similar terms to Rupert, Burnham and Rosenberg, Ashley suggests: ‘critical analysis should regard the partially autonomous community of realist power politics as the historically specific political relation – the global public sphere, as it were – of a world capitalist system . . . [R]ealist power politics should be grasped as a community whose normalized practices and rituals of power mobilize global resources, discipline practices, and thereby clear and delimit spaces of domestic politics wherein recognizably capitalist subjects can secure their dominance’ (Ashley 1987: 423). However, the question *why* this should be so, why capitalism is ‘*dependent upon the competent and skillful action of knowledgeable subjects of a realist power community*’ (ibid.: 424, emphasis in the original) is, I suspect, not answered by Ashley – or else I do not understand his answer.
- 16 At least in the case of Anthony Giddens, Ashley addresses his critique to the wrong person. Indeed, Giddens (1981: 12) strongly emphasizes that ‘capitalist states emerged as nation-states: the association between capitalism and the nation-state was not the “accident of history” that it has appeared to many Marxist and non-Marxist historians alike’. This is of course a rather curious claim in itself. The argument that capitalism and the ‘modern state’ necessarily developed together is much more popular among Marxists and non-Marxists (including, *pace* Ashley, most Weberian historical sociologists) alike, than the positions Giddens and Ashley attribute to them in this respect.
- 17 By contrast to Singer and Wildavsky, the argument developed here suggests that these two zones are inherently related to each other.
- 18 There is an obvious link in Siegelberg’s theory to the ‘democratic peace’ thesis, which has been highlighted by Wolf (1995). It should be noted, however, that Siegelberg does recognize that threats to democracy and international peace arise from the same historical process that made them possible in the first place: the rise and expansion of capitalism.
- 19 Cf. Marx (1993: 650): ‘The limits which it tore down were barriers to its motion, its development and realization. It is by no means the case that it thereby suspended all limits, nor all barriers, but rather only the limits not corresponding to it, which were barriers to it’.
- 20 ‘Territorialization’ in this usage does not refer to ‘state space’; cities, regions or countries could be the relevant ‘place’. Also note that ‘places’ are, in this perspective, not given by what nature has endowed them with; they are socially produced.
- 21 Compare this with the standard position summarized by Porter (1994: 35): ‘In a world of global competition . . . location is no longer relevant. Geography and political boundaries have been transcended. The firm, in particular, can shed its locational identity or dependency entirely’.
- 22 This claim in Engels’ *Anti-Dühring* is quoted in Barker (1991: 209).

- 23 On these issues, see especially Busch (1974: 38–53); compare Braumnühl (1978) and Neusüss (1972: 125–47).
- 24 ‘Neo-mercantilist’ economic policies are therefore quite different from earlier forms of mercantilism; the national economies they constituted were integrated into the capitalist world economy (cf. Latham 1997: 434).
- 25 The centrality of the ‘territorial non-coincidence’ of world market and sovereign state has been addressed by Murray (1975: 108).

7 Beyond the ‘territorial trap’: history, geography and international transformation

- 1 To argue for the centrality of the separation of politics and economics is, as I pointed out in chapter 2, not to suggest that there is no ‘interaction’ between these spheres, or that states do not play an important role in the regulation and reproduction of ‘the economy’. Clearly, this role has become more important over the past century, and even in our neo-liberal times it is far from marginal or reducible to liberal ideology. To repeat, however: this does not negate the specifically capitalist separation of political authority from surplus appropriation.
- 2 Martin Albrow (1996: 43), despite his perceptive critique of state-centric social theory, similarly agrees that sovereign nation-states after the 1870s successfully controlled ‘their’ society, making the nation-state the ultimately definitive institutional structure of (high) modernity.
- 3 Other critical accounts which accord centrality to the notion of hegemony include the important works by Arrighi (1994); Taylor (1996); and Agnew and Corbridge (1995).
- 4 Even if we accept the usefulness of the *realist* concept of hegemony for the early modern period, the claim that Genoa or Holland can be regarded as hegemonic (i.e. dominant) in different parts of this historical period is itself very doubtful. The Habsburg Empire and France would seem to fit the bill much better.
- 5 Agnew and Corbridge (1995: 17) similarly note the problematic duality of hegemony and imperialism in neo-Gramscian IPE. They suggest that imperialism may be understood as ‘“competing” hegemonies (and aspiring hegemons) based in different states that, while confronting one another with different modes of socio-economic organization, tacitly accept the same assumptions about the nature of statehood and the rules of international behaviour . . . There is always hegemony, but there are not always hegemons’. Beyond competing state hegemonies, there is even the possibility, they suggest, to derive from Gramsci a notion of hegemony ‘without state agency’ (ibid.: 24). But this solution runs not just into the problem that it becomes even more difficult than in the more restrictive Gramscian reading to show how hegemony could exist in the international sphere without an ‘international’ or ‘global’ state; cf. Germain and Kenny (1998). It also entails a historical and analytical inflation of the concept of hegemony itself.
- 6 This is not to say that such issues are ignored in hegemony-based approaches. The notion of an ‘internationalization of the state’, for instance, introduced by Christian Palloix 25 years ago, has since been taken up by many hegemony theorists of IPE in order to capture the transformations in the relationship between the nation-state and the world market; Palloix (1977: 14); cf. Cox (1996: 107–9); Agnew and Corbridge (1995: 194).
- 7 The account that follows tends, in particular, to focus too narrowly on the dominant spatialization strategies of the dominant states. This must lead to severe distortions as every world economy reflects the different and often incompatible spatialization strategies which any particular state pursues, and this in a context of other states doing the same. It misses, for instance, the complexity of a system in which some states will pursue certain strategies precisely because other states are *not* doing so, thus trying to fill niches. In this respect the argument presented in the next sections tends to mirror the

- problems of the hegemony approach, which attributes too much coherence and homogeneity to particular world orders.
- 8 The list of scholars adhering to this view is almost endless and includes liberals as well as Marxists. For a recent example, see O'Brien (1999). This link has been challenged by a growing number of economic historians; see Thomas and McCloskey (1994). Also see the excellent surveys by Mokyr (1998) and Meyers (1987).
 - 9 Cf. Ruggie (1983b: 6–7): 'Political economy, as [List] used the term "teaches how a given *nation* in the present state of the world and its own special national relations can maintain and improve its economic conditions," whereas cosmopolitical economy "teaches how the entire human race may attain prosperity" on the assumption "that all nations on earth form but one society living in a perpetual state of peace" '.
 - 10 Weber's self-description is quoted in Mommsen (1985: 235).
 - 11 Quoted in Mommsen (1985: 235).
 - 12 For the centrality of Weber's nationalism, and specifically his economic nationalism, see Mommsen (1974) and Anter (1995). It should be noted that Weber's liberal nationalism did not embrace Wilhelminian imperialism and military expansionism; cf. Palonen 2001.
 - 13 It is crucial, however, not to dismiss too easily the historical efficacy of such socially constituted boundaries between inherently related 'spheres' of social reality, whether in the context of the present or the past. The task of the social sciences is to grasp the nature of historical social orders through their 'appearances', and to account for these appearances, rather than to seek undifferentiated essences just beneath the surface of social life.
 - 14 Hilferding, quoted in Faber *et al.* (1982: 219).
 - 15 The role of social imperialism has been emphasized by Wehler (1970) and (1985) (on Germany); Williams (1980) (on the USA); for the relevance of the concept in the English context, see Snyder (1991: ch. 5). For the problems of the concept of social imperialism, see Eley (1976).
 - 16 In Lacher 1999a and 1999b, I argue that Polanyi has been claimed wrongly for the social-democratic project of national welfare capitalism that came to dominate after 1945.
 - 17 In an article written at the end of the war, Polanyi (1945) reserved the possibility that the New Deal could yet one day yield 'an independent – American – solution of the problem of an industrial society'. 'Fordism', of course, has been portrayed in much these terms; but the problems of industrial revolution identified by Polanyi were very different from those 'solved' by Fordism. Crucially, this 'solution' remained framed by the economic logic of market economics, a solution to problems of economic growth and accumulation and to the profitability of capital, rather than to the socio-cultural crisis which Polanyi had placed at the heart of his critical theory of capitalist modernity.
 - 18 Polanyi made a strong distinction between societal protectionism, marked by communal or state action that put certain limits on the commodity status of land, labour and money, and a re-embedding of the economy, which can only be achieved by taking these 'factors of production' out of the market. This argument is developed in more detail in Lacher (1999b).
 - 19 See, for example, Ruggie (1982); Helleiner (1994a); Kapstein (1994); Cox (1987).

8 Governing global capitalism: towards *imperium*?

- 1 The expansion of citizenship, the construction of domestic hegemony, and the national fragmentation of global capital and world society were closely related processes. As Grew (1984: 112) laconically notes, the 'states so reconstructed then plunged into World War I as their citizens cheered, seeking in wartime the social integration the state at peace could not provide'.

- 2 Ruggie draws heavily on Cooper (1980).
- 3 S. Battilossi, cited in Panitch and Gindin (2004: 48).
- 4 While temporary periods of peaceful (or ultra-imperialist) cooperation in the exploitation of countries are possible, they will inevitably give way to military competition once the economic and military capabilities of states and their capitals have shifted from those underlying the original division. The necessarily uneven development of capitalist countries makes such shifts inevitable. 'Once the relation of forces is changed, what other solution of the contradictions can be found under capitalism than that of force?' (Lenin 1973: 116; cf. Bukharin 1972: 87).

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