

History, Politics and Theory in the Great Divergence Debate and World History

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Abstract

The thesis examines four distinctive schools of thought, each of which makes claims about the causes of the rise of the West: the California School, World Systems Analysis (WSA), Political Marxism, and Analytical Marxism.

As far as theories go, Marxist social theory, including historical materialism, takes centre stage. I argue that Marxist theory, at least in some formulations, currently provides the most coherent, plausible and useful framework for the study of world history, and when it comes to the divergence, Political Marxist accounts of the rise and spread of capitalism are the most convincing. However, the work does not attempt to establish the truth of Marxism or to present it as the only plausible or useful theory for understanding society and history. Instead, it sets a more limited task, namely, to examine critiques of Marxism that have contributed to the latter's marginalization in the writing of world history and the 'Great Divergence' debate in particular. It shows that many of these widely accepted critiques are unpersuasive and seriously flawed.

Parts I and II demonstrate that explaining the 'great divergence', a key issue for world history, requires getting clear on the role of capitalism, its emergence and spread. This has led me to consider two influential schools: the California School that rejects the concept of capitalism, and WSA, with its conceptions of the world capitalist system. I argue that the theoretical conceptions of WSA, though useful and informative in some ways (especially if compared to the California school), do not adequately account for the emergence and development of capitalism or the great divergence. I counterpoise their conceptions with the Political Marxist's conceptions and historical analyses, and argue that the latter are both closer to Marx's own theorizing and provide a stronger basis for understanding the divergence.

In Part III, I present a more critical discussion of Political Marxism and try to show that it can, and should, be combined with a more 'orthodox' conception of Marx's theory of history, historical materialism—and here I focus on the formulations of historical materialism put forth by some of the Analytical Marxists, most centrally, G.A. Cohen's account.

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Chapter 1

Introduction

1—Purpose and Main Themes

I hope with this dissertation to make a small contribution to a large area of historical research and writing. The main topic under discussion is the ‘Great Divergence’ debate in the field of world and global history, in particular, the debate about how best to interpret, explain and theoretically understand the phenomenon. The ‘Great Divergence’ is the historical divergence between the so-called ‘West’ and the rest of the world; a divergence that became a salient feature of the modern human landscape, reflected today (2021) in the persistent inequality of wealth and power (to put it mildly) between the ‘Global North’ and ‘South’. Any serious world or global history has to come to terms with this ‘divergence’ and discrepancy and provide some sort of explanation and analysis of its causes and consequences.

I will primarily examine four distinctive schools of thought, each of which makes claims about the causes of the rise of the West: the California School, World Systems Analysis, Political Marxism, and Analytical Marxism. More precisely, it is not so much the ‘schools’ that will be my focus as individual authors in those ‘schools’ and their particular theoretical (or in some cases, anti-theoretical) positions. While at times it may appear that I am making sweeping pronouncements about the entire ‘school’, in context it should be clear which particular authors and

views are being discussed and assessed. In this endeavor, I have taken an interdisciplinary approach, drawing primarily from the work of historians but also from other disciplines such as philosophy, economics, political science, sociology and anthropology.

As far as theories go, Marxist social theory, including historical materialism (the general Marxist theory of history), will take centre stage. In my view, Marxist theory, at least in some formulations, currently provides the most coherent, plausible and useful framework for the study of world history, and when it comes to the divergence, Marxian accounts of the rise and spread of capitalism are—I think it is safe to say—the ‘best game in town’ if not ‘the only game in town’. However, let me stress: I do not pretend to establish the *truth* of Marxism or to present it as the *only* plausible or useful theory for understanding society and history. Instead, I have set myself a more limited task, namely, to examine critiques of Marxism that have contributed to the latter’s marginalization in the writing of world history and the ‘Great Divergence’ debate in particular. What I want to show is that many of these widely accepted critiques are unpersuasive and seriously flawed. While my target, especially in Part I, is often mainstream economics and anti-Marxist historiography more generally, many of the critiques of Marxism that I discuss have been (more or less) accepted by quite a few academic Marxists themselves. Thus, in addressing several of these criticisms of Marxism (or ‘orthodox’ Marxism) I engage with some interesting ‘in-house’ debates among Marxian ‘schools’—Political Marxism, World Systems Analysis, and Analytical Marxism in particular. One reason—indeed, the main reason—I have chosen to engage more with these ‘in-house’ debates within

Marxism is simply that when anti-Marxists in these areas attack Marxism, there is seldom much understanding of the latter and there is a greater tendency to resort to bold, un-argued assertions that are simply assumed to be true and obvious. This, in my opinion, *lowers* the level of debate and discussion.

2—Some Remarks on Understanding and Assessing Explanations

Another underlying theme—or ‘sub-theme’ or ‘sub-text’—throughout these chapters is the nature and ethics of social-scientific and historical explanations. Though I do not discuss his work in this dissertation, I have found Alan Garfinkel’s *Forms of Explanation: Rethinking the Questions of Social Theory* to be particularly insightful and useful.¹ The two principal insights I take from Garfinkel are (i) that macro-structural explanations are typically irreducible to more fine-grained ‘micro’ explanations, and (ii) that choosing an explanatory framework has ethical ramifications and is never ‘purely objective’ *if* that means ‘value-free’, i.e., not presupposing or implying any value judgments. Garfinkel argues that this holds true for any kind of causal explanation, though he focuses on explanations in the social sciences. To illustrate, I would like to pause to discuss a few fairly simple examples from Garfinkel’s book, and then comment on how Garfinkel’s points about explanation may be relevant to our subject matter.²

When we are given an explanation of something—call it ‘E’— E is the *object* of explanation. But the object of explanation, E, is not always immediately apparent

¹ Alan Garfinkel, *Forms of Explanation: Rethinking the Questions of Social Theory*, Yale University Press, 1990.

² See especially the chapter, “The Ethics of Explanation” (*Ibid.*, 134-55), where Garfinkel provides several examples illustrating that the choice between competing explanations is often not simply a matter of seeing which one better fits ‘the facts’ but also, and crucially, which better explains *what we want explained* and better *answers to our practical concerns and interests*.

or obvious. A priest asks a burglar, 'Why do you rob banks?'. The burglar answers, 'Because that is where the money is'. The burglar has misunderstood the priest's question. The priest was not asking 'Why rob banks *rather than robbing something else?*' but 'Why rob banks *rather than not rob anything or anyone at all?*'

The burglar's explanation 'Because that is where the money is' presupposes what Garfinkel calls a different '*contrast space*' than what the priest had in mind. The priest's intended contrast space is: robbing nothing/no one at all; whereas the burglar's contrast space is: robbing things/people *other than banks*. Garfinkel's point, in discussing this simple case, is to remind us that all explanations, no matter how complex, have a contrast space; when we explain something, E, it is always an explanation of why E *rather than* C (rather than some limited space of alternatives to E, which is the 'contrast space'). There is *no such thing* as 'the full explanation of E' *if* that means '*all* the causes, micro and macro, that led precisely to E at the time that E occurred rather than to *anything* other than E at that time'. Such an 'explanation' would require, Garfinkel argues, an account of the entire causal history of the world, perhaps even going back to the origins of the universe, but that isn't a manageable explanation. In fact, it is not clear that it would be an 'explanation' or that the idea of capturing 'all' the causes leading to an event, E, makes any sense either. (How could we ever know that we finally had 'all' the causes?). *To make our explanations useful*, the object of explanation—i.e., what we are trying to explain, our 'E'—must have a *limited* contrast space. The contrast space specifies what the explainer takes to be the *relevant alternatives to E*—relevant alternatives to the object of explanation. In deciding what counts as relevant alternatives, we are closing off other possibilities;

and in doing *that*, we cannot avoid making some kind of value judgment (even if only implicitly) about what to focus on, what is most relevant, to achieve a desired change or outcome.

Another example from Garfinkel: A wife sees a psychiatrist to discuss her constant fighting with her husband. The fighting obviously takes two but the psychiatrist focuses on what *she* can change to avoid the fights. He tells her that her attendance at evening classes, instead of staying home and cooking, is *the* cause of the fighting and that therefore, if she wants the fighting to stop she should cease attending the classes. It may be true that if she takes this advice, the fights will stop. But this is obviously *not* a 'value-free' causal explanation. There may be things the *husband* could do that would end the fighting; to single out *one* factor as *the* cause or the *most important* cause is to be *selective*. It is to make a value judgment about what one thinks *should* change or about whom one is holding *responsible* or *most* responsible.

A third example from Garfinkel has to do with unemployment. Suppose we try to explain unemployment by isolating factors that differentiate unemployed from employed people. These factors, we think, will explain unemployment. We explain a particular person's unemployment by saying this person has certain characteristics that the employed people do not have, or does not have the characteristics that the employed people have.

Here is the (or a) problem. Such explanations do not (and cannot) explain why there is unemployment *at all*. What they can perhaps explain, if anything, is why, *given that there will be unemployment*, these people (or this person) *rather*

than some others, are/is unemployed rather than employed. The ‘contrast space’ to the object of explanation (unemployment of these people/this person) is ‘unemployment of some other people/person’. With *this* contrast space, it is just assumed that there *has* to be unemployment, so what is being explained is simply why some people *rather than others* are unemployed. But if we want to explain why there is unemployment *at all*, the contrast space would then be ‘full employment’. That would be the relevant alternative to our object of explanation. In that case, we would *not* be taking it as given (i.e., presupposing or assuming) that there *has* to be, say, 4 or 5% unemployment (or whatever level mainstream economists tell us is a ‘natural’ rate of unemployment). Instead, we would be explaining why there is unemployment *rather than* full employment.

Now, recall the priest and burglar. The answer to the priest’s question ‘Why do you rob banks?’ given by the burglar was ‘Because that is where the money is’. This answer suggests that to prevent the burglar from robbing banks, we should arrange that there be even more money somewhere else for the burglar to rob. We can see how the limited range of alternatives in the contrast space (robbing other things/people rather than banks) affects our judgments about what policies/actions to take. In the unemployment example, if the contrast space is ‘*other* people being unemployed’, the practical upshot would seem to be simply to work on the unemployed individuals’ characteristics to ensure that *they, rather than other people*, are among the employed. Conversely, if the contrast space was, instead, ‘full employment’, this would involve a more structural explanation of unemployment and would lead to different practical recommendations—those aimed at a

'restructuring' that would contribute to the achievement of a full employment economy. The first explanation simply rules that out and so would be of no use if our goal was to achieve a full employment economy. In this way, typically, explanations are inescapably bound up with value judgments about what we *should* aim to achieve—the explanations have what Garfinkel calls different "*value consequences*".

In relation to unemployment levels, economists used to appeal to a so-called law or theory called the 'Phillips curve' or 'Phillips effect' to explain inflation. According to this 'law', there is an inverse relation between unemployment and inflation: low unemployment leads to a rise in inflation, high unemployment leads to a drop in inflation. The reasoning goes like this. As unemployment decreases, workers are more likely to demand higher wages since they have less fear of unemployment, and businesses competing for workers then begin to offer higher wages. This leads to inflation because businesses will charge higher prices to offset the higher wages they are paying to their employees. Conversely, as unemployment rises, workers are less likely to demand higher wages, which means businesses do not need to charge higher prices to offset wage costs and to compete against other businesses, so they will tend not to increase prices or even to lower prices (thus, inflation decreases). Garfinkel points out that it is rarely questioned why we should accept that inflation *has to be* the result of low unemployment. This is not questioned because this 'law' presupposes a certain kind of market in labour and a certain kind of price system. It is only a 'law', in other words, in a *certain kind of*

capitalist market economy.³ It is by taking this type of economy as given that economists define the ‘space’ within which the law operates. But it would *not* be a law in a slave economy or in a socialist economy geared toward full employment, meeting everyone’s needs, and keeping things closer to equal in economic terms—an economy in which there is no longer a class division between capitalists and workers and that either abolishes or strongly curtails the ‘free’ market. If you think socialism (or full employment even under capitalism) is possible and desirable, Garfinkel argues, your ‘contrast space’—your sense of the alternatives—when explaining inflation will be different, and larger, than someone who thinks we must and/or should accept capitalism (or capitalism-with-unemployment) now and into the foreseeable future. Uncritically explaining inflation in terms of the Phillips law, Garfinkel contends, presupposes a commitment to the view that nothing is realistically possible outside this kind of capitalist market economy. That obviously has ‘value consequences’, Garfinkel says. What you think is a real possibility or impossibility will affect what you think should be done, practically.⁴

In case the reader is wondering why I have included this discussion, the reason is that I thought it was important to spell out these points from Garfinkel because throughout this dissertation, though I do not discuss Garfinkel, I have had these matters firmly in mind when examining the various positions I do discuss in relation to the ‘Great Divergence’ and world history.

³ Many Marxist economists, correctly I think, point out that evidence does not support the claim that this is a ‘law’ even in our economy, but this is beside the point here.

⁴ I am not so sure that appealing to the ‘Phillips curve’ or ‘law’ necessarily commits one to the view that there are no realistic or desirable alternatives to capitalism, but I think the general point Garfinkel is making is sound: namely, that it is important to be clear on the object of explanation, as this will presuppose a particular ‘contrast space’ and different contrast spaces can have different practical implications and ‘value consequences’.

Thus, when examining the four main ‘schools’ mentioned above and their accounts of the ‘divergence’ as well as their approach to world history more generally, I found myself asking not only how well their explanations square with ‘the facts’ but also questions such as these: What exactly are they purporting to explain?—i.e., what is their object of explanation, their *explanandum*? Insofar as they are explaining the rise of capitalism, what do they mean by ‘capitalism’? Are they explaining the *origin* of capitalism or the *spread* of capitalism in Europe and/or to the rest of the world—or all of the above—and what difference does it make? And how do they explain the *absence* (or non-emergence) of capitalism in some places (e.g., China) while it emerged in other places (e.g., England)? What political and social interests do their explanations and analyses reflect or answer to? What are the underlying value judgments and value consequences of their explanations and analyses? Are the various positions which are thought to be competing actually in conflict? To what extent can they be reconciled and would such reconciliation be worthwhile? (Here I am thinking principally of Political Marxism and Analytical Marxism.). Of course, in trying to understand and assess these various positions, I have taken positions myself and I certainly do not expect readers to agree with each and every position I have taken, particularly on such a large subject as the ‘Great Divergence’ and world history. I would welcome critical challenges as my concern is to understand the most important causes and consequences of the divergence, the spread and persistence of capitalism and—I will say it here—the possibilities for its supplanting by a form of socialism that would at least be more democratic than 20th century ‘socialisms’ have been and would help us collectively to confront, among

other things, problems of global poverty, inequality, war, and of course ecocide and the climate crisis (persistent and growing problems that we are no closer to solving under global capitalism).

Let me now briefly indicate, in the final two sections of this introduction, how this work is structured and the main lines of argument to follow.

3—Political Marxism vs. the California School and World Systems Analysis

Understanding capitalism, its emergence and its expansion beyond Europe, is crucial for the writing of world history and for modern world history in particular. The birth of the modern world is inseparable from the emergence and spread of capitalism, an economic system that, according to writers in the ‘Political Marxist’ camp, most famously Robert Brenner, first took hold in the English countryside in the sixteenth century as a form of ‘agrarian capitalism’ arising from the dynamics of feudal class relations—dynamics that, according to Brenner, were different in England than anywhere else in Europe.⁵ The divergence between the West and the rest of the world is closely connected to capitalist expansion from west Europe and its accompanying colonial conquests.

In Part I of this dissertation I defend the Political Marxist’s ‘origin thesis’ regarding the transition from feudalism to capitalism against the alternative accounts from writers in the ‘California School’. I begin by considering some debates about ‘Eurocentrism’ in the writing of modern history; in particular, the charge that Marxist accounts of the divergence in terms of the rise and spread of capitalism are

⁵ Robert Brenner, 1976, “Agrarian Class Structure and Economic Development,” *Past & Present*, 70(1): 30–75.

'Eurocentric'. I argue that such accounts are not 'Eurocentric' in any sense that is objectionable: they do not celebrate capitalism or treat European culture as 'superior' or present Europe as the apotheosis of history, to be emulated by non-European societies. Part I contains lengthy critical discussions of California School writers such as R.B. Wong, Kenneth Pomeranz, Andre Gunder Frank, and Jack Goldstone. I argue, among other things, that their critiques of Marxist accounts of the emergence of capitalism and the divergence are misguided, and that their own accounts are deeply problematic as 'explanations'. For the Californians, the divergence is 'explained' by what seem to be (in their analyses) purely accidental geographical, ecological and even military factors; they reject the idea that there were relevant differences in social property relations that played any crucial role in the divergence and they instead stress the structural similarities between European and non-European societies such as China and India—leaving them no option but to explain divergence in terms of coincidences and accidents. I try to show that these explanations do not work, and leave too much unexplained.

In Part II I focus on two main authors in the tradition of World Systems Analysis: Immanuel Wallerstein and Giovanni Arrighi. While the Californians contend that there were no unique historical preconditions or important economic developmental differences between European and Asian societies before the 1800s that led to the divergence, Wallerstein and Arrighi (as well as Samir Amin) remain within the Marxian tradition; for them, Europe was the locus of early modern divergence as a result of the birth of global capitalism, which they regard as the basis of modern economic growth, power inequality and Western domination,

exploitation and immiseration of the Rest of the world—not to mention environmental degradation. In Arrighi's work, however, we see a kernel of hope, quite similar to the Californians', for a resurgent Asia. It is what unites these two schools that will be the focus of my critique in Part II: namely, the reliance on a Smithian (or neo-Smithian) picture of *trade-driven* historical change and a decidedly un-Marxian conception of capitalism. I argue that this picture, with its inadequate understanding of various social forms with their different relations of production, provides us with no explanatory purchase on social transitions from pre-capitalist to capitalist society. (In *this* respect, Wallerstein and Arrighi can be said to be *outside* the Marxist tradition.) World history, in effect, is reduced to a merely quantitative increase of wealth (or lack thereof).

I argue in Part I that the Californians, despite targeting Marxism for criticism, show little comprehension of Marxist arguments and rarely address them over and above general accusations of Eurocentrism, determinism and/or teleology. In Part II, I argue that Marxism gives us a crucial framework for historical explanation of the divergence by making class analysis and the analysis of social structures central to the account of the transition to capitalism. Unlike the historical narratives of Arrighi and Wallerstein, as well as the Californians, Marxism consists of many interlocking theories—historical materialism, sociological class analysis, an economic theory of capitalism, and more. I try to show how this makes Marxism relevant and useful if our goal is to have a coherent and more comprehensive approach to writing world history.

4—Political Marxism and 'Orthodox' Historical Materialism

The final part of this work (Part III) is significantly different from the first two Parts. One difference is that it is even more on the theoretical and conceptual side of things than the first two Parts. This seemed to me necessary because so much of the criticism of Marxism is rooted in confusion about what Marxist theory actually is and in lack of clarity about Marxist concepts and categories. Another difference is that, unlike the first two Parts, Part III presents a sustained critique—a constructive critique, I hope—of Political Marxism, particularly as represented by Ellen Meiksins Wood’s critique of G.A. Cohen’s articulation and defense of historical materialism and the Marxist conception of ‘base’ and ‘superstructure’.

In some circles it has become fashionable to distinguish pre-capitalist systems from capitalism by pointing to the *political* nature of the former modes and the *economic* nature of the latter. Some Political Marxists claim that this difference should lead us to apply different modes of analysis to the different systems; and thus we should, they think, reject ‘orthodox’ historical materialism as a theory of history rooted in an untenable ‘economic determinism’ (and/or ‘technological determinism’). In Part III, I argue that this is a mistake. I defend Cohen’s ‘form-content’ and ‘material-social’ distinctions against Wood’s criticisms. While it makes sense to say that pre-capitalist and capitalist systems (broadly speaking) differ in their forms and in the mechanisms by which their economic structures are reproduced, I argue that the ‘mode’ of analysis of the systems requires no fundamental modifications. All societies depend on their material capacities for reproduction. In all societies, not everything can be explained by an analysis of material conditions, but important aspects can be so explained. Political, judicial and

ideological institutions play a significant role under capitalism, just as they do under feudalism and political empires, often taking on a considerable autonomous logic. I try to show how this is compatible with a Marxist 'base/superstructure' model of society; I argue that it is a useful metaphor and provides a coherent and plausible framework for social and political analysis and for helping us to understand and explain important historical developments and epochal changes. In conjunction with Cohen's formulation of historical materialism, I argue, it still provides the most coherent framework for the writing of world history (including the periodization of world history).

Political Marxism's account of the transition to capitalism, I argue, does not explain why social property relations are central to understanding class formation and class struggle. They have no broader theory that underpins their analysis. Perhaps they do not need one, but I argue that, contrary to Wood and others, there are some positive reasons for such an extension and combination of their analyses with historical materialism.

Political Marxists are correct to argue that landlords did not choose to transition to capitalism; but they did choose to impose market leases. To answer the questions why they did, or why, gradually, more and more of them did, why richer farmers were also on board, why many political economists and philosophers were promoting it, and finally why capitalism eventually spread to other parts of Europe and beyond, we would need to go beyond examining the consequences of class struggle. I maintain that 'orthodox', technological and economic determinist historical materialism—if we want to use those labels—will help us answer such

questions. Capitalism *was*, in a sense, 'chosen' after it was born, because it did utilize and develop the forces of production better than other, pre-capitalist social forms. 'Orthodox' historical materialism, at least in Cohen's rendering, theoretically accounts for and squares with this reality.

Wood brilliantly captures the non-capitalist nature of Florence, France and the Dutch Republic, as opposed to England, but her rigid separation between pre-capitalist and capitalist systems leads her to conclude that England's capitalism had *nothing* to do with what was happening on the continent. If we were to take Cohen's formulation of historical materialism seriously, however, we could avoid such rigidity. For Cohen, historical materialism explains the establishment and persistence of new relations of production in terms of their fostering the development of the productive forces. England, despite its backwardness in the level of development of productive forces at the time of the transition to capitalist social relations, was not isolated from the world. The interests and the 'rules of reproduction' of the ruling class did not exist/develop in a vacuum. English lords were not unaware of trade, trading empires, finance and urban development.

We can fully agree with Political Marxism that agrarian capitalism was an unintended consequence of class struggle in a historically specific context (akin to the role of random mutations in evolutionary biology). However, the fact that these relations took root, widened their direct influence and then spread beyond England needs to be explained, and it is here that Cohen's account of historical materialism and the base-superstructure thesis is helpful; or so I will argue, at length, in Part III. What I want to show is that, even if historical materialism does not explain with

fine-grained precision *everything* that we want explained about society and history, even if it does not capture all the mechanisms at work in the interplay between the forces of production, the relations of production (i.e., the ‘economic structure’), and ‘superstructural’ phenomena (i.e., politics, culture, ideology, religion, etc.), it is nevertheless a useful and plausible theory. It is an empirical—*not* metaphysical—theory of history (or history’s trajectory) that provides a coherent, broad framework, currently the best available theoretical framework, for writing about and explaining large-scale and long-term trends in human world history. Again, I am not claiming it is certainly true or without weaknesses or unquestionable; I am claiming that the arguments leveled against it have not been persuasive and that there is no better theory of history currently available. *Perhaps* we do not need such a global, broad theory; there are certainly reasonable grounds for skepticism about such endeavors. Nevertheless, I think it is too early to rule it out, as so many have done on the basis of bad arguments.

The debate between Analytical Marxism and Political Marxism ended without a synthesis, and it seems in favor of the latter (judging by the academic winds and trends). Even Cohen seemed to abandon (or partially abandon) his project. In his later work, *History, Labour and Freedom*, Cohen argued that canonical historical materialism was founded upon Marx’s false ‘philosophical anthropology’ whereby the fundamental feature of human nature is industriousness.⁶ Cohen (probably influenced by postmodernism to an extent) conceded that this ‘purely’ materialist approach is untenable, that ‘spiritual’ needs must be part of (universal

⁶ G. A. Cohen, *History, Labour and Freedom: Themes from Marx*, Oxford, 1988.

and transhistorical) human nature on an equal footing with material needs for food, shelter, fuel and clothing, and thus must be included as fundamental 'independent' variables in a theory of history.

At the same time, Cohen was not convinced that historical materialism is completely mistaken either. He is probably right that apart from material needs, we have a need for self-identification. Vivek Chibber is also probably right that the human need for autonomy and freedom is written into Marxist theory of class struggle.⁷ However, while these aspects of human nature add complexity to historical explanations, I am not so sure that Marx would not have agreed or that there are no comments in his writing pointing in this direction; nor is it clear how these additional features of human nature would undermine historical materialism. In any case, as a general hypothesis guiding not only world history writing but many other disciplines (hopefully in cooperation) there is still much to be said for the idea that in human environments of scarcity, human industriousness and the desire for freedom fundamentally underwrite directionality in history by fostering the development of productive forces, which in turn leads to changes in relations of production and the 'superstructural' features of human societies. Specific mechanisms may be difficult to identify in a formalized general law of history, but as an approach it does provide a general picture for asking questions about both general trends and specific details. From a historical materialist perspective, for example, Political Marxism's origin thesis seems to be much more plausible than the

⁷ Chibber, Vivek 2011, "What Is Living and What Is Dead in the Marxist Theory of History," *Historical Materialism*, 19(2): 60-91, 64; and *Postcolonial Theory and the Specter of Capital*, London: Verso, 2013.

Californians' historical accounts. Moreover, Adam Smith's almost universal influence needs to be historicized. Political Marxist's are right to stress that individual self-interest in the form of *homo economicus*, trading and the desire for maximizing profit through market competition are unlikely to be universal features of human nature (and if they were it would be rather unfortunate). If there is any hope for humanity, it is in individual freedom found through cooperation and equality. This, I think, is the most important reason for the study of world history: to better understand the historical and social conditions that would make possible a fundamental restructuring of our social forms so that we may, collectively, transition from our current global horror to a humane and sustainable world.

Part I

Explaining Divergence: Defending Political Marxism Against the California School

Chapter 2

Eurocentrism

A Marxian analysis provides “the most powerful of the existing statements of secular change because it includes all of the elements left out of the neoclassical framework: institutions, property rights, the state and ideology.” Douglass North (1981: 61)

1—The New World History—a Post-Eurocentric Field?⁸

Writing world history has a long pedigree, but in history departments it is a recent but rapidly growing field.⁹ Since the late 1980s and early 90s, as the world became ‘globalized’ in popular, political and academic consciousness, historians increasingly expressed dissatisfaction with the conceptual and theoretical frameworks provided by national, civilizational and area studies.¹⁰ The interconnected and inter-

⁸ ‘New’ in the ‘The New World History’ refers to a new field within academic writing and university history departments, not ‘new’ as in ‘New World.’ See Ross E. Dunn, Laura Mitchell, Kerry Ward eds., *The New World History: A Field Guide for Teachers and Researchers*, University of California Press, 2016.

⁹ For a brief overview of global and world history writing, see Patrick O’Brien’s opening article in the first issue of *The Journal of Global History* (2006) 1, “Historiographical Traditions and Modern Imperatives for the Restoration of Global History,” 3-39.

¹⁰ This dissatisfaction can be linked to the development of post-World War Two left history—particularly social history, influenced by Marxism and postcolonial/postmodern scholarship—, as

dependent nature of social, political and economic phenomena was (increasingly) seen to be incompatible with the rigidly constructed boundaries framing historical research. In large-scale and thematic histories, increasing emphasis on cross-cultural interconnections, diffusion, migration and the like seemed to pose a challenge to prevailing approaches. Transnationalism and inclusion are the hallmarks of the 'New World History', which aims to view the world from the perspective of 'totality'—however this totality may be conceptualized.¹¹

World history practitioners (with few exceptions, most notably David Landes) define their approach in terms of a repudiation of Eurocentrism. A global perspective purportedly works against this. Eurocentrism is usually characterized as viewing modernity teleologically as an inevitable and/or desirable end goal of history, impelled by the European and, more generally, 'Western' experience. Triumphalist Eurocentrism is a celebratory view of modernity as a European phenomenon, excluding or marginalizing the rest of the world's peoples, their contributions to modernity and their history, and which is incompatible with a more democratic vision of the 'global village.' 'European modernity' is associated with certain kinds of political and legal institutions, economic growth, scientific and technological developments, industrialization, cultural hegemony, citizenship rights and nationalism, among other things. Eurocentric history explains modernity as the product of an alleged or assumed 'superiority' of Western civilization.

well as the winding down of the Cold War and expansion of US hegemony accompanied by the political rhetoric of globalization.

¹¹ I will be using the phrase 'world history' interchangeably with 'New World History' when discussing world, global and transnational history-writing since the 1990s, which is the subject of this work.

Significantly, ‘capitalism’ is not always explicitly associated with modernity, and this is relevant to the understanding and assessment of purportedly *anti-*Eurocentric critiques. The term ‘capitalism’ itself remains controversial and its definitions vary significantly according to ideological divides and schools of social theory and economics. Its use originally was not neutral but presupposed a critique of capitalism. In world historiography, rejection of Marxian critiques of capitalism is often accompanied by rejection or avoidance of the term altogether, reflecting doubts about its validity or applicability to history of the world.¹² In assessing anti-Eurocentrism and the strength of various explanations put forth in world history writings, it will be necessary to consider the role that is ascribed to capitalism and the underlying theoretical conceptions of—or relating to—capitalism. This will be a key theme in this work.

I will argue that an uncritical stance toward capitalism is a good indicator of the weakness of purportedly anti-Eurocentric arguments. I want to show that anti-Eurocentrism, which tends to downplay the uniqueness of Western capitalist development, underestimates Western power and especially Western economic and/or structural power in the context of global economic growth. By not paying attention to its historical roots, not only is such ‘anti-Eurocentrism’ ineffective in challenging European triumphalism and doing justice to non-Western and subaltern groups globally, but in fact it reinforces both historical and ongoing global

¹² For explicit and indignant remarks about the term, see Andre Gunder Frank’s *ReOrient*. Economic historians, e.g. Joel Mokyr, the California School practitioners, among others, usually discuss ‘market societies’ and/or ‘modern economic growth’ within the context of the ‘Great Divergence’ debates rather than ‘capitalism’ or ‘origins of capitalism,’ because origins of capitalism as a possible cause of the Great Divergence is emphatically rejected.

inequality. Only a critical approach to capitalism as a historically unique—meaning neither ‘universal’ nor ‘natural’—socio-political and economic system can dispel the notion of the ‘European miracle’ and thereby provide an adequate framework for explaining and understanding not only the ‘origins’ of the so-called Great Divergence, but also its persistence. Here, I would emphasize that the *persistence* of the divergence with all its grave consequences remains unexplained in much of anti-Eurocentric world history; moreover, it does not even seem to be part of its *problematic* as something that even *needs* explaining. Most, if not all, of the world historical accounts of the Great Divergence stop at the gates of the Industrial Revolution, thus simply avoiding difficult questions rather than providing new answers or explanations.

2—Samir Amin, Eurocentrism and Capitalism

We can agree that a Eurocentric position treats modern European civilization as the highest stage of human development, as a model to be emulated by the rest of the world, to aspire to, to catch up with. Throughout the modern age, this line of thinking has provided ideological ammunition for colonial and imperial expansion: if other societies are not pursuing ‘development’ independently, then under European direct or indirect ‘guidance’ they could be channeled in the ‘right’ direction. Such attitudes are far from being a mere relic of history, of course; the U.S. declared mission of bringing democracy to the Middle East or Structural Adjustment Policies imposed by the IMF and the World Bank in Africa are only among the latest manifestations of the same arrogant and essentially imperialistic attitude. With Western development, capitalism became conflated with liberalism, parliamentary

democracy, a legal system guaranteeing property rights, and formal freedom and equality—all this closely associated with modernity, though not reducible to it. Capitalist triumphalism had its challengers on both the traditionalist right and progressive left. On the left, Marx and his followers arguably produced the most comprehensive critical framework, one that could provide ‘scientific’ or simply comprehensive explanations of capitalism’s successes in the development of human productivity as well as its failings and shortcomings.

Samir Amin, a Marxist Egyptian-French economist, is credited with popularizing the term ‘Eurocentrism’. In *Eurocentrism*, first published in 1988, Amin argues that it is an ideological view that explains the origins of modernity as a strictly European phenomenon arising from a peculiar European *culture* and that holds a celebratory perception of modernity.¹³ Moreover, Amin maintains, this ideology has grave implications for the real world as well as for explaining global history and economy; seeing modernity and Western capitalism as a superior model of society to be universally adopted, a model for the whole world to emulate. Eurocentric ideology uncritical of capitalism advocates (successfully in the sense that it is the dominant ideology) liberal democratic institutions plus capitalism as the best of all possible worlds and even without alternative for all the peoples of the world. Amin contends that the proposed establishment of a global capitalist

¹³ Samir Amin, *Eurocentrism: Modernity, Religion, and Democracy: A Critique of Eurocentrism and Culturalism*, translated by Russell Moore and James Membrez, Monthly Review Press, 2009 [1988], e-book.

economy serving the world population along with a Western consumption model is an impossibility—it amounts to a bad utopian ideal.¹⁴

In agreement with Amin, I stress in this work that ours is a finite world; it simply does not have the ecological capacity for such an experiment. Furthermore, it will be argued that it is precisely capitalism's internal logic driven by its historically specific rules for reproduction that makes a sustainable and just world impossible. Therefore, it seems reasonable to challenge a Eurocentric perspective on historical phenomena with a view to the future and critical evaluation of the present. In this light, any critique of Eurocentrism that shies away from a critical view of capitalism, or rejects the utility of the term altogether, I maintain, is bound to be highly misleading.

Bringing the historical development of the modern world to the present and considering possible future trajectories would show the severe inadequacy of the 'origins' focus dominant in world history.¹⁵ For Amin, the birthplace of modernity/capitalism is undeniably Europe—a periphery in terms of its economic

¹⁴ Recent reports on looming climate catastrophe if humanity does not change its structural fossil fuel addiction and our overall production and consumption habits (in relatively short order), reaffirm Amin's concerns. Amin's general argument is (more or less) independent of, and on firmer ground, than his World Systems theory of the origins of capitalism as well as his prescriptions for bringing about socialism. These latter features of Amin's work are based on his contention that capitalism arose in the periphery of the world dominated by tributary systems and, therefore, he speculates, socialism could develop in the periphery of the global capitalist system. It is Amin's conception of Eurocentrism and the necessity to place capitalism at the center of its critique that is of immediate interest for this analysis of Eurocentrism in world history writings.

¹⁵ The philosopher and political theorist, Raymond Geuss, makes a distinction between, on the one hand, investigation into 'origins' as an attempt to gain understanding of a specific event (an 'invention' for example) and, on the other hand, 'origins' inquiry for the purposes of understanding continuity and successes or failures in satisfying human needs and aspirations, stating that "There was never a single origin for anything with any continuing historical significance. What looks like a unique origin always disperses into multiplicity" (*A World Without Why*, Princeton University Press, 2014). It is a goal of this work not to fall into 'origins' debates losing track of more important questions.

development when compared with China and India, at least until the modern period. During the 1980s, claims about the European origins of modernity were much less—if at all—controversial than they have since become. Amin challenges, among other things, the notion of distinctively European cultural origins of modernity. Eurocentrism appropriates Greco-Roman history to depict a distinctly European Christian civilizational history, tendentiously divorcing this history from that of the so-called Orient.¹⁶ According to this vision, not only was modernity born in Europe, its emergence was due to Europe's 'exceptional' and 'superior' culture. On this view, these unique European cultural roots meant Modernity could not have been born or developed anywhere else. Eurocentric ideology is triumphalist in the sense that it celebrates Western civilization, invidiously comparing it to all other civilizations (with odes to the "European miracle" of economic growth, 'free' markets, advancements in science and technology, liberalism, democracy, and the like). Moreover, Eurocentrism is prescriptively universalist. European exceptionalism does not imply that other societies should not aspire to follow in Western steps. Here too, the stress on 'origins', the cultural normative attachment to pedigree and the rhetorical role this plays in celebratory 'exceptionalism' and 'superiority' claims, is significant. Perhaps it needs to be questioned.

Since the publication of *Eurocentrism*, the term has become widely used, but, contrary to Amin himself, anti-Eurocentrism rarely is linked to a critique of capitalism. In fact, although no account of modern world history ignores the

¹⁶ Schumpeter's 'Great Gap' in his *History of Economic Analysis* is emblematic of this attitude. See S. M. Ghazanfar ed., *Medieval Islamic Economic Thought: Filling the 'Great Gap' in European Economics*, Routledge: 2003.

problem of Eurocentrism, many—perhaps most—historians are hostile to Marx and Marxism, routinely dismissing the whole body of thought as Eurocentric. Amin does not disagree with the claim that Marx and many Marxists are guilty of Eurocentrism, but in his view, Marx has developed an unsurpassed framework for critical analysis of capitalism, which can be built upon and is not inherently or irrevocably Eurocentric. Surely, the idea of an ‘Asiatic Mode of Production,’ which Marx thought was characteristic of much of Asia, and which he viewed as corresponding to stagnant social systems incapable of development or even lacking ‘history’, sounds rather Eurocentric. On the other hand, Amin argues that pre-capitalist Europe, for which Marx had equally harsh words, being a tributary periphery, was also stagnant in the sense that it lacked a *capitalist* dynamic. Focusing on Marx’s terminology in relation to non-Western systems, to which he dedicated relatively little attention (especially in his earlier work) and ignoring his equally derogatory terminology for pre-modern, pre-capitalist European culture and society, is an ideological and uncharitable reading rather than a convincing argument for dismissal of his work.¹⁷

The meaning of the term ‘Eurocentrism’ has expanded. Some historians see the very claim that modernity originated in Europe as being both Eurocentric and false. Some have argued that external factors were decisive; others, again, have even

¹⁷ It is important to note that throughout the twentieth century Marxists debated the validity of Marx’s concept of ‘Asiatic Mode of Production’; many have rejected it outright as faulty—Perry Anderson among many—some pointing out convincingly that Marx himself dropped it after the 1860s—Irfan Habib, Bipan Chandra, Kevin Anderson. See Perry Anderson, *Lineages of the Absolutist State* (London, 1974), Habib, *Essays in Indian History: Towards a Marxist Perspective* (New Delhi: Tulika, 1998, second edition), especially “Marx’s Perception of India,” 29-35. Chandra claims that most Marxists familiar with Asian history have rejected the concept (*The Making of Modern India: From Marx to Gandhi*, New Delhi, Orient Blackswan, 2012, 339). See also Kevin Anderson for a nuanced and thorough treatment of the development of Marx’s thought on non-European social formations: *Marx at the Margins: On Nationalism, Ethnicity, and Non-Western Societies*, The University of Chicago Press, 2010. Anderson shows how Marx became much less Eurocentric in his later stages including his extensive notebooks.

denied that Europe was uniquely the birthplace of modernity; some have even attempted to portray the world without the West in it, as a counterbalance to history depicting the world as a playground for European development or as a space for mimicry of the West.¹⁸ Some historians go so far as to claim that merely using analytical categories developed in Western thought—‘capitalism,’ ‘modes of production,’ and ‘class’ especially—is Eurocentric. These anti-Eurocentric attitudes have become quite assertive. As Patrick Manning critically notes, world historians “have tended to distance themselves from integrating Europe and North America into their perspective.”¹⁹ Thus, some world historians, including the California School, are seeking explanations of the modern world without Europe playing a role in these explanations, or a very marginalized role. This begs a question: how can one interpret the modern world, marked by Western economic, political, military and cultural domination, by so erasing or marginalizing the role of Europe? What does it mean when historians try to ‘provincialize’ Europe or the West more generally? One of the core issues to be considered is how, or rather if, historians interpret power relations. Global inequality and its persistence surely have something to do with power.

3—Why Marxism?

Marxism as a form of critical scholarship as well as a political program that gained popularity from the end of the nineteenth century attained a global reach, mobilizing revolutionary workers’ unions, socialist parties and anticolonial

¹⁸ There are many world historians who argue along these lines, some of whose views will be critically examined here. To mention just two: C. A. Bayley, *The Birth of the Modern World*, argues for ‘multiple modernities’, see also Janet L. Abu-Lughod, *Before European Hegemony*, 1989.

¹⁹ Manning, *Navigating World History*, 102.

struggles. Within the historical profession, Marxian ideas became more influential with the deep crisis of capitalism of the 1930s.²⁰ While historians openly sympathetic to socialism were rejected or marginalized by the mainstream of the profession, Marxism and socialism did attain a real and growing academic presence. Despite the wide range of political and scholarly orientations within the radical left, there are some common characteristics and themes in the long tradition of Marxian historiography.

First, Marxism is inherently globalist, so to speak. It sees the march of history with its successive modes of production in global terms, takes interest in the history and fate of humanity as a whole, and analyzes the development of capitalism not only within countries or regions but globally.²¹ Secondly, Marxist history is intrinsically anti-elitist, paying special attention to and siding with exploited laboring classes and 'bottom-up' movements. Marxists view class as a fundamental category for social and historical analysis, and class struggle is for Marxists one of the most important drivers of historical change, of transitions from one social form to another. And finally, Marxism is anti-capitalist and is a form of critical theory. It seeks to provide not only a scientifically valid analysis of the capitalist system, but

²⁰ William D. Carrigan, "The influence of Marx on historiography in the United States and North America," in Edward Wang and Georg G. Iggers eds. *Marxist Historiographies: A Global Perspective*, New York: Routledge, 2016, 42.

²¹ Succession of modes of production does not necessarily imply a teleological or 'inevitalist' conception of history, but can be understood as a historicist method—avoiding ahistorical explanations in terms of 'human nature', for example—, which does not preclude contingency and diversity of preconditions and outcomes. Although 'teleology' is (or used to be) a common criticism of Marxist conceptions of history, few Marxists nowadays would subscribe to this conception: they do not believe socialism and communism are the inevitable outcome of the 'laws of history', and they do not try to explain history in terms of the irresistible 'pull' of a communist future. For globalist outlook on Marx's historical materialism see Christopher Bertram's "International Competition in Historical Materialism" and Kai Nielsen, "On Taking Historical Materialism Seriously", *Dialogue*, XXII, 1983, 319-338, 330.

does so with a view to overcoming this system and replacing it with a more democratic, socialist system in which there is a substantial freedom and equality (connected to the absence of class and other forms of domination and oppression) in economic, social and political life.

Even though Marxist historiography is not the only form of critical historiography of slavery, colonialism and imperialism, it undoubtedly contributed to shifting historical focus onto the working classes, subaltern groups, the colonized and the oppressed generally. All in all, critical and progressive scholarship in the context of political struggles around the world (including the Cold War) contributed to the questioning of Western self-conceptions and to resistance to colonial and neocolonial practices.²² However, Marxian influence in academia has since declined—though it has not disappeared. While Marxism was an important critical voice in liberation movements and even within the Western countries, since the 1980s postmodern/postcolonial critique has largely replaced it as the leading critical paradigm. With the collapse of the Communist regimes in the Soviet Union and Eastern Europe in the early 90s, anti-capitalism within academia was further marginalized. Even the very topic of capitalism as central to modernity's historical development was (more or less) pushed aside. On the left, focus on cultural issues

²² It can be argued that Marxist critique was not completely detached from the Soviet experience even while Western Marxism (for good reasons) distanced itself from it. The existence of a large-scale alternative to capitalism, the relative popularity of socialist ideals, as well as the impressive economic and technological achievements of the USSR despite the authoritarianism of the Communist regimes, put pressure on the West to live up to its proclamations and at least partially succumb to the demands of social movements such as the antiwar, civil rights and women's movements. In this context, even though it was often unfairly equated with totalitarianism or Stalinism, Marxism had its appeal to popular movements across the world. Global capitalism's unimpeded expansion of the 'profit motive' over and above all other human concerns since the Soviet collapse suggests that this appeal was not altogether unwarranted.

and issues of gender and race combined with increasing suspicion of Marxism (partly because of its perceived Eurocentrism and lack of attention to race and gender issues) helped push political economy to the margins.²³

This is not to say that Marxism simply vanished; vibrant Marxian scholarship persisted but mainstream academia increasingly relegated it to the dustbin of history, conflating the Soviet collapse with the defeat of the idea of socialism and all scholarship associated with it. It was, I would suggest, the 2007–8 global economic crisis,²⁴ along with growing social discontent, extreme political polarization, rampant inequality, and the inability of neoclassical economics or postcolonial critique to shed much explanatory light on these phenomena that has begun to swing the pendulum back toward Marxism, ever so slightly. The ‘postcolonial’ school’s aversion to materialist or economic analysis seems to have led to its declining influence on the left, while the neoclassical economics’ complete failure to provide insights for explaining the 2008 crisis, the growth of inequality and the persistent economic stagnation has led to increasing skepticism about mainstream economics.²⁵ The decline of ‘postcolonialism’ politically can be associated with the failures of neoliberalism, which has led to renewed interest in Marxism and

²³ Earlier Marxists often ignored or downplayed gender and race. This contributed to the demise of Marxism in mainstream academia in the face of postmodernism’s rise. More recent Marxist scholarship has learned from this history and has stressed the compatibility of Marxism with critical gender and race perspectives. The question of Marxism’s Eurocentrism will be discussed further below.

²⁴ William D. Carrigan, “The influence of Marx on historiography in the United States and North America,” in Edward Wang and Georg G. Iggers eds. *Marxist Historiographies: A Global Perspective*, New York: Routledge, 2016, 51.

²⁵ Yanis Varoufakis, Joseph Halevi, and Nicholas Theocarakis, *Modern Political Economics: Making Sense of the Post-2008 World*, Routledge, 2011.

socialism.²⁶ One problem with ‘postmodernism’ and its influence on the left is the inability to provide adequate explanations of economic crisis and relevant structural issues. The young generation, however, may be rediscovering socialism, as suggested by the Sanders campaign in the US and Corbyn’s rise in the British Labour Party. This political and economic environment, combined with increasing awareness of mega-corporations’ key role in the climate and ecological crises, *may* give Marxism an opportunity to re-enter mainstream academic debates.

The rise of the New World History can be situated in the context I have roughly sketched here. The emergence and growth of the field has been propelled by the rhetorical significance of ‘globalization’, but it is less clear if its theoretical paradigms are equipped to provide coherent interpretations that can plausibly explain large-scale historical changes.²⁷ While the renewed economic or ‘materialist’ focus of world history points to deficiencies of postmodern cultural studies in analyzing and explaining large-scale phenomena, postmodern influences are not absent from the New World History. Critical discussions of ‘grand narratives’ and Eurocentrism have grown out of postmodernism. Yet economic history struggles to find a suitable grand narrative. The problem remains: How should New World Historians account for the modern world without deploying civilizational, developmental or Marxist narrative models—all largely regarded (and discarded) as being Eurocentric?

²⁶ See Deborah Tudor, 2013, “Selling Nostalgia: Mad Men, Postmodernism and Neoliberalism”, *Global Cinema*, Paper 1, http://opensiuc.lib.siu.edu/cgi/viewcontent.cgi?article=1000&context=gmmc_gc, and Hans Van Zon, “The Unholy Alliance of Neoliberalism and Postmodernism” *Vlaams Marxistisch Tijdschrift*, Jaargang 47, No 2, Zomer 2013, <http://www.imavo.be/vmt/13214-van%20Zon%20postmodernism.pdf>.

²⁷ *Choice* labeled the field of world history as an “incoherent field” in its review note for Sebastian Conrad’s *What is Global History?* back cover page.

A central claim put forth in this chapter is that the repudiation of Marxism as Eurocentric and outdated is premature and unconvincing, from both an abstract theoretical and concrete historical point of view. I will argue that the economics that informs world history actually hinders the development of coherent and theoretically sound explanations in this area. Underlying assumptions about the universality of economic growth through market expansion, the scientific adequacy of methodological individualism, and narrowly conceived notions of ‘economy’—all roughly falling into the classical and neoclassical schools of economics—leave us ill-equipped for the task. The focus of Part I is the California School, because its version of ‘anti-Eurocentrism’ is the most developed and most influential within the field of New World History. Marxism, on the other hand, remains on the margins but arguably can offer insights about large-scale changes in world history—most importantly, the birth and development of capitalism—by providing a broader, more comprehensive, more holistic perspective, by the way it draws connections between economy, polity, society, culture and ecology without privileging or celebrating the centres of power. However, within Marxism or more accurately the *Marxian* tradition, there is little consensus or uniformity in world historical outlook. The school of World Systems Analysis (WSA hereafter), considered to be part of this Marxian tradition, has surprising affinities to the California School, in contrast to, for example, Political Marxism and Analytical Marxism, both of which will be extensively discussed in this work (for the latter, see Part III). We begin our critical analysis with the Californians, moving on to WSA, drawing from and defending Political Marxism’s contributions. However, the closing chapters (chapters 7 and 8,

Part III) will focus on some shortcomings of Political Marxism and offer some insights from Analytical Marxism, which, in my view, provides solid ground for strengthening Political Marxism's explanations of the origin of capitalism, the great divergence, and the overall theory of history to frame the writing of world history.

4—The California School

"There are, to begin with, serious problems involved in lumping together a very wide variety of writers in the category "Eurocentrism", as if they were all centered on Europe in the same way, and as if they all shared the same contempt for non-Europeans. The category includes racists who insist on the natural superiority of Europeans over Asians, Africans, and indigenous Americans; cultural chauvinists who think that, for whatever reason, "the West" has achieved a higher level of cultural development and "rationality" which has given it an advantage in every other respect; environmental determinists who believe that Europe has some distinct ecological advantages; non-racist historians who don't give enough attention to the role of Western imperialism in European history; and Marxists who are neither racists, nor cultural chauvinists, nor ecological determinists, nor inclined to underestimate the evils of imperialism, but who believe that certain specific historical conditions in Europe, which have nothing to do with European superiority, produced certain specific historical consequences—such as the rise of capitalism."

Ellen Meiksins Wood, "Eurocentric Anti-Eurocentrism" (*Against the Current* 92, 2001)

The California School has a very different perspective on Eurocentrism and capitalism than Amin. In their explanations of the Great Divergence, the California School historians²⁸ seek to downplay the role of capitalism by either naturalizing capitalism throughout all or much of human history or rejecting the very validity of the concept.²⁹ One of the unifying themes of the school is that European ideas, concepts and theories generally, but especially those that place capitalism at the

²⁸ The California School bears its name because some of its most influential scholars—Kenneth Pomeranz, R. Bin Wong, for example—were based in California universities at least at some point of their careers. But now, 'the California School' refers to a distinct—and increasingly popular—historical paradigm that conceptualizes the world prior to the Industrial Revolution in a way that stresses similarities rather than differences. See Peer Vries, *Escaping Poverty: The Origins of Modern Economic Growth*, Vienna University Press, 2013, 14-17.

²⁹ For example, Hobson sees capitalism throughout world history, while Frank and Goody discard the term as a false and Eurocentric idea. In "China Before Capitalism," Wong adopts a definition of capitalism "as concentrating large amounts of capital among a limited number of firms that develop and control markets" only to dismiss its explanatory power in China's development (in Larry Neal & Jeffrey G. Williamson (eds.), *The Cambridge History of Capitalism*, 125-164, Cambridge: Cambridge University Press).

centre of explanations of how and why modernity was born in Europe, must be rejected as Eurocentric and false. They contend that European concepts must not be applied to the non-Western world, because they would inevitably misrepresent the latter and put it into an unfairly disadvantageous analytical position vis-à-vis Europe. In other words, they claim that it is problematic to measure the non-West with Western measuring sticks. The rest of the world was neither following nor trying to follow a European trajectory; it was developing along various indigenous paths. Moreover, the Californians stress, Europeans borrowed Eastern ideas and technologies, and this helped to bring about the divergence, but Europeans arrogantly refused to give due credit to the East and devised purely endogenous 'origins' myths about the so-called Western or Christian Civilization, the 'European miracle', and the like, claiming or implying superiority. There is much truth in this part of their critique. Eurocentric world-views do tend to erase non-Western contributions to European economic success and to European achievements and power. Eurocentrism does tend to marginalize 'the Rest'. But, significantly, and curiously, this theme, so central to the Californians' anti-Eurocentrism,³⁰ primarily takes aim at Marx, Marxism and the whole corpus of *critical* scholarship of capitalism.³¹

³⁰ The other two themes, which will be discussed below, have to do with the narrow focus on 'origins' and on 'striking resemblances' or 'similarities' across Eurasia.

³¹ In their attacks on Eurocentrism, Marx is usually paired with Weber, although the latter is typically favored over the former. I will not be analyzing their criticisms of Weber, but it is worth noting that even though Weber's critique of capitalism was strikingly mild in comparison to Marx's, capitalism was central to his analysis of modernity and Weber was not very optimistic about the system. In any case, what is most relevant to the present topic is that Weber viewed capitalism as a historical phenomenon with European origins, and this was central to his account of the birth of the modern world. See Derek Sayer, *Capitalism and Modernity: An Excursus on Marx and Weber*, Routledge, 1991.

What I want to argue is that the California School presents us with grave misinterpretations of the critical tradition, indefensible exaggerations and a framework with its own internal contradictions, a perspective that, under close scrutiny, can be seen to be Eurocentric in its own way. Moreover, the focus on ‘origins’ plus ‘similarities’ sheds little light on how and why Europe took off and the Rest did not and why the unequal development and power imbalances persist.

The proclaimed suspicion of European sociological thought is peculiarly selective: European/Western *pro*-capitalist thought does not draw nearly the same indignation, attention or critique from the school. On the contrary, many of the assumptions of classical political economy and neoclassical economics—assumptions about the world and about ‘human nature’—are assertively reified. In much of California School historiography, Western creations such as classical and neoclassical economics are (for the most part) assumed to be true, while critiques of these traditions are simply ignored.

It would take a separate study to examine to what extent economic history as an academic field is dominated by mainstream economics, in which *homo economicus*, private property, ‘free’ markets and growth are elevated to supreme values and assumed to be universal signs of success and progress, and to what extent the field can be viewed as ideological. In Peter Novick’s account, the ‘historical profession’ certainly does not appear to be neutral or particularly impartial.³² It is peculiar, to say the least, that many of the prominent Western minds behind classical liberal political economy—Locke, Smith, Ricardo and

³² Peter Novick, *That Noble Dream: The ‘Objectivity Question’ and the American Historical Profession*, [1988], 1999.

Malthus, for example—who appear to be defenders of capitalism, of Western ‘civilization’, and who provide rationales for Western power and exploitation of the working classes of the world, are not placed under greater scrutiny and do not draw scorn by the California School whereas Marx does. It is puzzling that for this ‘anti-Eurocentric’ School, a central target (without really addressing Marx’s theories and arguments) of their critique seems to be Marx, who so systematically probed and challenged the theoretical and ideological corpus of classical political economy while morally, politically and intellectually siding with the *world’s* laboring classes.³³ Marx draws indignation because some of his comments sounded Eurocentric, perhaps even racist. I am not claiming that Marx was not at all Eurocentric or that he never made any racist remarks. But his sustained critique of classical political economy, his insights about capitalism and the world more generally are all dismissed purely on the grounds that he used derogatory language in relation to rather oppressive societies in the East, while the fact that he used equally derogatory language in relation to European feudalism, absolutism *and* capitalism is ignored.³⁴

It might also be interesting to examine the transformation of political economy into neoclassical economics and its role in historiography. Since the late nineteenth century Marginalism Revolution, mainstream economics has undergone

³³ For examples of approving remarks about classical economists see Hobson, *Eastern Origins*, 55. I will, below, address some criticisms of Marx and Marxism and attempt to show how Marxism can be viewed as being not inherently Eurocentric, and as being, on the contrary, an effective theoretical framework for *opposing* Eurocentrism.

³⁴ Marx certainly held negative views about *all* class societies, but of course he also saw something positive in capitalism’s dynamism, its ability to supersede features of pre-capitalist traditional, hierarchical, gendered and oppressive societies, and its development of the productive forces, which Marx hoped could be utilized for the purpose of human emancipation from class oppression on a global scale with the establishment of more democratic, post-capitalist relations of production.

a qualitative shift of self-image: from being considered firmly a part of the social and political sciences to a field increasingly associated with 'hard' science, with physics as the model for all 'genuine' human knowledge. Just as in economics proper, in economic history this shift is apparent. Less emphasis is placed on systematic, theoretical analysis of social and political relations and structures; rather, the treatment of these topics has become increasingly *ad hoc*. Institutional economics and economic history may appear to be exceptions to this trend but through the work of the New Institutionalism School and its most influential historian and economist, Douglass North, the reign of neoclassical economics is reinforced rather than challenged.³⁵ Economic history plays a central role in the work of the California School. Their theoretical commitment to neoclassical economics poses a considerable challenge, namely, how to square this commitment with a coherent socio-historical analysis.

Let us briefly look at two examples. In *The Eastern Origins of Western Civilization*, John Hobson is at pains to show that capitalism existed throughout Asia and North Africa long before European modernity.³⁶ For the purposes of this analysis, the book can be divided roughly into two main themes: one praising the achievements and inventiveness of the East (including North Africa), the other

³⁵ For a critique of Douglass North see Dimitris Milonakis and Ben Fine, "Douglass North's Remaking of Economic History: A Critical Appraisal," *Review of Radical Political Economics*, Volume 39, No. 1, Winter 2007, 27-57. For the Marginalism Revolution see Dimitris Milonakis and Ben Fine, *From Political Economy to Economics: Method, the social and the historical in the evolution of economic theory*, Routledge: 2009, as well as the excellent historical analysis of neoclassical economics in Yanis Varoufakis, et al., *Modern Political Economics* (2011).

³⁶ John M. Hobson, *The Eastern Origins of Western Civilisation*, 2004, Cambridge: Cambridge University Press. Hobson never dates the birth of capitalism or explains what capitalism means for him, but he starts tracing its history from the Koran, from the Islamic Empires and through to China, India and Japan.

denigrating Europe and capitalism's most trenchant and prominent critic—Marx. The main thesis is that Europe was poor, backward, inferior and lacking in technological achievements and inventions until the 1800s, whereas the East was superior, rich and provided all important ideas, institutions and technologies (what he calls 'resource portfolios'), which spread to Europe and led to a belated European 'success' for which Europeans took full credit.³⁷ All contrary accounts are deemed to be Eurocentric and false. Hobson proceeds to defend his thesis by describing, in glowing terms, the Eastern origins of important institutions and technologies in the history of economic progress. He is full of admiration for Eastern achievements including growth in trade, the emergence of successful and rich merchants, a complex division of labor, productivity growth, technological inventions, banking, credit, prosperity—the usual menu in the celebratory accounts of capitalism and its history in the West.³⁸ Not once does Hobson mention class divisions, oppression, exploitation, hierarchies, hard toil or poverty of the laboring people when describing the East. These critical concepts enter his narrative only in relation to *European* history.³⁹ He is critical of slavery, but mentions it only in the section on European trade, whereas Islamic trade in Africa and Asia receives his highest approval—he is completely silent about any Muslim slave trade and slavery in

³⁷ To quote Hobson: "As this book shows, all the so-called 'leading Western powers' were inferior, economically and politically, to the leading Asian powers (see chs. 2–4 and ch. 7). It was only near the very end of the period (c. 1840) that a Western power finally eclipsed China." *Eastern Origins*, 20.

³⁸ Hobson sees capitalism as a universal global phenomenon. He believes that Asians and Africans established *capitalist* global trade a full millennia before European trade expansion began in the 1500s. He denies that the trade was in luxury goods and that it primarily benefited a small minority of the world's population (the elites), and he denies any qualitative difference between that 'globalization' and the ones that came later. *Eastern Origins*, 32-33. For Hobson's admiration of Eastern 'capitalism' see especially pp. 38-43, but also throughout the book.

³⁹ *Eastern Origins*, 103-5.

Africa, which, according to the Marxian anthropologist, Claude Meillassoux, was comparable in violence and even more extensive (in terms of volume and duration) than the European slave trade and slavery in the 'New World'.⁴⁰ Hobson is also strongly dismissive of any accounts of 'Asiatic despotism';⁴¹ he seems to believe, instead, that Asian peoples were blessed with rather benevolent ruling practices. The Mongol empire, in his words, "provided a pacified region within which capitalism could flourish."⁴² China, in his account, also had a relatively rosy history of progress and success.⁴³ Hobson's account, in essence, provides a mirror image of the Eurocentric style, but applied to Asia.

Hobson appears to be critical of liberal economic thought, but his critique is strictly about 'origins'. In the section on Enlightenment, he claims that Smith's critique of mercantilism and his idea of the 'free market' actually came from China through the French Physiocrats, particularly Francois Quesnay:

Quesnay's debt to Chinese conceptions of political economy was found in many ideas, the most important being that of *wu-wei* – which is translated into French as *laissez-faire*. This Chinese concept had been around well

⁴⁰ See Claude Meillassoux, *The Anthropology of Slavery: The Womb of Iron and Gold*, University of Chicago Press, 1991. Some would disagree that it was more violent and/or extensive than the New World slave trade and slavery. Either way, this is not the main point I wish to debate. Nor do I wish to participate in the Islamophobic tendency to divert attention from the slavery in the western hemisphere by pointing to slavery elsewhere in the Muslim-dominated parts of the world. At the same time, the Muslim slave trade and slavery did exist; there is no need to downplay or omit this from world history. The fact of the matter is that both of these episodes of slavery were terrible.

⁴¹ I agree that the terms 'Asiatic despotism' vs. 'European Absolutism' have a clear Eurocentric bias, but one does not need to idealize either one to correct the bias.

⁴² *Eastern Origins*, 45. The Mongol Empire in Russia certainly was not so wonderful; "the number of Russian towns fell by half, and urban handicraft production was for a period [14th century] virtually eliminated," Perry Anderson, *Passages from Antiquity to Feudalism*, Verso, [1974] 2006, 251.

⁴³ Note that my aim here is not to deny any kind of 'superiority' to non-Western civilizations. With Mike Davis, I recognize, for example, that some Chinese governing traditions, which aimed at providing food security against bad harvests—state granaries—are much superior to British capitalist privatization of grain markets, which in times of harvest failures led to massive famines in Ireland and India despite the availability of food. See Mike Davis, *Late Victorian Holocaust*, Verso, 2000. What I oppose is the exaggerated celebration of the East, the absence of systematic critique, and the absence of substantial historical explanations.

before the start of the common era And as late as 300 CE Kuo Hsiang described *wu-wei* as that which lets 'everything be allowed to do what it naturally does, so that its nature will be satisfied.'⁴⁴

Hobson does not suggest that all Enlightenment thinking had Chinese origins, but neither does he *explain* the significance of *wu-wei* in either European or Chinese social and political-economic contexts. It is not at all clear whether he thinks that *wu-wei* set China on the path of 'free market' development from time immemorial and that something prevented China from developing along the lines of the British 'free market' economy, or that Europeans would not have come up with the idea on their own and therefore would not have been able to develop the so called 'free market' economy. Crucially, though, he does not draw *any* causal connections with the realities of social and political economy. Do ideas independently *cause* changes in practice? Or was there something going on in Europe, were there particular social, political and economic relations in place that permitted such ideas to develop *and* take root? If it is *not* ideas that independently cause historical change, if there were peculiar practices in Europe, what *did* cause those practices to emerge and prevail?⁴⁵ Hobson does not provide answers to these questions; he does not even pose them.⁴⁶ Consequently, and in contrast to Marxist historians, he does not

⁴⁴ *Eastern Origins*, 196.

⁴⁵ This is not to suggest that I agree with Hobson that *wu-wei* and *laissez-faire* are the same idea; it is up to Hobson to demonstrate this. It is rather to point out weaknesses in his account.

⁴⁶ The example of *wu-wei* and *laissez-faire* is typical of Hobson's argumentative strategy. Another example: Hobson is keen to show that the British agricultural revolution had Chinese origins. He traces the iron mouldboard plough back two millennia to Chinese innovation and even appears to suggest that Europe might not have undergone an agricultural revolution were it not for the diffusion of Chinese technology (202). But, he has nothing to say about *why it was Britain and not China* that underwent the revolution (or anywhere else the Chinese plough was adopted). He does not even ask the obvious question: If China had the technology for two thousand years, why did China not experience growth in agricultural productivity on a par with England? Moreover, there is another problem with the claim that the introduction of the Chinese plough may have caused the British agricultural revolution. The plough to which Hobson refers was introduced to England in the 17th

provide any critique of European practices that facilitated global inequality. Hobson does not engage in substantive critique of Smith or Enlightenment thinkers generally, apart from criticizing their failures to give due credit to the non-Western origins of some of their ideas. Certainly, the ‘analysis’ provided by Hobson offers little help in explaining the Great Divergence; pointing to the Asian origins of some ideas associated with ‘the West’ is clearly insufficient for that purpose.

In *The Theft of History*, Jack Goody similarly has two main goals: to point out the Eastern ‘origins’ of ideas, institutions and technologies associated with Eurocentric explanations of the birth of modernity—from the wheelbarrow to capitalism—, and to advocate for an evolutionary framework suggesting that human history is best conceived as a universal path to modernization from the Bronze Age onwards, albeit at different pace in different times and locations. Goody is not

century and originally was used on boggy land and subsequently modified to be widely used later on. In its improved version it rapidly spread throughout Europe in the 18th century (see Joseph Needham, *Science and Civilization in China*, Volume 6, Biology and Biological Technology, Part II: Agriculture, by Francesca Bray, page 578 [1984], 2004). But not all economic historians date England’s agricultural revolution to post-17th century technological innovations (diffused or native). Robert Allen argues that there were two agricultural revolutions: one involving change in how agriculture was organized—small farming—dates back to the early 16th century, with farm production doubling between 1520 and 1739, and the other fueled by technological change in the first half of the 19th century. (Robert Allen, “Tracking the Agricultural Revolution in England,” *Economic History Review*, LII, 2 (1999), 209-235; for the first agricultural revolution, 215.) Robert Brenner denies the centrality of technological change altogether for explaining of the revolution: “it has been convincingly shown by Eleanor Searle and others that technologies capable of significantly raising agricultural productivity by means of relatively large-scale investments were indeed available in medieval Europe—and they included some of the main components of what was later to constitute the agricultural revolution of the early modern period. What is more, these technologies were actually *used*, on at least some occasions, during the thirteenth and fourteenth centuries, even in England.” Brenner argues that these technologies were widely adopted and utilized because of a change in social property relations, which set England on the path of agricultural revolution and capitalism. (Robert Brenner, “The Agrarian Roots of European Capitalism.” In T. H. Aston & C. H. E. Philpin, eds., *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, Cambridge: Cambridge University Press, 1985, 233). Depending on the dating of the revolution, the introduction of the plough may be seen as taking place not before but during it. Still, even if we granted that the introduction of new technology caused such changes as the agricultural revolution, the most important question, namely, why did this technology (not just its *origins*) lead to agricultural and later industrial revolutions in England *and not somewhere else*, is left completely unanswered by Hobson.

burdened with explaining why there were differences in pace or why the great divergence occurred, or of any other kind of historical change, least of all explanations of capitalism. This in itself (perhaps) would not be so bad if he did not also deny that the latter even requires an explanation. The reason for his stance is that capitalism, for Goody, characterizes all human societies since the Bronze Age. Goody is not concerned with defining capitalism or noting the theoretical or conceptual differences in the positions of scholars he criticizes. After establishing to his satisfaction the universality of capitalism, Goody recommends dropping the term altogether. On his view, the term itself presupposes a Eurocentric perspective, regardless of its definitions and the historical understandings underlying its use. So Marxist critique is thrown out together with 'Eurocentric' celebrations of capitalism. Thus, for Goody, "if 'capitalism' is seen as characterizing all these [post-Bronze Age] societies, *its uniqueness inevitably disappears and so too does the problem of explanation.*"⁴⁷

For Goody, the problem of explaining capitalism disappears because capitalism in his view is present simply if there is trade and traders (merchants), and both can be found almost everywhere since the Bronze Age. To replace conceptions of capitalism and all other theorizing about forms of societies, Goody offers a 'sociological grid.' He does not elaborate what such a grid would look like, but simply asserts that a grid is what we need to compare and contrast various social groups.⁴⁸ Social formations, Goody agrees, vary throughout history, but he

⁴⁷ Goody, 305, my emphasis.

⁴⁸ Goody, 92, 109, 153, 243, 304. While a 'grid' may be a useful tool, it is hard to imagine how a serious scholar would suggest replacing theoretical analysis with a 'grid'.

refuses to attach any significance to differences. Similarities are just more important for him because he believes that stressing similarities would be a corrective to Eurocentrism—a moralistic position shared by members of the California School.⁴⁹ *The Theft of History*, instead of historical explanations, leaves us with a teleological and purely descriptive macro-narrative of the march of modernization spanning millennia, reinforcing Western notions of humans as being naturally and universally predisposed to behaviors that drive growth.

Critical of Marx and a few Marxist historians⁵⁰ (whom he regards as paradigmatic Eurocentrists⁵¹) Goody states that ‘modes of production’ were distinguished only by ‘small’ differences, which were “less significant than similarities” but without elaboration on why this might be so.⁵² Insofar as there were differences, Goody maintains that European ‘modes of production’ contained neither significantly unique nor progressive characteristics. Feudalism in Europe was unique only in the sense that it developed from the collapse of the Western Roman Empire (as the Eastern wing survived and prospered much longer). While trade and the growth of towns returned to Europe, Goody attributes this to exogenous (Eastern) influences and compares these developments unfavorably to the East. Feudalism during the recovery of European trade stops being unique for Goody. To drive home this point, he asserts: “some form of great estate, with

⁴⁹ On p. 92 Goody admits that European feudalism was unique “as are all social formations,” only to dismiss this insight in favor of commonalities.

⁵⁰ He refers here to Perry Anderson, but also to Eric Hobsbawm and Rodney Hilton.

⁵¹ He is also critical of Eurocentrism in the work of Max Weber, Fernand Braudel, Norbert Elias and Joseph Needham. But only Marxists and Braudel (because of his focus on capitalism) will be considered here. As a note: Goody provides no similar critique of classical political economists.

⁵² Goody, 4. Goody provides no elaboration of this point, there is no logical reason to believe that small differences cannot make for very different outcomes over the accumulation of time.

obligations attached, existed almost everywhere in post-Bronze Age cultures.”⁵³

Here, it is worth noting that this is typical of Goody’s style of argumentation overall. Throughout the book, to counter Marxist and Braudel’s explanations of the significance of the feudal town, the development of the bourgeoisie, the growth of commodity production, or Braudelian mercantile capitalism, he simply states that the East also had towns, merchants, and commodities.⁵⁴ For Goody, the fact that Paris and London did not attain the *size* of Imperial Rome until the nineteenth century is sufficient basis for regarding European development as historically insignificant.⁵⁵ Furthermore, and astonishingly, he thinks that Braudel was unaware that coffee, tea and chocolate were not originally ‘discovered’ by Europeans, and that to observe the ‘origins’ of these drinks (as well as sugar, alcohol, cotton cloth, etc.) is sufficient to demolish any notion of the historical significance of these products as capitalist commodities in Europe.⁵⁶

⁵³ Goody, 69.

⁵⁴ Wood’s and Brenner’s more convincing analysis and critique of bourgeois leadership, and Marxist accounts of the centrality of trade and town development to the birth of capitalism will be discussed below.

⁵⁵ Goody, 218.

⁵⁶ Goody, 88, 184-5. Alarming, such glaring scholarly weaknesses are missed or deemphasized by reviewers: see Mary Abbot’s review in *Journal of Contemporary History*, October 2010, 45(4), 909-911, and Robert L. Tignor’s review in *Journal of Interdisciplinary History*, Autumn 2008, 39(2), 251-252. In his review in *The American Historical Review*, April 2009, 114(2), 405-406, Prasenjit Duara alludes to weaknesses in the arguments, but overall agrees with Goody’s critique.

Goody’s work is characterized by apparently weak—and strangely uncriticized—arguments throughout. Consider the following argument, just to take an example. Goody states that Braudel “seems particularly eurocentric [sic.] about matters to do with the house, including food. In relation to the consumption of meat, Europe had ‘a privileged position’ relative to other societies. So too of course did hunters and gatherers. Equally, we could take a different standpoint and assert that China and India were privileged, in a more ecologically friendly way, with regard to the consumption of fruit and vegetables. Preferences for a vegetarian diet are given no value, whether based on taste, religion, or morality” (185). Here Goody clumsily imposes contemporary (and important) insights about the unsustainability of capitalist meat production and ecological destruction, as well as vegetarian ethical perspectives, on the discussion of the rise of capitalism, but can such conceptions be seriously transported into the pre-capitalist world? Can there really be a meaningful comparison of the dietary needs and practices between, say, early modern Europe and gatherer/hunter societies?

Goody does not think we can explain why Europe diverged by appealing to any historically unique factors in European feudalism. He regards such an approach as inherently Eurocentric. Marxian scholarship is prominent in this respect, thus Goody chooses to focus on Perry Anderson's work to make his point. He does not mention that Anderson sees European feudalism as a system of oppression and exploitation (rather than glorifying its 'Europeanness'), nor does he seriously consider the Marxian conception of class struggle and its role in driving epochal historical change (which is odd, since Goody claims that his approach is 'bottom up,' though one is hard pressed to find any 'agency' among the labouring masses in Goody's book). While ignoring some of the nuances of, and misrepresenting, Anderson's analysis,⁵⁷ Goody sets up a straw man. He asserts, again, that accounts of

Goody certainly does not offer one. Moreover, Goody does not even consider well-known materialist arguments regarding such things as religious and moral dietary prescriptions (see the late anthropologist, Marvin Harris's popular *Cows, Pigs, Wars, and Witches*, 1974, and his more theoretical work, *Cultural Materialism: The Struggle for a Science of Culture*, 1979). What he has done is given a normative twist to a measure of productivity (like Kenneth Pomeranz did before him). The point about meat is that large animals (draft or meat or both) are not sustainable in a low productivity economy: it is why these disappear from the Chinese countryside in the Han dynasty and why Chinese farming becomes a grain and vegetable protein economy. This is a measure of economic differences. The Californians (oddly) want to make it into a difference of taste/culture/norms that they want to reject when applied to European advantages. (This point was given to me by Christopher Isett).

In similar fashion, Goody addresses what he claims to be a Eurocentric idea that associates the rise of 'individualism' with the rise of European capitalism: "there is the ethnocentric treatment of 'individualism' pursued by so many European scholars. Many 'tribal' peoples have been shown to stress their existence as individuals, as for example in Evans-Pritchard's classical study of the Nuer of the Sudan." This is followed by: "I have argued elsewhere, the capitalist organization of work, in a factory for example, demands a greater suppression of individualistic tendencies than either hunting or farming"(97). There are two major problems with these statements. First, without discussion, without argument, Goody seems to universalize liberal, classical and neoclassical theories about human nature (e.g. self-interest, self-love, and rational utility-maximizing *homo economicus*) that have so often been appealed to in capitalist apologetics. Secondly, Goody entirely ignores a much more complex and elaborate Marxist critique of alienation under capitalism, as well as the very idea of the universal individual.

⁵⁷ On pp. 94-5, Goody claims that Anderson "insists on a narrower definition of the feudal mode of production as the combination of large landownership, with 'judicial and constitutional systems becoming ... external elaborations; the parcellized sovereignty, vassal hierarchy and fief system are irrelevant.'" Not only does he misquote Anderson ('irrelevant' is Goody's substitution for "fief system

feudalism that attribute to it a unique character that had something to do with the rise and development of capitalism are too celebratory of European ‘achievements’. (For Marxists, of course, European feudal relations of production *were* historically unique.) As we have seen, Goody contends that capitalism was present elsewhere—which, for him, simply means that there were towns, trade, merchants, etc., even where there were no feudal preconditions giving rise to these. As a final blow to Marxian ‘Eurocentrism’, Goody maintains that the rise of the Four Little Tigers and China in the twentieth century without any prior development of feudalism dispels the ‘myth’ that feudalism provided necessary preconditions for the emergence and development of capitalism.⁵⁸

At this point, we need to consider why, contrary to Goody, an account of the rise of capitalism is necessary in order to explain the great divergence.

5—Crucial Questions Left Unanswered

The Great Divergence debate seemingly poses one central and obvious question: Why (followed by ‘when’ and ‘how’) did the Great Divergence occur? Let us call this ‘the big question.’ Surprisingly—and as I hope to show in this section and in subsequent chapters—the California School, by its very approach, makes it difficult to answer this ‘big question’, which plays a subordinate role in their accounts. By stressing ‘similarities’, their explanations answer a different question: Why was there an *absence* of divergence *before* the great divergence (which, in their view, occurred in the late eighteenth or nineteenth centuries)? To answer the question

of medieval Europe cease to be in any respect original or essential characteristics of feudalism,” (see Anderson, ebook, location 7641) but, crucially, the ‘narrow’ definition to which he refers is what Anderson argues *against*. Goody repeats this false claim about Anderson’s definition on p. 96.

⁵⁸ Goody, 96.

why Europe *diverged* or why there *was* a great divergence, we would need to focus on *contrasts* or *differences* between Europe and the Rest.⁵⁹ In order to compare the Californians' answers to the 'big question' with Marxian answers, I will draw attention to some auxiliary claims the Californians make about such differences and set these against Political Marxists' explanations of the origins of capitalism and the divergence.⁶⁰

Clearly, one question that concerns the Californians, even if it is not always explicit, is whether a Eurocentric characterization of the non-Western world is justified. They think not. They try to provide an antidote to Eurocentric historiography by arguing that the East was not 'inferior' but in many ways similar to the West, and in some cases 'superior' to Europe. The question clearly has merit, and is worth answering. We do want to rid the world of false, unjust, racist mischaracterizations of the Global South. What concerns us here is whether the Californians' answers to this question are grounded in good explanations, whether there could be better explanations, and, crucially, whether their way of answering this question provides a roadmap to answering the big question.

Before considering their account of 'similarities', we need to examine the assumptions underlying their statements about the 'inferiority' or 'superiority' of various societies. One common measure of superiority/inferiority is the level of societal wealth. Surely, this is problematic. Shouldn't we avoid imposing a

⁵⁹ For the importance of 'contrast cases' to explanations, see Alan Garfinkel, *Forms of Explanation: Rethinking the Questions in Social Theory*, Yale University Press, 1981, chapter 1.

⁶⁰ Marxist explanations of European divergence are not part of the field of world history *per se*. Rather, they are part of a debate about the origins of capitalism, the Industrial Revolution and/or the onset of modern economic growth. However, this debate is directly relevant to the debate about the great divergence in world history.

hierarchical ranking of societies, particularly when this is in terms of levels of wealth? Wouldn't that be rather 'Eurocentric'? At the very least, we would need to consider how wealth is distributed in a given society, and not just 'how much' wealth it contains or produces. Even though the United States is the wealthiest society in history, this does not automatically make it some kind of role model for others to follow. Can pre-Divergence China be such a model? It does seem that many Californians take this view, especially Frank (to whom we will return), but this is a very debatable position. Further, when making comparative evaluations, we need to ask what wealth differences actually mean for how various societies relate to one another. Here, power relations between and within societies would seem relevant. Recall Hobson's positive portrayal of the Mongol empire as beneficial for 'capitalist' development. A more nuanced view would take into account its destructive influence on Russia, for example, and consequences for the region or history at large.

As a counter to claims about 'inferiority', it might help to explain why poorer societies are in weaker positions vis-à-vis wealthier societies in terms of power relations (if they are in fact in relations) *and* why power imbalances persist or change. This way of explaining differences does not presuppose any problematic normative ranking of peoples. Differences in levels of wealth could be linked to differences in power, among other things, and those who have more power may exercise it at the expense of those who have less. On this view—which takes power relations seriously—power relations between societies can cause, or at least reinforce, various inequalities. Of course, this taking of power seriously is nothing

new to critical imperialism and colonialism studies and Marxism, but it is largely absent from the California School with the exception of their very limited treatment of European colonial exploitation as one possible cause of the divergence (mostly focused on the 'New World.')

To show, as the Californians try to do, that at various points in history some parts of the non-Western world (usually China) were 'superior' or 'richer' than the West, is not to demonstrate the absence of European preconditions for the Great Divergence, nor to explain why some societies were richer. Simply pointing to a *previous* 'superiority,' understood (problematically) in terms of higher levels of wealth, would provide only a partial corrective to the ideological mischaracterization of the East as 'inherently' incapable of 'achievements,' not least because the Eurocentric claim is about *modern* 'achievements' (i.e. modern economic growth, or in Marxist terminology, 'capitalism'). A good explanation would shed light on *why*, for example, China was richer than other parts of the world (not only Europe) before the divergence of the West. Here again, a demonstration of 'similarities' would not be of much use. To show why China was 'superior' (in whatever sense of 'superior' we intend) we need to explain what made China different.

Indeed, it seems that we need to account for *all* divergences: China's divergence, India's divergence, Ottoman's divergence, and so on. Economic historians focus on questions about the allocation of resources, production, technology and distribution. Although not all members of the California School are economic historians (Goody and Hobson are not), they all make claims about

economics central to their accounts. However, there is a stark contrast between historians who subscribe to mainstream economics and Marxists. Non-Marxist historians, for example, differ from Marxists even on the question of what economics is about. Particularly since the ‘Marginalism Revolution’ in economics, what mainstream economists understand by ‘economics’ is narrower than Marxian conceptions—economics as a subject has to do with trade, production methods and technology, the allocation and distribution of resources, and only sometimes includes institutions that directly facilitate economic activities. Socio-political phenomena are outside the discipline’s purview. Marxist historians’ utilize a different theoretical framework, including both socio-political and economic phenomena. For them, political and sociological analyses play an equally important role in explaining economic phenomena. In this way, Marxian economic history tends to be more ‘holistic’ than non-Marxian history, including that of the California School. This does not in itself establish that one school’s explanations are better than the other’s. But it does provide more clarity about the objects of comparison from the outset and helps to clarify differences in how capitalism is understood.

The Californians broadly follow classical and neoclassical economics in their understanding of what capitalism is and how it came about. They do not explicitly formulate their theoretical foundations, but one can make reasonable inferences about their assumptions from their writings. In order to understand what capitalism is for them, a good place to start would be with what seems to be their theory of property, property being central to all conceptions of capitalism. John Locke viewed the right to property as a natural right—an ahistorical right rooted in human nature.

Property, in this sense, does not require an historical explanation; it is a given, a universal presupposition.⁶¹ The Californians also do not seem to think we need any kind of historical explanation, or historically informed and contextualized justification, of property. Marxists, by contrast, understand property much more historically. They think that property *relations*, rather than simply property, are not universal; property relations depend upon historical conditions and partly constitute historically specific *class* relations. For the Californians, again, property seems to require no such historical explanation; property everywhere is assumed to be (more or less) the same kind of thing, even if some differences in forms of property may occasionally be noted. Furthermore, for the Californians, property seems to be understood in terms of the relation of the *individual* to property, in other words, property is a personal holding of or entitlement to a part of 'nature' (e.g. land) and is in that way essentially independent of any particular social relations or social forms.⁶² From this perspective, differences in property laws or customs in various societies are of minor significance. For Marxists, on the other hand, how various societies organize access to property is crucial; property is an institution that helps define the economic structure of society. Property is characterized as a relation between individuals organized into groups (classes).

⁶¹ It should be noted that although Europeans were the first to develop the idea of property as a natural right, elaborating it into an ideology, the Californians seem to agree with this ideology (that property is a universal natural right). They certainly do not explicitly reject it. What they reject is the claim that the 'origins' of this idea are European. They do that not by showing that there were non-Western theories and ideologies of property, but that in practice, or in effect, 'property' had a similar meaning in non-Western societies. In this way, what seems to be the mainstream economics assumption that property is some kind of universal, natural right is reinforced.

⁶² This conception of property is consistent with the methodological individualism of classical and neoclassical economics. The New Institutional School of economics, despite paying attention to institutions, arguably does not transcend methodological individualism because it does not provide explanations in terms of social structures and so remains within confines of the orthodox economics.

Forms of property (and property in its essence is a relational concept) vary from society to society and require historical explanations. On this view, just observing individuals and their 'holdings' apart from their social relations would tell us nothing of importance about either the individual's property or about the economic practices of a society. For the school of Political Marxism, property relations are key to differentiating societies.⁶³

How markets are conceptualized is another important distinguishing feature. For the Californians, following Adam Smith, markets are considered natural; trade (like property) flows from human nature. Consequently, markets, like property, do not require any historically specific explanation; they are qualitatively the same in all societies. Differences are merely quantitative. Following the logic of classical economics, historical evolution is accounted for by quantitative increases in market exchanges. For Marxists, on the other hand, markets are economic institutions established and maintained through political arrangements within divergent social forms (founded upon social property relations). Markets in Marxist analyses vary and require social and historical explanations. As with property relations, markets can tell us something about differences between societies as well as differences among individuals' roles within societies.⁶⁴

⁶³ In Political Marxism, 'modes of property relations' is preferred to 'modes of production.'

⁶⁴ Just think of how different these markets are: the feudal town market place; contemporary capitalist markets in food, raw materials or capital; black markets; capitalist labour markets; and Soviet labour markets. The only thing that unites these 'markets' is that they are 'places' where exchanges take place, but what and how is exchanged and what institutional rules predominate starkly differs. It is usually assumed that the Soviet Union was a purely planned economy. This is misleading. For example, see Emily Clark Brown, "The Soviet Labor Market," *ILR Review*, 10(2), 1957, 179-200.

These differences should make it clear that the objects of analysis are not the same in the California and Marxist schools. What remains unclear is which objects are better suited to answering the main questions relating to the Great Divergence. In what follows, I will explain why I think that focusing on ‘capitalism’ (rather than ‘commercial society’) as a distinct form of society will give us better answers.

I have already noted the importance of contrasts (or differences) to questions of divergence, and that ‘similarities’ are more relevant if we want to explain the absence of divergence. If our goal is to explain the European takeoff, or how Europe became dissimilar to the Rest—whether as an immediate result of the Industrial Revolution (which also requires explanation) or as a result of a long-term social transition from pre-capitalist to capitalist social forms—, we ought to focus on differences. Now, the question is, ‘Where do we look for differences?’ The Californians claim that neither property relations, nor markets, nor in fact any institutional or structural arrangements provide a basis for our answers, because (according to them) the East already had such arrangements in a more developed form or at least a no-less-developed form than in Europe, and overall they were similar. But, if so, what are their explanations of the divergence?

On this issue, there is no consensus within the School. However, there is one unifying theme—namely, the West benefitted from the Rest by either stealing directly from them (as in the case of colonialism) or indirectly (adopting knowledge and technologies from the East without giving due credit or intruding into an already developed and thriving Eastern trade). This direct and indirect theft, we are to understand, helped facilitate the divergence. The problem with *this* explanation is

that it tells us little if anything about why it was *Europe* and not some other ‘place’ that was set on the path of ‘theft’, consequently benefitting from it. What we want to know is ‘Why was it *Europe* that benefitted from Eastern and American wealth?’, and also ‘Why is it the Global North that *still* benefits from that divergence?’ The question itself suggests the need to look for answers *within* Europe and to focus on what was *different* about Europe. But this step is rejected by the Californians, for their version of anti-Eurocentrism prevents them from registering any sort of ‘privileged’ position of Europe vis-à-vis the Rest prior to the divergence. The problem arises because the Californians assume that economic wealth implies a normative superiority, or a standard of success, and their goal is to reject European superiority in that sense. In the absence of any good explanation of European differences, we have no other option but to turn to Marxian accounts and to consider whether these are ‘Eurocentric’ in any objectionable sense.⁶⁵

This leads us to the question of what role ‘capitalism’ plays in Marxist explanations of the divergence. We have already noted the centrality of capitalism Samir Amin’s work on Eurocentrism. In the following section, we will outline the Political Marxism School’s understanding of capitalism and its role in the divergence and what this means for anti-Eurocentrism.

6—What is Capitalism?

For the California School, capitalism is understood along the lines of the classical and neoclassical schools of economics—i.e. capitalism *is* ‘market society’ or

⁶⁵ As we will see, the California School, at best, provides us with *ad hoc* claims about differences—e.g. the amount of wars in Europe, as suggested in *Beyond the Divergence*, or claims about geographically determined endowments such as proximity to coal, as suggested in *The Great Divergence*. These arguments will be addressed in the course of this work.

‘commercial society’. Marxian conceptions of capitalism are more complex (and varied) and largely depend on which ‘origins thesis’ is adopted.⁶⁶ Even the idea that wage labour (the dependence of the direct producers on a wage for their reproduction) is the central characteristic of capitalism, is contested within Marxism.⁶⁷ Because this work is concerned with the specific origins thesis of Political Marxism, in this section I will introduce this School’s conception of capitalism and its relation to the argument about Eurocentrism and the divergence of Europe.⁶⁸

What makes the Political Marxist’s approach suitable for explaining divergence while maintaining a consistent anti-Eurocentrism is its argument for the *historical* and *unique* nature of capitalism. But what is specifically unique about capitalism? The short answer is wage labor. The role of wage labor in capitalism is often grossly misinterpreted and oversimplified by anti-Marxists. For example, the Californians mistakenly believe that to point out the existence of wage labor in non-capitalist economies is sufficient to refute Marxist claims about the uniquely European origin of capitalism. This is a bad argument. In the first place, no Marxist is unaware of existence of wage labor throughout history.⁶⁹ Second, and more to the

⁶⁶ For example, the Marxian World System School’s origins thesis is more in line with a neo-Smithian or commercialization model of capitalism—which means, on this view, that capitalism begins with mercantile capitalism. The commercialization model will be critically addressed in the course of this work.

⁶⁷ See Tom Brass, “Capitalism, Primitive Accumulation and Unfree Labour,” in Henry Veltmeyer ed., *Imperialism, Crisis, and Class Struggle: The Enduring Varieties and Contemporary Face of Capitalism: Essays in Honor of James Petras*, Chicago: Haymarket Books, 2012, 67-131.

⁶⁸ The following discussion draws from two main texts: Robert Brenner, “Agrarian Class Structure and Economic Development,” 1976, and Wood, *The Origin of Capitalism*.

⁶⁹ Most Marxists also recognize that the dominant role of wage labour under capitalism does not preclude co-existence with unfree labour, especially—but not only—during the ‘primitive accumulation’ stage. Tom Brass provides abundant evidence of unfree labour within capitalism, but overstates his case. See footnote 67 above.

point, wage labor is only a part of a more 'holistic' understanding of capitalism. Brenner and Wood differentiate societies in terms of their 'modes of property relations' and 'modes of exploitation.' Property relations are constituted by the ways in which property is socially organized or distributed. These property relations determine who (which groups/classes) control the surplus product and even, broadly, how they do so. What needs to be examined are not only the forms of legal, political, and ideological arrangements, but also actual practices within the context of formal and traditional relations among groups—what taken together constitutes a complex and dynamic social totality that is continually reproduced. Without such an analysis of 'society as a whole', any reference to one particular practice taken out of its social context—be it the existence of wage labor in pre-capitalist societies or unfree labor in some sectors of predominantly capitalist societies—does not in itself undermine the theory. What we need is to understand the dominant form of property relations, the relationships it determines and shapes and its dynamics (its 'laws of motion', as Marxists say) including between the dominant form and peripheral forms.

For Marx and Marxists, all societies that have produced a surplus have had distinctive social forms (i.e. structural arrangements with an institutionally organized patterns in social practices) with distinctive class relations, with their own mechanisms for the extraction and distribution of the surplus. Classical and neoclassical economists tend to blur distinctions between those who labour and those who live off the labour of others by avoiding any mention of class and social

structures more generally.⁷⁰ Marx's main concern was capitalism, but to distinguish capitalism and to explain its historical origin and development from other social forms, he had to examine non-capitalist social forms as well—such as European feudalism and the infamous 'Asiatic Mode of Production' among others.⁷¹ For Marx, societies are internally divided into classes of producers and those who live off the labour of the producing classes—the ruling classes and their beneficiaries including administrative, military, merchant, professional and intellectual classes who have vested interests in maintaining (and at times challenging) existing class relations. Therefore, in order to distinguish societies, Marxists think we need to examine a) how groups are organized into those who have control of the access to land and other means of production—i.e. modes of property relations, and b) how surplus is extracted from the producing classes and how it is distributed among non-producing classes—i.e. modes of exploitation. Specific property relations are the core mechanism of reproduction of each class in a given society. Property relations are thus viewed as the core of social relations of production, but they also condition how each group relates to others culturally, ideologically, politically and legally. Property relations, therefore, are key to understanding the overall structure and character of society.

⁷⁰ In his recent *Money: 5,000 Years of Debt and Power* (Verso, 2018), Michel Aglietta provides a trenchant criticism of neoclassical economics for its lack of attention to *social* reality and its theoretical, institutional and ideological dogmatism.

⁷¹ Interpretations of Marx's theory of the origins of capitalism vary among Marxists, and that is not helped by apparent confusion in Marx's works. According to E. M. Wood, Marx had two theories of origins; in his earlier work Marx's origin theory is more in line with the 'commercial model' of Adam Smith—capitalism's embryonic form appears more universal, waiting to break through various barriers—, in his later works, particularly *Grundrisse* and *Capital*, Marx adopts the 'historical and unique' theory of origins, which is elaborated by Brenner and Wood and will be presented and adopted here. See Wood, *The Origin of Capitalism*, 35.

Given this broad and basic understanding of how Marxists approach the differentiation of societies, capitalism's unique form is also explained by its mode of surplus extraction based on property relations. Capitalism is unique because it is the only and the first social form in which surplus is extracted not through direct coercive or political relations between the classes of producers and classes of non-producers. Capitalist surplus extraction occurs through indirect relations between producers and non-producers mediated by a competitive market. While the market is the dominant mechanism, that does not preclude other forms of surplus extraction within capitalism, including slavery and other forms of direct coercion.⁷² Crucially, market competition becomes necessary for the reproduction of the main economic actors. In other words, the main economic actors are *compelled* by the market; owners of the means of production have no other choice but to produce competitively—the source of capitalism's dynamism which distinguishes it from all other social forms and not only leads to unprecedented economic growth, but makes growth and innovation *necessary*.

In order for the market to become the dominant form of distribution of surplus and of allocation of labour and resources, two conditions must be met: commodification of land and labor (and derivatively and necessarily, commodification of credit money). Commodification of land and labor does not logically or structurally follow from market expansion, but is an historical process

⁷² The question whether the market form of surplus extraction can be reached simply through market expansion is central topic of contention within the 'origins' debate, and will be addressed below. Here we can simply note that for Political Marxism market expansion does not explain the origins of capitalism, because such an argument ahistorically presupposes that capitalism is universal, is always present in embryonic form.

contingent on specific (and unique) outcomes of class struggle within a specific historical context. This brings us to the historical part of the origins and definition of capitalism. But before elaboration on the historical argument, we need to specify what commodification of land and labor means in this context.

In non-capitalist relations of production, labor and resources are allocated through politically constituted property relations. In Europe as everywhere else, direct producers or communities of direct producers (slaves, serfs, peasants, artisans and wage laborers) acquired access to land and other means of subsistence (though not necessarily tools) through their direct relationships to the surplus-extracting classes—monarchs, landlords, heads of church, office holders, and others whose economic power was at the same time their political power, established by birth rights or through the political will of the dominant classes. The ownership, allocation and control of land and resources and appropriation of surplus relied on the means of political power, the use or threat of violence assisted by ideology. Even formally free groups of peasants and artisans, for example, were highly restricted and bounded by duties and obligations to the ruling classes. Social forms of property relations varied, but they relied on political, not economic institutions.

7—Historical Argument of the Political Marxists: The ‘Origin Thesis’

According to Political Marxism (PM), capitalism was born in the English countryside as a result of peculiar and unique class property relations between landlords and peasants, relations that largely developed after the Norman Conquest. PM’s origins thesis, developed most impressively by Robert Brenner, differs from most other

explanations of the birth of capitalism in two crucial ways.⁷³ First, the Political Marxists insist that capitalism does not result from a 'natural' development of trade and the related growth of towns—they want to 'denaturalize' capitalism and to root it more firmly in history. Second, they view capitalism as an unintended result of pre-capitalist class struggle. Capitalism, they argue, was initially the product of the two main classes—landlords and peasants—pursuing strategies for their reproduction as classes within the existing (feudal) logic of the society. What I want to stress, at this point, is that this origin thesis, whatever its merits, does not insist on or require any kind of 'superiority' in terms of economic, technological or cultural development. Nor does it put forth any notion of institutional 'superiority,' even though the institution of property relations does play the central role. What follows is a brief and very schematic introduction to the origins thesis.

As was mentioned above, commodification of land and labor, on the Political Marxists' view, was an historical outcome of class struggle, which occurred in England under conditions largely created by the Norman Conquest. The outcome of the conquest was centralization of the state with great concentration of land in the hands of the newly constituted and unified landlord class, a class which depended on the central state for surplus extraction from peasants. The landlords lost direct control over surplus extraction (they lost their direct coercive or military power and judicial power), at the same time as the peasantry was losing effective control of the land while struggling—often successfully—to gain greater autonomy and greater political freedom from the landlord class. Thus landlords found it in their interest,

⁷³ Brenner, 1976, 1977, 1985.

and had sufficient economic power, to extract surplus through charging rent competitively on the market—i.e. renting out land to the highest bidders. Peasants, therefore, lost what was traditionally politically controlled or fixed rent. The new class of farmers, capitalist farmers, in the conditions of rent competition were compelled to produce competitively, and they did so by hiring wage labor and adopting labor-saving and land productivity-maximizing techniques. The ‘triangle’ of Brenner’s thesis (capitalist landlords, capitalist farmers and landless wage laborers) thus came into being, facilitated by a unified national market under the auspices of the centralized state.

What needs stressing here, is this: the Political Marxist account of the birth of agrarian capitalism in the English countryside does not rely on any claims about technological or cultural superiority, or even about developed markets or towns. In fact, their thesis is entirely compatible with the relative ‘backwardness’ of English economic development. However, what was historically unique is that all the main economic actors found themselves compelled by the market—their reproduction as classes was now organized through the competitive market in land rent, and that led to commodification of labor and credit money. It was only a matter of time before the resulting growth of land *and* labour productivity imposed a competitive market logic on the economy and society as a whole while creating an enormous surplus population no longer engaged in agriculture. This market-driven economic logic required masses of doubly free wage laborers—free from the means of production (and therefore compelled to sell their labor power on the market), and formally free to be hired and dismissed (mobile) in accordance with the needs of economic cycles.

The question remains. Is this England-centered origin thesis Eurocentric? Does it imply any sort of 'superiority' or unique 'national' character? On the face of it, it does not; not only does it not presuppose or imply a 'higher' development of towns, trade, technology, institutions or culture, it does not even argue for greater development of agricultural practices or productivity. To reiterate the bare bones of the thesis, we have two main classes—landlords and peasants—struggling to further their class interests; landlords to ensure surplus extraction in combination with full ownership of the land at the expense of peasants, and peasants, while losing their grip on the land, pursuing greater autonomy from the landlords' political and coercive power over them. The nature of the struggle may be universal, but the outcome was unique—the first historical territory in which rent became commodified and a competitive market logic was imposed on the economy as whole. Nevertheless, Brenner's origins thesis has been accused of being Eurocentric by anti-Marxists as well as some Marxists,⁷⁴ and so we need to look at such claims more closely in following chapters.

⁷⁴ For example see Alexander Anievas and Kerem Nisancioglu *How the West Came to Rule: The Geopolitical Origins of Capitalism*, London: Pluto Press, 2015, 14.

Chapter 3

The California School and the ‘Similarities Thesis’

1—The ‘Similarities Thesis’: a Three-Step Approach

According to one of the founding members of the California School, Jack Goldstone, the School maintains that “whatever their institutional and cultural differences, there was in fact no significant divergence of material living standards in Europe from those in the advanced Asian societies until ... c. 1800”, *and* that the advanced regions of Eurasia “shared very similar overall *political and economic dynamics* until about 1850 [emphasis added].”⁷⁵ The first part of the thesis, taken in isolation, is not as controversial as the second part. Most scholars probably would accept that there was no *significant* divergence in ‘material living standards,’⁷⁶ (which is not to say there was *no* difference) especially if larger regions are compared—for example, China with all of Europe, or smaller regions such as Jiangnan and England. However, what is really at stake is the question of ‘political and economic dynamics’ and

⁷⁵ Jack Goldstone, “Capitalist Origins, the Advent of Modernity and Coherent Explanation: A Response to Joseph M. Bryant,” *Canadian Journal of Sociology*, 33(1) 2008, 119-134, 119-20. Goldstone makes an exception of Britain, however. He thinks there was something peculiar about what happened in Britain in the 18th century, namely, a new path to industrial innovation which gave birth to “a modern world, which was quickly imitated and built upon by other European states and the United States in the 19th century, before spreading to the rest of the world in the later 19th and 20th centuries.” This significantly departs from what other Californians think and undermines their claims about the big question.

⁷⁶ Especially in relative terms if compared to the 20th century wealth inequality between the global north and global south.

whether *these* were significantly different. Were there differences in political, institutional, and cultural logics, differences in the structural features of societies and their economic practices of social reproduction⁷⁷ and did *such* differences produce any noteworthy regional divergences in labor productivity and wealth per capita that did yield remarkable differences in ‘material living standards’? Orthodox scholarship has it that political, institutional, economic and/or cultural differences *were* significant and that some or all of these differences explain why Europe—or parts of it—diverged in its trajectory, ultimately producing significant material differences by the nineteenth century, which grew exponentially thereafter. The California School scholars argue that such differences were not as important as orthodox scholarship would have it, and that what Wong calls the *dynamic of change*, the logic of how societies functioned and reproduced themselves, was fundamentally similar across Eurasia until the Industrial Revolution.⁷⁸ This is a revisionist thesis that goes against the grain of most scholarship, but it is debatable whether it is well argued by its proponents.

In “The West and the Rest Revisited: Debating Capitalist Origins, European Colonialism and the Advent of Modernity,” Joseph M. Bryant persuasively argues that while revisionist history can be, and often is, a welcome challenge to received knowledge, the Californians’ revisionism fails in two crucial respects: (i) it does not provide coherent theoretical propositions, arguments or explanations of the relevant historical problems, and (ii) the supporting empirical evidence, with a

⁷⁷ Or what Marxists would call “modes of production”.

⁷⁸ See R. Bin Wong, *China Transformed* (1997), 9-10, 52; Kenneth Pomeranz, *The Great Divergence* (2000), 3-4.

reliance on a problematic ‘econometrics’ approach, is flawed. In fact, Bryant contends, the School has contributed little to one of the most important questions in world history, namely, why there was and still is such great inequality among states or regions of the world. The only genuinely positive contribution, Bryant thinks, is that the School has provided incentives to advance our empirical knowledge of the non-West, of relatively under-researched non-European histories.⁷⁹

In this chapter, I side with Bryant. Through close examination of the structure and logic of the ‘similarities’ thesis, I will try to demonstrate that the thesis is inconsistent, at times incoherent, that it does not effectively challenge Eurocentrism, and that it does not put forth convincing explanations of the divergence. I will not delve deeply into debates over economic data; not only is this best left for specialists but as Landes notes, the data are often unreliable.⁸⁰ Furthermore—and here I agree with the point Pomeranz surprisingly makes (surprising because it significantly undermines his own scholarship)—, relatively small differences (up to 30% in Pomeranz’s examples) can hardly be indicative of qualitative differences or be informative about a society’s structure and/or trajectory for change. Pomeranz notes that the US GDP per capita was 30 percent higher than German GDP in 2010, a 20 percent larger difference than between England and Yangzi Delta and between Europe and China. The GDP of Singapore is 10 or even 20 percent higher than that of the US, the richest and most powerful

⁷⁹ Joseph M. Bryant, “The West and the Rest Revisited: Debating Capitalist Origins, European Colonialism and the Advent of Modernity,” *Canadian Journal of Sociology*, 2006, 31(4), 403-444. See the most recent analysis of data by Christopher Isett which confirms this assessment in “China: The Start of the Great Divergence” (pp. 97-122) in Stephen Broadberry and Kyoji Fukao eds., *The Cambridge Economic History of the Modern World*, V. 1, Cambridge University Press, 2021.

⁸⁰ Landes, 196-7.

country in the world. It is puzzling, however, that Pomeranz concludes from this, merely that “nobody thinks that these are fundamentally different kinds of economies destined to reach the roughly 6:1 ratio that the Yangzi Delta and England had reached by 1913.”⁸¹

The revisionists, Bryant points out, make a ‘two-fold claim’. First, there is the claim that significant differences were absent c. 1800, and, second, that the European divergence was the result of the Industrial Revolution, which in turn was the result of fortuitous, lucky and mostly accidental factors. For example, Pomeranz contends that the discoveries of ‘coal and colonies’ explain the divergence; Wong focuses on technological breakthroughs that resulted from military competition among European states; and Frank argues that Europeans cunningly took advantage of China’s endogenous and temporary decline by jumping from the ‘passenger’s’ to the driver’s seat (for now) of the Chinese-dominated world economic ‘train’ (system).⁸² What unites the practitioners, plays a structurally important role in their accounts and, I think, helps explain the appeal of the School to many scholars is their desire to overcome Eurocentrism in world history.

The basic rationale underlying the similarities thesis can be understood in terms of three steps or themes. First, the California School seeks to discard Eurocentric ‘orthodoxies.’ The chief targets here appear to be Marxian and Weberian theories, which are thought to be inherently Eurocentric (whereas the

⁸¹ “Ten Years After”, Footnote 29, p 25.

⁸² See R. Bin Wong, *China Transformed* (1997), Andre Gunder Frank, *ReOrient* (1998), Kenneth Pomeranz, *The Great Divergence* (2000), R. Bin Wong and Jean-Laurent Rosenthal, *Before and Beyond Divergence* (2011). We have already considered Goody’s ‘theft argument’; recall that Goody does not explain *why* it was Europe that set on the path of ‘theft’.

assumption of earlier economists such as Smith and Ricardo are accepted whole cloth). This is the first, crucial step in the overall argument. Its credibility depends on showing that Europe was not unique in any important sense that might be highlighted from a Marxian or Weberian perspective. So, on this view, contrary to Marx and Weber, neither institutional nor cultural differences can account for the divergence; the School aims to prove that such 'orthodox' explanations of the divergence are false. Unfortunately, they do this not by examining and critiquing actual arguments by proponents of the theories they wish to discard, but by putting forth their own arguments about 'similarities' "through a comparative approach" of what they see as similar practices across Eurasia. In the second step of the overall argument, the School claims that Eurasian societies (or at least the most developed parts) had fundamentally similar markets, commercialization, productivity, technological development, etc. Here the School wants to prove that there were no unique features of European societies that mattered for explaining and understanding the divergence. Remarkably, the Californians do not actually address orthodox explanations of the European takeoff; they do not demonstrate *how or where* orthodox arguments went wrong. Instead, their strategy seems to be to try to convince readers that similarities were just more important. As a final step, the Californians provide their own 'explanations' of the divergence. In their accounts, the divergence ends up being fortuitous and unexpected, certainly not the outcome of any sort of *logic* of development or 'dynamics of change' in Europe that was absent in Asia (particularly China). In this chapter, I will provide a schematic

presentation and some critical analysis of the three-step approach of the California School just outlined.⁸³

2—The ‘Rejection’ Argument⁸⁴

According to the Californians, the framework of European historiography and social science is problematic and should be rejected because: (i) it takes Europe as the object of study; (ii) it finds various characteristics in Europe and based on these develops theories to explain the birth of the modern world; (iii) it ‘naturalizes’ the process of European development, partly by depicting the outcome, the Industrial Revolution, as inevitable, a ‘natural’ development; and lastly, (iv) applies these theories to evaluate the non-West by trying to find what went wrong or what ‘blocked’ similar ‘natural’ developments in the rest of the world. In the process, the non-Western world is reduced to a secondary status, ‘failing’ to achieve European standards of development, stripped of its own history and achievements and therefore inevitably conceptualized as inferior.⁸⁵

For the Californians, it is European intellectual traditions, theories of history in particular, that impose false explanations and historical grand, teleological metanarratives that paint Eurocentric views on to world history. The Californians believe they can overcome these problems or at least provide us with a reasonable

⁸³ In the previous chapter, where I focused on the work of Goody and Hobson, I have already suggested that the main opposition, the chief targets of accusations of distorted Eurocentrism were Marxism and other scholarship critical of capitalism (though more mildly critical than Marxism). In this chapter, we will see a similar theme, with a focus on economic history.

⁸⁴ What I am calling the rejection argument is important because it is the crucial rhetorical starting point for the presentation of many so-called anti-Eurocentric historiographical perspectives. It is emotionally charged (and possibly, as Bryant notes, politically motivated), and as it turns out, does not contain substantial *arguments* demonstrating what exactly is wrong with what they claim are Eurocentric explanations. Rather, the focus is on similarities between European and non-European societies. It is not even clear *what* is being rejected, especially since these ‘rejectionists’ actually admit to borrowing important insights from many of the views they reject (e.g. European thought).

⁸⁵ See *China Transformed*.

vision for developing a novel approach, which avoids such pitfalls. As an alternative, some of them (Wong and Pomeranz, most notably) propose a new comparative method based on non-European—particularly Chinese—experience and concepts, with which Europe can be compared and contrasted, just as China is compared and contrasted with European experience in traditional Eurocentric accounts.

Considering the vastness of European scholarship on the topic of the birth of the modern world, a project of rejection would be daring indeed. But the Californians' *indignation* toward Eurocentric orthodoxies tends to substitute for serious analysis, and therefore plays an important rhetorical role in framing the similarity argument as anti-Eurocentric. Thus, in order to evaluate the overall thesis, we need to scrutinize the first step the school makes—what I am calling the 'rejection argument.' The rejection argument is confounding in a number of ways. Just what is being rejected is not always clear. A number of not entirely compatible schools of European/Western thought are unceremoniously lumped together as are the histories of individual states and sub-regions (northwest Europe, Eastern and Western Europe). Some of these schools, arguably, are neither teleological nor celebratory, while (apparently) others are *not actually rejected in practice* by the Californians—most notably, classical and neoclassical economic theories. Generally, the Californians do not put much effort into systematically elaborating and engaging with the problems faced by the rejected theories and interpretations for their own work. Their discussions of economics, political economy and social theory tend to be vague, confused, and at times even incoherent. Some elements of classical, neoclassical, and institutionalism theories are rejected, others utilized, while the

more critical scholarship seems to be emphatically rejected *carte blanche* with very little argumentative support. At times the works cited don't even make the arguments claimed. While the rejection argument is characteristic of the School, the manner in which it is done somewhat differs among its members. Therefore, I will discuss a number of authors' arguments in succession.

3—R. B. Wong

On the first page of his *China Transformed*, Roy Bin Wong announces that the aim of his book is “to dislodge European state making and capitalism from their privileged position as universalizing themes in world history.”⁸⁶ Unfortunately, Wong does not adequately elaborate on the meaning of this goal. Clearly, when and how state-making processes as well as capitalism developed in Europe varied, sometimes quite considerably, from country to country. There are also competing concepts and explanations both of the state and capitalism, as well as their roles in European history.⁸⁷ Nevertheless, to ‘denaturalize’ these ‘universalizing’ categories and explanations, Wong insists that we should not ‘expect’ similar processes of state and capitalist development in China (or anywhere else)—at least prior to aggressive European intrusions (as happened in China in the mid-nineteenth century). But Wong does not provide evidence that such Eurocentric ‘expectations’ have actually

⁸⁶ Throughout *China Transformed*, Wong makes sweeping, un-argued or unelaborated statements about European thought. For example, he asserts: “Other parts of the globe, according to the research strategies employed in most social science research, had no histories of comparable significance before Western contacts began to transform them”(3); and “Nearly all scholarship on Chinese social and economic history, whatever its origins, is based on assumptions about social change imported from European experiences”(4).

⁸⁷ Yet it appears that Wong thinks there were Europe-wide processes at work, which, it seems, do explain European difference and divergence for him, albeit in a discontinuous manner, as a rupture rather than as long-term processes. For some reason, Wong seems to assume that if one can explain outcomes in terms of processes developing over long periods, this somehow implies that the outcomes were planned for and easily predictable, and this he finds problematic.

played a role in historical sociology. They may have done so but he hasn't established this.⁸⁸ It is certainly the case that more than a few scholars have explicitly rejected a universal path to capitalism or the modern state within Europe.⁸⁹

Wong objects to the 'orthodox', 'Eurocentric' theories and histories because he thinks they are committed to two "basic views of China—social change gone wrong and stagnation."⁹⁰ Most Western scholarship in this area argues that China's economic change did not keep pace with European change because the necessary preconditions for such change were absent in China and so European levels of development were not to be 'expected'. This claim is bolstered by pointing to differences between Western and Chinese conditions and institutions (in contradiction with the similarities thesis). In Wong's view, the 'social change gone wrong' idea is linked to the orthodox claim that China lost its lead over Europe in urban culture and expanding commerce after the twelfth century. Wong, in concert with the Californians, insists that China did not lose its competitive edge until the 1800s. But Wong also makes a stronger claim about the 'Eurocentric' theories. He believes that those who trace European divergence to the development of peculiar institutions in Europe view China, in effect, as 'failing' to develop. The 'failure'

⁸⁸ Furthermore, we cannot assume that coming to a historical subject matter with expectations—even expectations that turn out to be overturned or partially overturned—necessarily leads to distorted history. For example, if historians expected English and French development to follow similar paths because the two states began to develop into world imperial powers around the same time and in competition with one another, this would not imply blindness to stark differences between those countries in terms of state and economic development; nor would it require an ethnocentric and illusory 'privileging' of one over the other. In fact, counterfactual expectations may prove fruitful in some instances, and are not at all absent from Wong's work.

⁸⁹ The Marxian works cited in this dissertation cannot accurately be characterized in Wong's terms (on this issue, among others).

⁹⁰ *China Transformed*, 4.

consists precisely in China—a highly developed empire—not developing European-style institutions.⁹¹ The problem here is that Wong does not provide any references so it is hard to check whether his accusations are correct. But the idea that Eurocentric scholars go astray due to their ‘expectations’ to find the same kinds of changes in China as occurred in Europe is central to Wong’s revisionism. Furthermore, does not Wong’s focus on the absence of China’s ‘failure’ *circa* 1800 due to the levels of economic development and wealth per capita imply that Wong would agree that the ‘failure’ did occur after 1800?

In making this point, Wong shifts the focus from the actual arguments put forth by the ‘orthodox’ writers whose works he systematically avoids confronting. He does not actually show their arguments and analyses are wrong; rather, he is focused on the ‘wrongness’ of their questions and their expectations. They ‘go wrong’ just by expecting to find certain institutions and/or a particular logic of development in China; *that* is the ‘Eurocentric’ mistake.⁹²

In the non-revisionist literature, several factors (not all of them compatible) have been thought to be crucial for the development of capitalism or dynamic economies: strong private property rights, free market arrangements, easily available credit with low interest rates, contract law, the mercantile and aggressively competitive state, intellectual property rights, nuclear family, and a

⁹¹ As we will see, Wong’s accusation makes more sense when it comes to neoclassical economic theory, which universalizes market expansion as the logic of economic and political development. But Wong does not make neoclassical economics his main object of criticism. Historical sociology, particularly critical scholarship, does not depend on such ‘Eurocentric’ arguments.

⁹² Wong and Rosenthal, in their *Before and Beyond*, remark that focus on differences between Europe and China makes it a mystery “why China was richer than Europe for such a long time if people were so imprudent and why Europe was poorer than China if its population was always so virtuous” (60). In my view, this unfairly reduces arguments about differences to a kind of indefensible racist essentialism.

post-feudal class structure, among other institutions. Economic historians in the California School do not claim that China developed any of these institutions in a similar manner; neither does Wong (although Wong claims that *other* institutions played similar roles and so, *in effect*, there were no major differences). So Wong cannot logically say the orthodox historians are factually mistaken in pointing out the absence of these institutions in China; instead, he contends that the mistake is to appeal to this absence to explain why China did not develop the kind of dynamic economy that emerged in Europe. Yet, *that* point can in fact only be established by showing that (i) contrary to appearances, these arrangements do *not* account for the birth of capitalism and the modern European state form, and/or that (ii) counterfactually, China *could have* developed a similarly dynamic ('successful' or industrial) economy without these institutions and independently of European influence and imposition. Wong makes neither of these cases.

Wong, as mentioned, repudiates the 'Eurocentric' portrayal of China as 'stagnant'. He repudiates the notion that "absence of secular change before the nineteenth century" can be explained by Chinese "[p]olitical ideology, social institutions, and cultural practices" that reproduced, through cyclical ups and downs, "a constant and permanent order."⁹³ To refute these accounts, Wong does *not* argue that China experienced sustained secular growth or was on a path toward such growth. Instead, he makes two slightly different points. First, he contends that Europe was not *destined* to break through the Malthusian ceiling and was therefore no more 'dynamic' than China. Second, he argues that Europe did *not* experience

⁹³ *China Transformed*, 4.

sustained growth and was *not* on a path toward such growth prior to the Industrial Revolution. According to Wong, both regions were undergoing what he calls a ‘Smithian’ dynamic of change. The Industrial Revolution, in his account, was more like a freak accident than an inevitable outcome of a discernible, unique process.

It seems, then, that Wong’s argument depends on a strange assumption, namely, that the Industrial Revolution was, in a way, inexplicable, that it had no pre-history in that sense, and that it was, therefore, historically speaking, a freak accident. Wong sees that if the two regions were not fundamentally similar and one experienced a distinctive dynamic of change that led to industrialization and self-sustained growth while the other did not, we would need to look for differences and ‘absences’ to explain the divergence. But what he does not see is that such an explanatory strategy does not require any ethnocentric celebration of Europe or devaluation of China. One need only look to works that deploy comparative analysis to find divergences across Europe to see the flaw of this undemonstrated assumption.

In developing his argument, Wong’s main culprits are familiar: “Karl Marx and Max Weber each argued for a distinctive cluster of traits that set Europe off from other parts of the world; these traits account for Western success and the failure of others.”⁹⁴ Without elaboration, Wong repeats the standard view that Marx saw China as stagnant and saw European imperialism as a “brutal but positive force for social and economic change.”⁹⁵ As for Weber, his “study of world religions led

⁹⁴ *China Transformed*, 4.

⁹⁵ Wong devotes little space to the negative sides of European and Japanese imperialism, and he does not elaborate on Western influences on China’s late 19th and 20th century capitalist development

him to emphasize European religious and economic change; describing historical development according to a dynamic of economic development and bureaucratic rationality, Weber, like Marx, presented a path of social development defined by Europe's distinctive *successes*.”⁹⁶

Wong does not say much about what ‘cluster of traits’ Marx had in mind. What he gives us is a fairly vague description of Marx’s theory of the origins of capitalism. But he does (somewhat) elaborate on what he thinks Marxian historians do wrong when it comes to China.⁹⁷ Wong states that perhaps “*the central reason* [emphasis added] for the historians’ failure to explain what happened to China’s economy ... lies in the continued effort to frame the problem in terms of what *didn’t* [emphasis in the original] happen.”⁹⁸ These historians fail, Wong thinks, either by finding one allegedly crucial difference between China and Europe (Wong’s allusion to Nishijima’s work on rural industry does not explain the point), or by identifying “a small cluster of similarities that promised European-style success for China but did not deliver.” This ‘cluster’ includes agricultural commercialization, wage labour, handicraft, and urbanization.⁹⁹ Wong does not explain why he is unhappy with these

prior to the Chinese revolution and industrialization. But he does not deny the fact that global capitalism influenced the way the Chinese state pursued industrialization (he glosses over Soviet influences, which have very little to do with ‘Smithian dynamics’).

⁹⁶ *China Transformed*, 4, emphasis added. Note how Wong identifies Marx with celebratory accounts of the development of capitalism in Europe in this last quote. This allegation, that Marx’s work, like Weber’s, focused on the ‘successes’ of Europe in developing capitalism without mentioning Marx’s devastating critique of capitalism, which in fact defines Marx’s work, is typical for the Californians.

⁹⁷ Wong also does little to explain the problems with Weber’s theories, apart from mentioning that the ‘Protestant ethics’ thesis is not an adequate explanation of the birth of capitalism (15).

⁹⁸ *China Transformed*, 14.

⁹⁹ Wong’s use of the word ‘cluster’ is somewhat misleading; it seems to suggest that Marxists, Weberians and other scholars more generally choose such categories randomly, in a disconnected manner, without theoretical integration. Wong’s own thesis also relies on an appeal to a ‘cluster’ of items which actually does look rather random. He appeals to ‘challenges, capacities, claims, and commitments’ (82). How are these coherently, theoretically integrated? What are the connections

categories; he certainly utilizes them in his own analysis and grants them importance insofar as they are the basis of the pre-industrial Smithian dynamics generating historical change in both Europe and China. (It is as if he were just assuming his readers already knew why Marxist history cannot be right and so there is no need to explain why it is not right.)

As mentioned above, Wong puts much weight on his contention that the European takeoff was not easily predictable. He thinks that European scholarship somehow denies this point. For some reason, he assumes that by putting forth explanations of the takeoff in terms of long-term historical trends (his 'clusters') they are implying that the takeoff would have been easy to predict. But a cursory examination of the 'orthodox' scholarship and the fierce debates within it does not bear this out. Wong does not provide references for his accusation, and I have not been able to find evidence that these scholars believed that industrial capitalism was an easily predictable historical phenomenon.¹⁰⁰ It would be useful if Wong would name a single serious scholar who has made such a claim. In my view, Wong is confusing explanation with prediction, setting up a straw man.

For one thing, historians do not usually claim that history is similar to natural sciences, and that it is in the business of making predictions. Mainstream economics, with which Wong has little squabbles, on the other hand, in its formalist version does aspire to the level of hard science. But in mainstream economics, precisely the

among them? In my view, they reflect his rather top-down approach—each one of these categories refer to the state, except 'claims' which refers to claims made by the ruling elites as well as the common people. In his own words, Wong assigns "no logical priority to any of these categories and therefore take[s] no position on the relative importance of material and structural features of state making and the cultural components of these processes" (83).

¹⁰⁰ *China Transformed*, 'difficult to predict', pp. 49, 55. See also pp. 128-9 for discussion of state policies as barriers to economic growth.

institutions uniquely developing in Europe and which Wong thinks were not of importance are viewed as necessary preconditions for economic dynamism. In the Marxist camp there is a debate dating back to the late 19th century about whether Marx' historical materialism is a scientific theory capable of making predictions and if so, what kind of predictions and at what level of generality. Wong does not engage with these debates, to put it minimally.¹⁰¹

4—Wong's 'Similarities' Argument

Wong's similarities argument is original and is framed by a novel economic theoretical proposition. He argues that until the nineteenth century, Europe (as a whole) and China experienced the same kind of economic dynamics despite stark institutional and cultural differences. The kind of economic dynamics he has in mind is that conceptualized by Adam Smith and classical economists generally.¹⁰² Market driven economic growth was predominantly agricultural and was limited by demographic expansion and occasional harvest failures, making growth extensive and cyclical everywhere.¹⁰³ Wong recognizes that there were differences within

¹⁰¹ Richard Hudelson, *Marxism and Philosophy in the Twentieth Century: A Defense of Vulgar Marxism*, New York: Praeger Publishers, 1990, 106-7. We will return to the questions about inevitability, determinism, predictive power and other issues in relation to Marx's theory of history in Part III of this work.

¹⁰² *China Transformed*, 15.

¹⁰³ Or, perhaps the presence of uneven development in *both* regions is supposed to support Wong's overall similarity thesis? In *China Transformed*, Wong writes: "The driving force behind economic improvements in Adam Smith's *Wealth of Nations* is productivity gains attending the division of labor and specialization. By producing what they are best suited to produce and exchanging their products with others, people capture the benefits of comparative advantage at the market place. Division of labor limited only by the extent of the market. As the market expands, the opportunities for Smithian growth increase accordingly. A decentralized price system widens the scope of the market and extends the advantages accruing from the division of labor. These dynamics of expansion were qualified in early modern Europe by the rhythm of demographic change and unpredictable fluctuations in harvests" (16). In China as in Europe, "Commercialization stimulated peasant efforts to combine land, labor and capital to yield the greatest benefits" (21). Wong accepts without question Smith's assumptions but with a novel universalist interpretation (see below).

Europe. Some areas experienced greater economic growth, but these were offset by slower than average growth in other parts; therefore, for Wong, these differences are not important. China's growth was similarly diverse. Of course, Wong should pause and explain why, both within Europe and within China, some areas developed differently. The 'fundamental similarities' thesis cannot really explain such regional divergences. Wong notes the importance of this question but proposes nothing to explain the uneven development.¹⁰⁴

What is novel about Wong's argument is that he wants to sever the link economists make between Smithian dynamics of growth and modern economics.¹⁰⁵ Wong argues that Smithian dynamics of growth is an analytical category, developed by Smith on the basis of European experience but which actually applies to all of Eurasia prior to the Industrial Revolution. Wong's understanding of the concept constitutes the theoretical foundation of his similarity thesis.¹⁰⁶ He further claims that market-driven economic expansion, as described by Smith, does not 'automatically' or 'naturally' lead to the sustained/modern economic growth associated with industrial capitalism. Orthodoxies usually associate the

¹⁰⁴ To be fair, Wong comes close to an explanation of uneven development in his collaborative work with Rosenthal (*Before and Beyond*) in which neoclassical economics (in the form presented by the New Institutionalists) is appealed to as a theoretical basis. The analysis suggests that economic actors choose what and how to produce in response to market opportunities quite free from any socio-political or institutional constraints or influences, and, therefore, explanations of economic phenomena, including uneven development, would come down to an aggregation of individual choices (i.e. methodological individualism). See especially chapter 2, which will be discussed later here.

¹⁰⁵ There is no consensus among economists on the causes of modern economic growth. Nevertheless, Adam Smith is usually considered the father of modern economics, whose work contributed to understanding modern growth. See Morgan Kelly, "The Dynamics of Smithian Growth," *The Quarterly Journal of Economics*, 112(3), August 1997, 939-964, and as an example of the more recent New Institutional school of economics and the Adam Smith lineage, see Daron Acemoglu, James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, 2012.

¹⁰⁶ In fact, Wong does not limit the universality of Smithian dynamics to Eurasia, see *China Transformed*, 32.

entrepreneurial, innovative spirit, and scientific, technological and industrial revolutions with the development of free, competitive markets, the expansion of international trade, the institution of private property, more open political and economic structures, and the development of intellectual thought about these processes epitomized by Adam Smith in his *Wealth of Nations*—which, needless to say, has had an enormous influence on the economics profession ever since.

Nonchalantly, Wong throws out not only all historical orthodoxy on the topic of the birth of the modern world, but also classical and neoclassical economic theory by simply stating that the world of Smith's time was pre-industrial and had its own universal economic logic.¹⁰⁷ From this, Wong infers that Smith, as well as Malthus and Ricardo, offered no insights into why within a few decades England would

¹⁰⁷ Wong cites Mark Blaug's *Economic Theory in Retrospect* (1985:37) for this claim: "We need to remember that when the book [*The Wealth of Nations*] appeared, the typical water-driven factory held 300-400 workers, and there were only twenty or thirty such establishments in the whole of the British Isles. This helps to account for Adam Smith's neglect of fixed capital and for the convention, which he never really abandoned, that agriculture and not manufacture was the principle source of Britain's wealth Smith, Ricardo, and Malthus all lived in a world in which agriculture remained the dominant sector of the economy" (*China Transformed*, 22). It is worth quoting more from the paragraph Wong uses for this claim: "if by an industrial revolution we mean ... a sudden acceleration in the rate of growth of output, we should move the date at which the Industrial Revolution started forward to 1790. No doubt, all the major inventions of the period had been patented by 1755 but it is only in the late 1780s that statistical series of production in Britain, and particularly the then available figures in exports and imports, began to show a sharp upward trend. There may have been an earlier and milder rise in the pace of economic progress in the 1740s but the decisive turning point that marks the 'take-off' of British industry came in the last two decades of the eighteenth century, some years after the *Wealth of Nations* first saw the light of day. Of course, most contemporaries were slow to recognize what was happening and even by the turn of the century there were still many acute observers who were unimpressed by the recent 'progress of the mechanical arts' in England. It is not surprising, therefore, that Adam Smith failed to anticipate the Industrial Revolution" (I used Cambridge University Press, 5th edition, 1997, 35). There is a big difference between Wong's claim and Blaug's statement. In his thorough and comprehensive analysis of modern economic thought, nowhere does Blaug suggest that Smith's work was *irrelevant* to the development of modern economics, theoretically or empirically. Wong quotes a small passage, takes it out of context and uses it as a basis for his completely novel and poorly explained position. When Blaug says that Smith neglected fixed capital, this can only be understood in relative terms. Smith neglected fixed capital only relative to its importance in his time and in relation to the future development of modern economic thought, as Blaug implied when stating "contemporaries were slow to recognize what was happening." Furthermore, it does not follow that Malthus and Ricardo were also guilty of such neglect—this is Wong's innovative interpretation.

become an industrial capitalist global power, but that he nevertheless gave us a framework to understand economic dynamics in much (or all) of the pre-industrial world.¹⁰⁸ And as mentioned, Malthus and Ricardo also belonged to that old intellectual world, according to Wong, even though their major works were hotly debated throughout the early nineteenth century and into the 1830s and were published during the early stages of capitalist industrial development—as even some of the Californians acknowledge.¹⁰⁹

In Wong’s view, classical political economists offer no clues to our big question. Technological change, which for Wong must be central to any adequate answer, is just too “difficult to predict.”¹¹⁰ All the while, the agrarian nature of the

¹⁰⁸ Differences between England and the rest of Europe are glossed over as irrelevant.

¹⁰⁹ Pomeranz reassessed his own account and changed his European divergence to an earlier time, the late 1700s (which coincides with many orthodoxies) after debates surrounding his *The Great Divergence*. See “Ten Years After: Reflections on Kenneth Pomeranz’s *The Great Divergence*,” *Historically Speaking*, V 12:4, September 2011, pp. 10-25.

¹¹⁰ *China Transformed*, 55. For the claim that Smith’s thinking was pre-modern, see p. 17, where Wong states: “Malthus and Smith lived in the same world of limited economic possibilities. Smith’s world was not Europe of the nineteenth century. In key ways, eighteenth-century Europe shared more with China of the same period than it did with the Europe of the nineteenth and twentieth centuries.” T. S. Ashton, a key voice in the (celebratory) Eurocentric camp, had this to say about Smith and modern economy: “there is one product of Scottish moral philosophy that cannot pass without mention in any account of the forces that produced the industrial revolution. The *Enquiry into the Nature and Causes of the Wealth of Nations*, which appeared in 1776, was to serve as a court of appeal on matters of economics and politics for generations to come. Its judgments were the material from which men not given to the study of treatises framed their maxims of conduct for business and government alike. It was under its influence that the idea of a more or less fixed volume of trade and employment, directed and regulated by the State, gave way—gradually and with many setbacks—to thoughts of unlimited progress in a free and expanding economy” (*The Industrial Revolution, 1760-1830*, Oxford University Press, 1981, 17). Ashton does not claim that Smith grasped the trajectory fully or predicted the future, but he certainly thinks Smith’s contribution to the development of a new type of economy, socio-political organization and the intellectual thought accompanying these was enormous. In addition, the Marxist economist, Ernesto Screpanti, comments that *Wealth of Nations* was a synthesis of decades of intellectual thought battling outdated mercantilism—the old world and its thinking—which became a guide to developing the new economy (“It was necessary to wait for Smith’s 1776 synthesis to find the conditions that were to lead, in the following forty years, to the formation of a new orthodoxy on a Continental scale.” (*An Outline of the History of Economic Thought*, Oxford University Press, 2005, 55): <https://books-scholarsportal-info.ezproxy.library.yorku.ca/en/xml/chapter?id=/ebooks/ebooks2/oso/2012-10-01/6/acprof-9780199279142-Zama&chapterId=acprof-9780199279142-chapter-3>.

pre-modern world, Wong stresses, presented similar economic conditions to the majority of the world's peasant population, with slowly expanding markets opening up new opportunities only to be checked by a corresponding growth of population. This economic condition did not, Wong thinks, lead towards the divergence of one particular part—Europe.

It is true that Smith's economic thinking was (partly) based on universalist claims about human nature, but Smith, as noted by Wong, was concerned with 'political economy'. He was aware of the importance of socio-political structures in promoting productivity growth and efficiency of allocation and distribution of resources. Wong claims that his own approach also takes political economy seriously. But for his similarities thesis, Wong pries Smith's theory apart. He applies only the most basic economic propositions about market-driven economic growth to all of Eurasia, while leaving Smith's political and more detailed economic analysis outside his purview.¹¹¹ Wong does not believe that socio-political structures were similar across Eurasia, far from it.¹¹² His *political* analysis is hardly revisionist. He

In the following chapters, Wong's claim about Smith will be criticized from two points of view. First, it poses problems for neoclassical economics, which Wong does not even attempt to address; second, it also poses a problem for Marxism—Marx's work is rooted in, among other things, classical economics, many of his theories/propositions come from Smith and Ricardo. Marx certainly thought that Smith and Ricardo theorized about capitalism and not about universal economic laws; he also thought that Smith and Ricardo naturalized capitalism, a problem that Marx addressed. See Richard Hudelson, *Marxism and Philosophy in the Twentieth Century*, 66.

¹¹¹ In *Before and Beyond Divergence*, Wong and Rosenthal maintain that while Smith and other classical economists tied economic development to the development of formal institutions and the state, in practice, China's *informal* institutions functioned just as efficiently in facilitating a pre-modern type of growth, and therefore provided similar conditions for similar economic dynamics to Europe (see chapter 3).

¹¹² Marx, on the other hand, did something quite different with Smith's thinking. Marx accepted the validity of Smith's *approach* to analyzing, explaining and predicting economic phenomena. In particular, he accepted (with corrections and elaborations) Ricardo's labour theory of value—which was developed from but critical of Smith's ideas—as the foundation of price determination, the efficiency of free and competitive markets as a decentralized system of allocation of labour and resources for capitalist growth, the importance of the institution of private property for the

does not provide an elaborate presentation of a Smithian dynamics of change or a clear explanation of its utility for historiography.¹¹³ In what follows, I will present an interpretation, based on what I can glean from Wong's text, of his theoretical position in relation to Smithian growth.

Let us, then, consider the theoretical implications of the similarities thesis based on Smithian dynamics. In *China Transformed*, Wong identifies five reasons for economic growth:

- (i) "a process of commercial expansion according to division of labor and comparative advantage allows people to specialize in activities for which they can become more productive";
- (ii) "growth can result from increased investment";
- (iii) "an increased scale or size of an economy can lead to growth";
- (iv) "technological progress leads to economic growth by making the resources used more productive"; and
- (v) "people can become organized more efficiently to expand output without increasing inputs".¹¹⁴

Wong does not seem to think that differentiating absolute growth from productivity growth per unit of labor is necessary, but it is only the first type of growth that

Wong identifies which is universal. He goes on to assert that in Europe, the

"confluence of a market economy driven by Smithian dynamics, processes of

development of capitalism, and the tendency of profit to fall, but he rejected the universality of these theories as they appear in Smith and Ricardo and placed them squarely within a specific historical context.

¹¹³ Wong's interpretation of Smith is influenced by Jan de Vries' work on the 'Industrious Revolution'—meaning, development without urbanization during the two hundred years leading up to the Industrial Revolution. The concept of Industrious Revolution runs contrary to Smith's economic dynamic. Smith thought of growth as based on the division of labour between urban manufacturing and rural agriculture, not as a combination of the two in a household economy, as was the case in much of China. Smith never suggested that a household division of labour was part of his dynamic model. In this way, Wong's application of the term 'Smithian dynamic' to China is theoretically misleading.

¹¹⁴ *China Transformed*, 58-9.

technological change centered on an energy revolution, and the institutions of commercial capitalism came together to form late nineteenth-century industrial capitalism,” and that “[e]ach of the elements that became the compound of industrial capitalism was logically independent of the other despite their empirical connections.”¹¹⁵

So, the picture seems to be as follows. The Smithian dynamic is universal and unchanging. But in China we witness continuity of the dynamic, whereas in Europe the energy revolution, technological change and commercial capitalism combined with the dynamic to form the industrial revolution. According to Wong, the Smithian dynamic was not the cause of the divergence—but then do these other, ‘logically independent’ ingredients explain the divergence? The answer is not clear. Technological change and commercial institutions were evident before the nineteenth century in Europe (especially the latter) and in his conclusion Wong accepts that path dependent dynamics—which are typically understood in social science theory as having long run effects—did yield different results. Nevertheless, Wong does not think these pre-nineteenth century developments can account for what happened later; in his view, nothing in Europe’s earlier history made Europe’s future development more likely than it was in China. It was only when the divergence occurred that these other ingredients came to characterize the new kind of economy in which technology-induced productivity change is ongoing. Logically, Wong’s larger explanatory framework seems to be problematic. We need to look at some details to further evaluate the thesis.

¹¹⁵ *China Transformed*, 58.

Before we do, though, a brief comment on Wong's declared goal of 'denaturalizing' capitalism and all other economic processes is in order—it is far from clear that he succeeds in this. As part of his attempt to 'denaturalize' what happened in Europe, he wants to show that it was not an outcome of Smithian dynamics (which are universal and require no de-naturalizing) and so it should not be expected to happen and when it does it could as easily have happened in China as in Europe. Whether it might happen in any other place, we are not told. At the same time, Wong sometimes suggests that nothing in his economic analysis points to any kind of natural process, for example when he complains that "neoclassical economic theory loses its potential to explain how economic change is in fact historically created through the building of economic institutions."¹¹⁶ Wong does not explain how or why economic institutions take on various forms in various regions of the world, bring various results in terms of economic development, or emerge and become consolidated in the context of various social structures. Rather, he repeatedly stresses that Smithian economic dynamics were universal, the same everywhere. Wong's insistence on such universality leaves his claim about 'denaturalization' of economic phenomena undefended and/or inconsistent with his overall narrative. At the very least, it is not clear how the various elements of his account fit together.¹¹⁷

¹¹⁶ *China Transformed*, 61-2.

¹¹⁷ In *China Transformed*, in the section "Smithian Dynamic in Europe," Wong devotes less than two pages arguing that there was such a dynamic, with little analysis or clarification of differences among states, and covering from the early modern period to the 19th century Industrial Revolution. In the section "Smithian Dynamic in China," Wong criticizes two interpretations according to which the West played a crucial role in China during the 19-20th centuries. On one interpretation, put forth by Chinese Marxists, China's capitalist development was blocked by Western imperialism; on the other interpretation, provided by Western scholars, the West opened up economic opportunities and

Wong's economic comparisons and his similarities thesis have to do with practices of economic agents in the conditions of market expansion. He believes that in China, as in Europe, "[c]ommercialization stimulated peasant efforts to combine land, labor and capital to yield the greatest benefits."¹¹⁸ Wong does not think there were important socio-political differences that determined how peasants could respond to market opportunities. Rather, he thinks that market expansion provides universal opportunities for the division of labor and specialization depending only upon individual choice and/or talent—as if these alone determine whether individuals effectively pursue market opportunities. Curiously, Wong thinks that although market expansion drives the division of labor and specialization, the growth that is thereby ensured is characterized by intensification of labor rather than labor productivity growth per unit of labor, in both China and Europe.¹¹⁹

In *Wealth of Nations*, chapter 1, "On the Division of Labour", Smith provides his famous example of pin manufacturing to illustrate how the division of labor and the pooling of labor under the same roof, together with the use of machinery, results

know-how in ways beneficial to China (a triumphalist Eurocentric view). Against these two perspectives, Wong contends that while the new market opportunities imposed by Europeans did benefit some regions and some peasants, the Western presence "did not fundamentally alter [the already existing Smithian] ... dynamic." Wong's primary concern is with whether we should even expect a modern industrial trajectory developing from the pre-existing Smithian dynamics in China (21-2). He sees no historical evidence that such a possibility existed in China prior to, or in the absence of Western imperialism. This seems to render his critique of Eurocentric scholarship less consistent and even less genuine, because he thinks that Western influence created new economic dynamics in China and that these dynamics would not have emerged without such influences. At the same time, Wong seems to reject the idea that there could have been any substantial Western influences before imperialism or influences that were non-imperialistic. From an anti-Eurocentric position, it is not clear why Wong should oppose the idea that China could have, in principle, borrowed and adapted from Western knowledge about modern development. This seems to presuppose some kind of purity or essentialism in the Chinese context, which is hard to square with the reality of interconnectedness. In the *New World History* we certainly are cautioned against such moves with regard to Western development; in fact, we are encouraged to be aware of influences from the non-West, so why should this be denied to the East?

¹¹⁸ *China Transformed*, 21.

¹¹⁹ *China Transformed*, 30-1.

in dramatic labor productivity growth per unit of labor. Smith further states that “[i]n every improved society, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour too which is necessary to produce any one complete manufacture, is almost always divided among a great number of hands.”¹²⁰ In general, Smith, in his analysis of the division of labour, placed much more weight than does Wong on industrial development, on factory style division of labour, on the market-dependence of all economic agents and on mechanization. He also, much more than Wong, stressed the role of the state in providing conditions for productivity growth through market expansion, including foreign trade. Wong’s main focus is on agriculture and rural proto-industry. To maintain his thesis, he has to ignore the development of large-scale commercial farming in parts of north-western Europe before 1650 as well as the development of factory manufacturing before 1750. Nor does Wong’s account of the division of labour in China easily square with Smith’s description of “improved societies”. Peasants engaged in textile production (silk or cotton) *over and above* subsistence agriculture as a response to ‘market opportunities’ to increase their income, which in Wong’s analysis is a natural response. So Wong’s claim that “a Chinese peasant’s economic undertakings were similar in fundamental and important ways to those of his European counterpart”, and his claim that “[b]efore the nineteenth century, peasants across Eurasia aimed to insure their subsistence and expand their income”

¹²⁰ Smith, *Wealth of Nations*, https://www.ibiblio.org/ml/libri/s/SmithA_WealthNations_p.pdf, 9.

in a similar manner is not only contrary to historical evidence, but also to Smith's account of the world in which he lived.¹²¹

In China, the division of labour predominantly involved the family unit while "specialization", as Wong observes, was regional and largely dependent on ecological conditions. In historical sociology, the family unit as an economic category is conceptually distinct from a business. Division of labour within a family unit is determined by economic needs and capacities plus traditions and broader social structures including patterns of family formation and inheritance. Division of labour within a business is determined by the extent of market and institutional development of private property rights and contract law, availability of factors of production including freely available and mobile labour, technological know-how, and effective demand. In order to square the Chinese economy with Smith's theory, Wong equates the family unit with a firm, the household economy in China with capitalist farming in Europe, and the entire labouring population with wage labourers. Then, given such an arbitrary reconceptualization of basic economic units, Wong claims that "[m]arket exchange was basic to the successes enjoyed by peasants" everywhere.¹²² Thus, in Wong's account, the similarities thesis comes at the expense of considering the differences between levels of market dependence of economic agents in China and in parts of Europe. In parts of northwestern Europe, agricultural production was shifting towards being predominantly market-oriented; whereas in China, it was predominantly subsistence-oriented and only partly for the market. Wong's thesis, then, does not derive from any new empirical evidence but

¹²¹ *China Transformed*, 9-10.

¹²² *China Transformed*, 19.

follows from a theoretical *reconceptualization* of the meaning and logic of economic practices.¹²³

Classical economists, starting even with the predecessors of Smith—the Physiocrats—and through to Malthus, Ricardo (mentioned by Wong) and especially Mill and Marx, were concerned with the distribution of wealth and income. The questions they raised could not be answered simply through analysis of markets or the sphere of exchange. Because they saw revenue as dividing between rent, wages, and profit they necessarily sought to find their answers in the social divisions and class relations that were in part defined by those categories: landlords and peasants (and later wage workers, and firms). Consequently, classical economists distinguished economic agents by groups/classes and their different economic roles. Not all of them felt the need to define these classes, because these categories or groupings of people were common knowledge in formally divided hierarchical societies. Smith, Ricardo and Malthus implicitly treated class relations as being universal, but it does not follow that they would contend that English classes of farmers (yeomen or capitalist farmers) and capitalists were universal.¹²⁴ Marx, on the other hand, following Mill, explicitly recognized the historical specificity of class structure, and, therefore, offered historical explanations of class relations. Wong

¹²³ This difference becomes crucial in the analysis provided by the Political Marxists. They point out that market exchange in the predominantly subsistence economies is not a choice peasants make in order to improve their income but a necessity arising from insufficient size of plots available to them. On this view, peasants' preferred choice is to ensure food security through plot size increase for family unit subsistence, finding harvest fluctuations preferable to market fluctuations. Additionally, production for the market is imposed on peasants through the state or landlords' demanding rent in money. Neither of these two market participation necessities lead to self-sustaining economic growth. Both necessities impose limits to growth, because the basic economic unit remains the family, not a growing firm like a capitalist farm.

¹²⁴ Smith was much more scornful of the employer class for abusing the inherent power imbalance between employers and workers than subsequent classical and neoclassical economists do. See Richard W. Miller, "Is Capitalism Corrupt?" *Social Philosophy and Policy* 35 (2): 31-53 (2018).

seems to follow in the footsteps of those neoclassical economists who succeeded in ideologically defending capitalism by removing the historical specificity of class relations from the economists' purview. But all classical economists, unlike Wong, saw a great difference between the peasant family economy and (capitalist) farmers whose economic activity was completely mediated by the market—they rented the land, hired wageworkers, and invested capital in order to improve agricultural productivity in the context of competitive markets for factors of production and for subsistence commodities. The classical economists also differentiated between household proto-industry and the capitalist factory, whether implicitly (Smith) or explicitly (Marx). Wong, on the other hand, conceptualizes all economic agents not as groups but as individuals who more or less freely choose to become either entrepreneurs or workers.

5—Wong on Productivity, Income and Wages

To demonstrate how economic theory in Wong's work dramatically alters historical interpretations to fit his thesis, let us consider his discussions of productivity, income and wages.

Wong writes:

Smithian dynamics need not necessarily lead to sustained increase in per capita incomes. Outside China, in the heart of Europe's developing capitalism, including England during the centuries of early modern growth, real wages over the long run did not change. The dramatic change in real wages and in the ratio of population to resources did not come until nineteenth-century urban factory industrialization.¹²⁵

What Wong calls "dramatic change" in "the ratio of population to resources" is the same as growth of labor productivity per unit of labour. There are a number of

¹²⁵ *China Transformed*, 29.

problems here. First, Wong dilutes Smith's theory of economic growth to make it fit any economy by assuming that Smithian dynamics are always followed by a Malthusian positive population check.¹²⁶ He claims, in other words, that throughout Eurasia, until the nineteenth century, the growth of aggregate product resulted in increasing population rather than increasing per capita consumption. By assuming—as opposed to demonstrating—the universality of this Malthusian predicament, Wong's version of the Smithian dynamic of change allows for one type of growth: *land* productivity growth. Land productivity growth can be realized through new agricultural techniques, intensification of labour, household division of labour, and regional specialization (as was typical in China during this period). Wong ignores self-sustaining labour productivity growth, which is historically specific to capitalist social relations and is found in parts of northwestern Europe, particularly England. This type of labour productivity growth was realized through a town-village division of labour, increasing use of wage labour in agriculture, factory-style division of labour in which the combined efforts of working on different stages in the production process produces a single commodity, economies of scale (farm and factory), line specialization, improved organization, and continuous introduction of new techniques and/or technology. According to recent data analysis by Stephen Broadberry, Bruce Campbell and Bas van Leeuwen, sustained labour productivity in England's agriculture not only is confirmed by their findings, but also shows that the agricultural revolution dates back to the early seventeenth century—earlier than orthodox accounts—, and sustained labour productivity

¹²⁶ That is Malthus' idea, not Smith's, and certainly not Marx's. Marx's view was that social relations of production determine demographic regimes and product distribution.

growth back to 1522, resolutely taking Britain out of Malthusian cycles from the sixteenth century on. Agricultural labour productivity, according to these authors, continued to outpace the growth of labour productivity in industry into the eighteenth century, continuously freeing up labour for industry.¹²⁷ Data about labour productivity in industry confirm the “‘classic industrial revolution period’ of 1760 to 1830” but they also confirm that before the industrial revolution, Britain’s sustained labour productivity growth in agriculture points to structural changes that led to this and made it possible, thus showing that the industrial revolution wasn’t such a ‘freak’ event.¹²⁸ Wong simply assumes, without supporting evidence—indeed, ignoring evidence to the contrary—that growth was the same in China and Europe: population growth without per capita productivity growth.

For the claim about unchanging real wages in Europe, Wong cites David P. Levine’s *Reproducing Families: The Political Economy of English Population History* (1987). However, Levine actually provides a different historical perspective on change in England:

In the first half of the early modern period “there is every reason to believe that yeomen were advancing as a class both absolutely and relatively more than any other landed group of the time.” Capitalist farmers and rich graziers signaled a definitive break with the past. Their emergence marked a radical discontinuity with the *agricultural involution* of medieval peasant society in which there was a “marked tendency (and ability) to respond to a rising population through intensification; that is, through absorbing increased numbers of cultivators in a unit of cultivated land.” In contrast to the replication of subsistence-level, peasant households, the emergence of the

¹²⁷ S. Broadberry, B. M. S. Campbell, and B. van Leeuwen (2013), “When Did Britain Industrialize? The Sectoral Distribution of the Labour Force and Labour Productivity in Britain, 1381-1851,” *Explorations in Economic History*, 50(1), 16-27, 16, 26.

¹²⁸ Nicholas Crafts, “Productivity Growth during the British Industrial Revolution: Revisionism Revisited”, September 2014, University of Warwick Working Paper No. 204, 2, 6. Online access: https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/204-2014_crafts.pdf

yeomanry suggested a quite different economic organization in which specialization of function, oriented towards production for exchange, replaced the older world in which undifferentiated production was geared to use.¹²⁹

Levine further stresses that commodification of land “and everything else” was not inevitable (and so, not easily ‘predictable’), but by the early modern period it became a reality, representing a dramatic change—the significance of which Wong rejects without convincing arguments. Levine certainly was not implying that there were no changes in political economy in the early modern period or that per capita productivity was not growing prior to the nineteenth century rapid industrialization. Levine, like many others, only points out that the *dramatic* increase in real wages per capita came with rapid industrialization, not least through political processes—for example, working class organizing. In order to bolster the similarities thesis, Wong simply chooses to emphasize the dramatic *quantitative* change that accompanied the Industrial Revolution while ignoring the *qualitative* but slower changes in earlier periods when agriculture was still the dominant sector. Consequently, Wong misses the explanation of the divergence in terms of the differences (not similarities) that occurred much earlier in history, i.e. changes in social relations of production or social property relations—capitalism—, and as a result the onset of self-sustaining labour productivity growth.

In *China Transformed*, the analysis of wages is fairly sketchy. A more elaborate analysis is presented in Wong’s collaborative project with Jean-Laurent Rosenthal, *Before and Beyond Divergence: The Politics of Economic Change in China*

¹²⁹ Levine, 39, citing Gordon Batho and Clifford Geertz’ work on agricultural involution in Indonesia, Levine finds involutory processes in *pre-capitalist* England to be similar to Indonesia.

and Europe.¹³⁰ In order to press their claim that Eurasian economies were fundamentally similar, the authors not only explicitly equate income with wages, but also family unit with firm, arguing that institutional or structural differences did not produce different economic logics or dynamics, whether between Europe and China or within Europe.¹³¹ What is noteworthy is that they do not provide empirical grounds for the thesis of actually existing similarities. Their argument, highly abstract, rests on new theoretical propositions that, allegedly, prove that the Chinese population faced qualitatively similar opportunities for economic growth, albeit in a different institutional and structural context. This seems unsatisfactory from a historiographical perspective, but is it valid from an economic theoretical perspective?

In chapter 2, "Population, Resources, and Economic Growth," Wong and Rosenthal oppose scholars who "leaned heavily" on differences between Chinese and European family structures to explain divergence.¹³² However, they do not

¹³⁰ *Before and Beyond Divergence*, 2011.

¹³¹ Note that their argument is counterfactual. Their argument is not based on demonstrating that there was no empirical evidence for different levels of economic development. Instead, they maintain that *logically* there was no difference in *opportunities* to achieve similar economic development.

¹³² *Before and Beyond*, 35. Wong and Rosenthal cite three sources for this argument: Adam Smith, which is odd since Wong also contends that Smith did not make any claims about qualitative changes in the economy; Eric Jones, whose *The European Miracle* (1981) does *not* in fact rely on the family structure argument; and Tine de Moor and Jan Luiten van Zanden's "Girl Power: The European Marriage Pattern and Labour Markets in the North Sea Region in the Late Medieval and Early Modern Period," *The Economic History Review*, February 2010, 63(1), 1-33.

De Moor and van Zanden do argue that the nuclear family structure played a role in the divergent economic development in northwestern Europe, but even their argument is quite complex (and Wong and Rosenthal do not actually present their argument). They argue, first, that the emergence of a nuclear family structure in the late medieval era was caused by changes in the economy, particularly urbanization and a growing wage labour market, combined with ideology and Black Death devastation. Secondly, they argue that development of the nuclear family structure changed social culture by weakening family ties, breaking the dependence of older generations on their children for survival in old age, and instead created stronger communities based on individualism and civic social responsibility, which in turn made income even more dependent on the market. They focus on the role of women, arguing that women gained more freedom in marriage due

actually present the arguments to which they are opposed. Instead, they set up a straw man by claiming that (unexplained) differences in family structures between China and Europe (extended and nuclear, respectively) provide the basis for empirical arguments for early divergence in “orthodox” accounts. However, even if we were to grant that orthodox Eurocentric explanations draw a causal line from nuclear family structure to divergence, Wong and Rosenthal’s argument is (a) inconsistent, (b) lacking in empirical evidence, and (c) based on highly speculative theorizing.

Wong and Rosenthal put forth three main conclusions: first, that lower wages in China do not prove absence of economic growth; second, that extended family structure does not prevent economic development; and third, that “when wage data are placed in their institutional context, they become difficult to interpret and would place the divergence much later, perhaps as late as the 1820s.”¹³³ Again, these conclusions are heavily dependent on their theoretical modeling rather than empirical evidence or historical analysis.¹³⁴ In fact, the empirical evidence they do mention supports the thesis of early divergence.

to access to labour markets and inheritance. They also seem to think that the first important change in the economic structure occurred before the early modern period. They do not explain what caused this change and they do not consider economic growth/change during the early modern period, much less during the industrial revolution, so their argument is not altogether satisfactory. However, the point here is that their argument does not clearly match Wong and Rosenthal’s characterization. Their explanation of the role of the nuclear family in the great divergence locates northwestern European *difference* in the late medieval period, before or during (the authors do not seem to be sure what came first) the development of the nuclear family. They see economic development as *co-evolving* with the changes in family structure and as having some impact, but not being the sole or the most important cause in the divergence (27, 29).

¹³³ *Before and Beyond*, 50.

¹³⁴ Their references to empirical evidence are rare and, in my view, inadequate. For example, they want to argue that an extended family structure is not averse to dynamic economy, and that there were instances of economic success of such an institution even in Europe. But they defend this simply by mentioning the Medici and the Rothschild families (62). It is true that elite rule and elite economic

Let us first consider the evidence they do present. Wong and Rosenthal concede that wages in China did not grow between 1650 and 1850, whereas wages in Western Europe did grow during the same period. They also concede that “there were few sustained gains” in China, that is, there was no labor productivity growth.¹³⁵ They note that European wage growth was characteristic of northwestern but not southeastern Europe; and they contend that new evidence shows that there were “considerable differences in real wages across China, and the range of variations seem to be on the same order of magnitude as in Europe.” However, they fail to explain what these variations meant for the Chinese economy. Also, “the same order of magnitude” is open to interpretation; but given what they note about the absolute levels of difference, it can only mean that in China all wages were lower than in Europe and that only the range was similar. However, if in China wages did not grow anywhere (and they do not claim that they did), then it is difficult to understand how their claim that wage differentials were of the ‘same order of magnitude as in Europe’ advances their position regarding equivalency. It is *growing* wages that would indicate economic dynamism and, as they point out, this occurred in Western Europe and not China.¹³⁶

success has depended on family and other kinds of allegiances and alliances throughout history and across cultures. However, that evidence does not seem adequate to characterize the economic and social structure or logic of a society generally.

¹³⁵ At least, they do not mention any productivity per worker gains; I would suggest they do not have evidence for any substantial ‘gains’.

¹³⁶ In support of their argument, Wong and Rosenthal cite Robert C. Allen, Jean-Pascal Bassino, Debin Ma, Christine Moll-Murata, Jan Luiten van Zanden, “Wages, Prices, and Living Standards in China, 1738-1925: in Comparison with Europe, Japan, and India.” *The Economic History Review*,” 64(1), February 2011, 3-38. Allen *et al.* contend that there is clear empirical evidence showing significantly lower—and *non-rising*—wages (and living standards) in China since the eighteenth century; as compared to higher, steadily rising wages in northwestern Europe which grew before and then rapidly during the nineteenth century. They further show that Shanghai and the Yangzi Delta more generally did not differ from the rest of China (although there were other regional differences) and

In addition to noting the very different patterns in wages between China and Western Europe, they are forced to acknowledge that there was *structural and institutional* divergence dating back to the early 1600s.¹³⁷ Despite these concessions, they still deny the 'orthodox' view of divergence and maintain that Chinese and European economies were fundamentally similar until 1820s.

Astonishingly, in this section, Wong and Rosenthal never compare the levels of labor market participation in the two regions.¹³⁸ Labor market participation diverged significantly in northwestern Europe—up to 60 percent in some parts already in the early modern period—from the late medieval era and remained significantly lower in China throughout our period—1-3 percent, according to the sources they cite. They are satisfied to point out that there was an absence of *complete* self-sufficiency in China. This is supposed to be an argument against those who claim that the main difference between China and parts of Europe was that in the former, there was a high and growing dependence of all economic actors on the market whereas China was characterized by a self-sufficient family unit economy with limited market participation. Yet, an "absence of complete self-sufficiency" is

the wages there were significantly lower than in England—and this evidence counts against Pomeranz' comparisons in particular. Allen *et al.* stress that revisionists' optimism about economic development is not supported by wage evidence. However, they also stress that the revisionists' claim that not all of Europe differed from China *is* supported by wage evidence—southern and eastern European wages were on par with Chinese wages; but, in this respect, the revisionists seem to argue against a straw man, because nobody, at least in recent decades, among the so-called 'Eurocentric' scholars argues that *all* European regions were simultaneously developing a dynamic economy. They do, however, argue that Europe as a region was directly affected by the development in northwestern Europe, which resulted in economic development across from the later part of the nineteenth century onward, but especially in the twentieth century.

¹³⁷ *Before and Beyond*, 48-50.

¹³⁸ Nor do they compare quantitative levels of consumer commodities, capital stock, credit or land markets for that matter.

rather vague and without data at best is no different from claims about limited market participation.

The 'no divergence' prior to 1820 argument is largely based on their abstract modeling. They first establish that wages grow when the economy grows and that wages can tell us much about an economy, since capital accumulation (increase of capital stock per worker) leads to wage growth roughly in correlation with productivity growth per worker per hour. As was shown in the previous paragraph, Wong and Rosenthal lack empirical evidence for Chinese wage growth during the late imperial era, but they do concede that wages (and productivity) grew in northwestern Europe. To argue that this difference was insignificant they try to downplay it by stating that economic growth was not characteristic of *all* of Europe and then turn their focus on abstract analysis of family structures. According to their theory, the extended family structure, which prevailed in China, cannot be considered an impediment to growth in comparison to the nuclear family structure that prevailed in northwestern Europe. They contend that all economic agents, both in China and in Europe, can be divided into entrepreneurs and workers no matter what institutional and family structures were prevalent. (In fact, for Wong and Rosenthal, family structure appears to depend on individual choice). As entrepreneurs and workers, economic actors make rational decisions to increase their income following the same logic—they assess availability of land, capital and labor either in the market or within the family unit and choose the best available option for income maximization. In China, although factor markets were less developed, entrepreneurs could allocate resources within the family unit, thus

avoiding the externalities (unpredictable costs outside the market in market economies) that their European counterparts faced, thus offsetting the differences.

Wong and Rosenthal rely on Coase for this modeling, comparing extended family structure in China with vertical integration of modern firms. Even if we were to accept this arbitrary reconceptualization of economic units and imposition of modern economics and capitalist logic on a largely agrarian self-sufficient economy in China, Wong and Rosenthal provide no historical evidence to support these claims. On the contrary, the evidence they do mention shows that *areas where a nuclear family structure prevailed experienced economic growth in terms of capital accumulation and labor productivity, while there was no economic growth in areas where an extended family structure prevailed!* I am not claiming that family structures determine economic activities; but rather, with de Moor and van Zanden, I think that we need to have a comprehensive, holistic economic historical sociology which would seek connections and influences between institutions and economic practices. Wong and Rosenthal think that economic agents faced similar conditions and had similar opportunities for economic growth but, again, they fail adequately to demonstrate this with sufficient historical evidence.

Of course, this section addressed only some parts of the similarities argument, but I think these claims play an important role and are quite typical in terms of quality of argument.

6—Andre Gunder Frank's 'Anti-Eurocentric' Thesis

Andre Gunder Frank differs from the other Californians in that he does not elaborate a similarities argument. However, like the Californians, after rejecting all

‘orthodoxies’, Frank puts forth a purely abstract hypothesis about the world economic system, a universal force with its center (apparently) in China. Frank’s (almost metaphysical-sounding) thesis will be the focus of this section.

In *ReOrient*, Frank argues that most historical interpretations and social theories of the modern world—national, regional or world—are Eurocentric and, of course, mistaken. His main targets are Marxism, Weberian sociology and the World Systems Analysis school.¹³⁹ Marx’s conception of an Asiatic Mode of Production, Weber’s conception of a Protestant ethic, as well as general conceptions of ‘modes of production’, ‘development’, ‘modernization’, ‘capitalism’ and ‘dependence’, for Frank, all derive from ‘mythological’ notions of European exceptionalism and divert “our attention from the much more important defining world system.”¹⁴⁰ The main reason for this is that most historical scholarship takes it as given that Europe and later the ‘West’ created a world economic system, usually identified with modern capitalism or simply modernity. In opposition to this view, Frank’s main thesis is

¹³⁹ *ReOrient: Global Economy in the Asian Age* represents a scholar’s dramatic, somewhat mysterious theoretical shift. Frank became prominent on the radical left to the point that he was prevented from entering the US and receiving professorial positions in the US and Canada, and was surveilled by the FBI in the 1960s and 1970s. During this period he became one of the most prominent defenders of ‘dependency theory’, publishing works on the ‘development of underdevelopment’, which provided a critique of Walt Whitman Rostow’s modernization theory and stressed the detrimental effects on economies of the global South of capitalist colonialism and neo-colonialism. In the 1980s, Frank was a proponent of World Systems Analysis along with such Marxian scholars as Wallerstein, Arrighi and Amin. Rhetorically, in *ReOrient* Frank still appears to be on the left, since he claims to be opposing Eurocentrism in history and the social sciences while emphasizing non-Western economic achievements. However, as I will argue, a closer examination reveals not only the incoherence of his central argument but also the lack of any strong challenge to a Eurocentric worldview, contrary to his stated intentions. Moreover, his economics, his historical interpretation and theory are in line with neoclassical assumptions, which naturalize capitalism and serve to legitimize a neoliberal order, class inequality and exploitation of the global South. In this work he turns against critical scholarship and has no issues with modern mainstream economics, which ideologically and practically contribute to the very practices of exploitation and wealth extraction from the global South against which he used to be so vocal. In the final analysis, *ReOrient* offers a framework most suitable for writing European colonialism, imperialism and capitalist expansion out of history. This seems to be a dubious challenge to Eurocentrism and inconsistent, to say the least, with his stated goals.

¹⁴⁰ *ReOrient*, xxiv, 336.

that there is and always has been only one world economic system and that it has historically been dominated by the demographically larger Asia. In *ReOrient*, Frank is concerned with the period from 1400 to 1800 during which the Americas were incorporated into the system and before the ‘true’ rise of Europe, when the world economic system was still Asia-centric, particularly China-centric.

Not only was there and *is* there only one world system, Europe, in Frank’s view, had nothing to do with its creation.¹⁴¹ Europe rose quite suddenly and unexpectedly in the nineteenth century on the back of Asia’s success. European supremacy is so short-lived that in historical terms it is insignificant. Europe’s ‘historically insignificant’ supremacy was not a product of any peculiarities of European culture or institutions, or of Europe’s economic wealth and productivity, its conquests or its military or naval superiority, or its advances in science or technology. European domination came only partly through imperial and colonial exploitation (more on this below). Europe rose, primarily, by ‘paying’ its way into the world dominated by Asia with American money, which Europe ‘got for free.’ Europe ‘bought’ its participation in the world economy with the silver and gold it stole or extracted from the Americas. Europe had no other commodities that contributed to its rise to the apex of the world system; European products were not competitive. Europe was marginal in all respects—economic, technological, military and political—until the 1800s.¹⁴² Europe could emerge as an important player on

¹⁴¹ *ReOrient*, xxv.

¹⁴² In Frank’s words: “Europe was not central to the world economy before 1800. Europe was not hegemonic structurally, not functionally, nor in terms of economic weight, of production, technology or productivity, nor in per capita consumption, nor in any way in its development of allegedly more ‘advanced’ ‘capitalist’ institutions.” Also, Europe did not achieve prominence because of its “‘exceptionalism’ of rationality, institutions, entrepreneurship, technology, geniality, in a word—of

the world stage only because Asia was rich, strong, productive and successful. It just so happened that Asia began its decline in the late eighteenth century due to its very success, while Europe just happened not to decline during the “B” phase of a long Kondratiev-like cycle in the world system.¹⁴³ Western ‘leadership’ is not only very recent but temporary, in Frank’s assessment. Asia will surely strike back, because for most of human history, or at least for the last 5,000 years or so, Asia was the centre of the world, the strongest economic region. Frank could see the signs of an Asian resurgence in the 1990s (he finished the book before the Asian financial crisis.).

Frank propagates a global perspective on history, which for him means to approach history from the perspective of the totality of the global economy, that is, the single world economy characterized primarily by continuity and historically dominated by Asia. All other histories are misleading or false. Because theorizing this system is too difficult, Frank appeals to the metaphor of the human body to help us grasp his conception of the world system. Trade and financial flows are its blood

race. We will see that Europe also did not do so primarily through its participation in and use of the Atlantic economy *per se*, not even through the direct exploitation of American and Caribbean colonies and its African slave trade. This book shows how instead Europe used its American money to muscle in on and benefit from Asian production, markets, trade—in a word, to profit from the predominant position of Asia in the world economy. Europe climbed up on the back of Asia, then stood on Asian shoulders—temporarily”(*ReOrient*, 4-6; also 282-3).

¹⁴³ This part of his argument is partly demographic. Asia’s population began to decline but labour was still cheap, while the European population began to rise when labour was expensive. Europe had an incentive to create labour saving technology while Asia did not. Frank’s cyclical conception of a world system otherwise characterized by continuity is, to say the least, problematic. See Samir Amin’s critical discussion in his “History Conceived as an Eternal Cycle” and Giovanni Arrighi’s analysis and critique of Frank’s demographic argument in “The World According to Andre Gunder Frank”, both in *Review (Fernand Braudel Center)*, 22(3), (1999) 291-326 and 327-354. Amin and Arrighi show that Frank’s ‘cycles’ hypothesis is neither theorized adequately nor supported by evidence. His main thesis is that there is only one economic system. If so, how can this system undergo A-phase expansion in one part and B-phase contraction in another? Frank tries to explain Asia’s demise by appealing to the late 18th-early 19th century B-phase, but this coincides with Europe’s rise and subsequent rapid economic growth—hence, absence of a downturn for Europe, which calls into question the notion of ‘cycles’ applying to the system as a whole (Arrighi, 344).

vessels. How exactly trade and money flows create and maintain the system or shape and influence the nature of its parts is not clear. We do not learn how the structure shapes social, political or economic relations, or how the overall structure is in turn affected by its parts on either a grand or small scale. Frank states: “a major thesis of this book is ... that institutions are *not* so much determinant of, as they are derivative from, the economic process and its exigencies, which are only institutionally instrumentalized rather than determined.”¹⁴⁴ The problem is: Frank does not venture to explain or analyze the mechanisms involved in the economic process or institutional change.

For example, we never learn why Chinese civilization was the most successful, nor do we learn what caused Europe to be marginal and unsuccessful. Overall, throughout the book Frank makes sweeping hypothetical claims based on ‘observations’ (not analysis even in his own terms¹⁴⁵) of highly selective and patchy evidence. Nor does Frank provide coherent or plausible explanations of the dynamics of the system. He alludes to cyclical periods of growth and downturn but what causes the cycles, their dynamic and effects is left unexplained. Frank’s conception of the world economy seems to lack explanatory power and rest solely on description.¹⁴⁶ It is a conception based on the existence of trading patterns and links, but it is not clear why such patterns and links could not be treated as evidence

¹⁴⁴ *ReOrient*, 206.

¹⁴⁵ *ReOrient*, 349-355.

¹⁴⁶ Of course descriptive narratives presuppose some sort of explanatory frameworks. Here the argument is that Frank’s implicit theoretical framework is seriously flawed and thus underpins false historical descriptions.

for multiple interconnected markets or multiple economic systems—as they are so treated by other world-system analysts.

Marginalization of Europe, in Frank's history, comes at the expense of marginalizing Western colonialism and imperialism; the costs to the non-West and benefits to the West—especially its elites and more privileged sectors—are largely ignored for the period under consideration. Much of left history, especially in the Marxian camp, attempts to undo celebratory accounts of European expansion by not marginalizing European expansion but by revealing its destructiveness and its reliance on extreme exploitation. Frank is at pains to minimize Europe's historical role in the making of the modern world, including the negative sides of it. He states that Europe is not going to receive much attention in *ReOrient*, because there is already too much history written about Europe. But is this an acceptable reason when many claims in the book are about Europe, particularly the controversial claim that its role was 'marginal'?¹⁴⁷ Frank is interestingly selective about what he chooses not to include. For example, when he mentions the European 'discovery' of the Americas, he calls attention to many things—the spread of germs, which devastated much of the indigenous population, the extraction of gold and silver, the global spread of American crops—, but he fails to mention let alone discuss the *genocide* of indigenous peoples, its military and economic power that facilitated the massive, historically unprecedented land grab.¹⁴⁸ While Frank pays little attention to European violence, he stresses over and over again that Europe did not possess,

¹⁴⁷ This is akin to stating that the earth is flat and pointing to the fact that it looks flat when one looks at it from the surface and ignoring all arguments to the contrary.

¹⁴⁸ *ReOrient*, 60.

or only briefly possessed, any superiority anywhere in the world until the 1800s, including military and naval power: “European ‘superiority,’ if any, was limited to naval gunnery and then only temporarily.”¹⁴⁹ Overall, European colonial and imperial history—the power relations, violence, and the economic and social consequences—are insignificant to Frank until the 1800s.

This is an odd position for someone who claims to be ‘anti-Eurocentric’, to put it mildly. Eurocentric history tends to do two things: gloss over the dark history of European expansion, and minimize the contribution of the brutal extraction of the world’s wealth to the establishment of the hegemony of the Global North. Frank does both. Meanwhile, he thinks he is being anti-Eurocentric simply by asserting that there was no European hegemony or preconditions for such hegemony before the 1800s. We might ask what exactly the Global South is to learn, practically and politically, from this message going forward. It seems that Frank is suggesting that doing nothing would be just fine, because the Global South (China in particular) used to be, and will soon again be the dominant centre of the world economic system.

Frank’s argument about Europe’s marginal role in the world economic system rests on his claim that the non-West was much richer in resources and surplus products that were traded globally. His argument is based on observation of quantities of commodities traded around the globe by particular regions and the level of European involvement in the trade. If a particular region’s trade was bigger in volume than Europe’s, for Frank this means that this region was more

¹⁴⁹ *ReOrient*, 196.

significant—which squares with his economic determinism thesis based on a simplistic quantitative logic. Also, if European control of a region’s trade was not dominant (for Frank ‘dominant’ seems to mean ‘more than half’ in terms of quantities), then Europe was not a powerful player in this region.

For example, to prove that Europe was insignificant in Africa, Frank argues that “[i]n the fifteenth century, intra-African trade far outweighed the better known African-European-transatlantic trade.”¹⁵⁰ He further contends (i) that African trade was oriented northward, (ii) that it grew during subsequent centuries, (iii) that Europe did not initiate Africa’s far-flung trade relations and division of labor, and (iv) that the trans-Atlantic trade did not replace the trans-Saharan trade. On the contrary, Frank insists, “the new maritime trade instead complemented and even stimulated the old and still ongoing overland trade.”¹⁵¹

However, contrary to Frank, the fact that Africa (on the same page Frank argues that the same logic applies to “West, South, Southeast, and East Asia as well”) had extensive trade before European encroachment does not in any way deny the reality of European power building up on the coasts of Africa—or anywhere else—before colonial domination came to full fruition.¹⁵² It is true that colonial apologists made claims about endemic poverty and absence of ‘civilization’ or even that lands were barren prior to colonization; that there were no people, there was no

¹⁵⁰ *ReOrient*, 232.

¹⁵¹ *ReOrient*, 72. Frank not only downplays European expansion of the slave economy into the “New World” and the slave trade, which brought so much suffering to the African peoples, he celebrates African trade without a hint of criticism of the Arab slave trade which comprised a substantial part of it. This seems to be a case of *romantic idealization* of non-European societies, especially those which had impressive trade.

¹⁵² As has often been noted, Africa is very rich in resources, but its people are poor. To follow Frank’s logic, the West has little to do with this state of affairs.

agriculture, no production, in other words, no functioning economy.¹⁵³ Such claims are typical of settler-colonial founding myths and racist imperial ideologies proclaiming ‘civilizing missions’ and the like. However, historical and social-scientific scholarship, against which Frank is arguing, does not make such claims. This is one of many cases of a straw-man argument in Frank’s book. Firstly, the fact that areas of colonial and imperial expansion were rich does not disprove European domination, but supports it. The whole point of domination is to appropriate other peoples’ *wealth*. Areas poor in labour and resources usually do not attract imperial expansion (unless there are some geopolitical considerations). Secondly, the mere fact that intra-regional trade remained larger in *volume* than trade with the colonial and imperial powers also does not disprove or diminish the reality of European *power*. Frank is completely silent about power relations, which would be key to evaluating European economic and military presence in Africa and Asia and its growing influence.

Moreover, it seems that Frank’s own evidence contradicts his conclusions. Two pages down the line, Frank states that the “major importers and re-exporters of both silver and gold bullion were western and southern Europe, to cover their own perpetual and massive structural balance of trade deficits with all other regions” and that “the Europeans were able to receive African and especially American bullion without giving much in return.”¹⁵⁴ Although this statement is vague, it does suggest that Frank alludes to European power, which was significant enough to

¹⁵³ Just think of the founding settler-colonial myths of the United States, Canada, Australia, South Africa and Israel.

¹⁵⁴ *ReOrient*, 74.

impose unequal relations, unless he thinks that Africans and Native Americans by nature do not oppose giving up their wealth for nothing. Clearly, at least in relative terms, neither Africa nor Asia was in a position of equal power in their dealings with Europeans. Size also matters, in the sense that we should ask how such relatively small regions could have achieved what they did. Unless there was a great imbalance of power, how could the small regions (especially from a global perspective) of Southern and Western Europe become major bullion movers on a global scale? How could they have achieved this feat from a position of (alleged) weakness, and be able to extract silver and gold from Africa and Americas *without giving much in return*? And how could Europeans from a position of weakness establish their colonies and trading posts? Frank does not bother with these questions. By his logic, if there is no proof that Europeans controlled all or most of the African and Asian economies, if European countries were not fully successful in establishing trade monopolies, then Europeans were not powerful in comparison to Africans and Asians. Surely, this reasoning is incorrect, even if we agree—for the sake of argument—that Frank’s evidence is correct. Moreover, it is hard to name a single Marxist historian who has claimed that European power was complete and uncontested.

That is not the only straw man that Frank knocks over. One of his key arguments about European marginality in the world is that European commodities were not competitive on the Asian market and that Europe did not create or dictate economic rules in Asia. Wallerstein, one of Frank’s main targets, responds that, not only does he not make such claims, he also does not know of a single historian

(Marxist or not) who has made such a claim for the period 1400-1800. What Wallerstein *actually* argues is that Asia was outside the Western capitalist economy during this period (which, for Wallerstein, explains why the seventeenth century crisis did not have the same effects there), but Europe certainly was expanding its role and playing its part in Asia's *relative* decline.¹⁵⁵

From this brief introduction to Frank's *ReOrient*, we can see that his rejection thesis is much more sweeping, goes much further than Wong's or Pomeranz'. Far from claiming fundamental similarity for the regions of Eurasia, he seems to think that Europe was actually the most marginal and undeveloped part.

7—Californians Explain the Divergence

As we have seen, a key theme of the California School is the contingent and 'accidental' nature of the great divergence. The Californians repudiate the idea of a 'unique', path-dependent and long-term European (or west European) development. They think such explanations imply that the industrial revolution and therefore the divergence were 'natural' or 'inevitable' outcomes, and they regard this perspective as being deeply Eurocentric. For the Californians, the divergence was a great historical rupture, occurring much later than the 'Eurocentric' accounts suggest—not at the beginning of the industrial revolution, but when industrialization literally and metaphorically picked up 'steam' around the middle of the 1800s. Wong and Pomeranz highlight the availability of large and easily accessible coal deposits in England. Pomeranz also argues that the 'discovery' and colonization of the 'New World' (due to its proximity to Europe) provided crucial 'ecological' relief in terms

¹⁵⁵ Wallerstein, 363-4.

of food and fuel. They present their arguments regarding ecological and geographical ‘accidents’ as being less ethnocentric than standard historiography of the divergence.

In addition to ecological and geographical factors, the Californians note other, seemingly less accidental ‘differences’. For example, Jack Goldstone emphasizes the “engine culture” and the “systematization of knowledge” as unique English characteristics taking root and affecting economic development already from the middle of the seventeenth century. However, despite this acknowledgment of the unique cultural, scientific and even economic character of England’s development (during which scientific and technological advances became important features of the entrepreneurial sphere), Goldstone argues that prior to the nineteenth century, economic growth—what he calls episodes of “efflorescence”—were not markedly different from all other pre-modern ‘efflorescences’ in world history, including such periods in China.¹⁵⁶ With the other Californians, Goldstone maintains that there was nothing in its period of ‘efflorescence’ prior to the 1800s that would guarantee or predetermine England’s overcoming of the Malthusian ceiling. Overcoming the demographic check on the economy was secured only by the steam engine and coal in the nineteenth century, and *that* was an accident of history.¹⁵⁷

Wong and Rosenthal note another long-term difference contributing to the divergence. In an argument common to many ‘orthodoxies’, they contend that

¹⁵⁶ Goldstone, “The Great and Little Divergence: Where lies the True Onset of Modern Economic Growth?” George Mason University and Woodrow Wilson Center Working Paper, Center for Global Policy, April 2015, 1.

¹⁵⁷ Goldstone explicitly recognizes that his emphasis on culture, science and technology is in line with Landes’ Eurocentric account. See Jack Goldstone, “Efflorescences and Economic Growth in World History: Rethinking the ‘Rise of the West’ and the Industrial Revolution,” *Journal of World History* 13 (2002): 323–389, see 362-3 (footnote 12), 366, 369, 377.

militarized competition and the fragmented nature of European state formation generated technologically innovative and capital-intensive economic developments.¹⁵⁸ In his “Ten Years After”, Pomeranz accepts this but he also insists on the ‘accidental’ nature of this European development. Pomeranz believes that if competition between Britain and France had ended in France’s favor, Britain’s lead in science and technology would not have acquired the necessary boost from colonial expansion.¹⁵⁹ For Pomeranz, British victory can be considered an historical accident. He remarks that “it is not hard to imagine a world in which different outcomes to political and military conflicts would have dulled the incentives to save labor and this made those technological advantages emerge more slowly or not at all.” Alluding to Goldstone, Pomeranz concludes that “[e]ven once some new machines appeared, it was not inevitable that this would lead to a sustained and growing divergence, rather than a one-off ‘efflorescence;” and reaffirming his earlier argument, he states: “For resource-intensive growth to be sustained, a release from resource constraints was crucial.” Before the “great divergence,” Pomeranz argues, there may have been “smaller divergences”; but it was a fortuitous merging of these smaller divergences that ultimately led to the great divergence. Here again, we see the Californians’ aversion to long-term historical explanations.¹⁶⁰

¹⁵⁸ *Before and Beyond*, 6.

¹⁵⁹ Pomeranz’s counterfactual claim seems to deemphasize the scope of French colonial expansion, which, in absolute terms was far from being insignificant even though it was surpassed by the British.

¹⁶⁰ “Ten Years After,” 24. One could argue that these smaller divergences require explanation, and if our explanation points to important differences in European or English history, then these divergences would need to be more seriously considered in comparative history, probably undermining the ‘similarities’ thesis. Pomeranz does not seem to think so, however.

In general, while there are certainly differences among the Californians' in their explanations of the divergence, what remains common to all of their accounts is the emphasis on the accidental nature of the onset of self-sustaining growth and its quantitative leap in the second half of the nineteenth century.

Accentuation of discontinuity, chance, coal and steam in the history of modern growth is not original to the Californians. E. A. Wrigley, whom the Californians duly credit, was first to develop an argument tying the moment of the great transformation to the mid-1800s when coal and steam produced self-sustaining economic growth reliant on an endless supply of fossil fuel. Wrigley opposed the thesis of transformation as a unitary phenomenon commencing with the onset of the industrial revolution in 1760-80.¹⁶¹ However, while the Californians' commitment to Wrigley's scholarship is unequivocal, there are important differences.

The originality of Wrigley's thesis lies in his claim that the most important change, which set first England and then the rest of the world on the path to self-sustaining economic growth, was the switch from 'organic' to 'mineral-based' (fossil fuel) sources of energy. Before the transition, every economy depended on land—fields and forests—for energy. Organic sources of energy are finite and limited by photosynthetic productivity; with increasing population, this means constrained possibilities for growth. The English economy saw an unprecedented growth in the use of coal long before the onset of the industrial revolution; but the fundamental

¹⁶¹ In the words of Andreas Malm, Wrigley is considered the “doyen of modern research on the role of energy in the Industrial Revolution” (Andreas Malm, *Fossil Capital: The Rise of Steam Power and the Roots of Global Warming*, Verso, 2016, Kindle Locations 443-444).

breakthrough, freeing England from the constraints of the 'organic economy', came with the combination of coal, steam and mechanical sources of energy on a vast scale. Wrigley, unlike the Californians, believes that the early modern development of England was unique; England not only experienced growth, but also "a massive restructuring of the economy."¹⁶² On the eve of the transition, England was in the 'advanced' stage of its 'organic' economy. It was a capitalist economy undergoing urbanization, population growth beyond the continental norm, its use of animal power and coal use 'without parallel elsewhere', among other 'differences' from the orthodox menu. However, Wrigley argues, this development did not *guarantee* unlimited prospects for growth.¹⁶³ The transition from the 'advanced organic' to the 'mineral-based energy' economy (what others call the transition from pre-industrial to industrial capitalism), was not to be 'expected'; it was, as Wong puts it, "initially casual rather than causal."¹⁶⁴ The real transition was rooted neither in changes to the institutional/structural framework of the society, nor in its political history, but in the developments in 'material technology'; and *this* change, according to Wrigley, is best described as 'coincidental.'¹⁶⁵

Although Wrigley's transition thesis appears to take a qualitative form—from 'organic' to 'inorganic' economy—, his argument, in effect, refashions the industrial revolution from a (long-in-the-making) qualitative transformation into a purely quantitative leap; or so I will argue. Furthermore, I will argue, while Wrigley's

¹⁶² E. A. Wrigley, *Continuity, Chance and Change: The Character of the Industrial Revolution in England*, Cambridge University Press, 1990 (first published in 1988), 37 and chapter 3, "The mineral-based energy economy," 68-97.

¹⁶³ *Ibid.*, chapter 2, "The advanced organic economy," 34-67.

¹⁶⁴ *Ibid.*, 104, 115.

¹⁶⁵ *Ibid.*, 118, 130.

account has a celebratory Eurocentric overtone, in terms of social scientific methodology, it is inferior to the more “orthodox” accounts of the industrial revolution. The Californians uncritically adopt both the thesis and the method—though they supplement Wrigley’s account with the worldwide or Eurasian ‘similarities’ thesis, and they downplay England’s uniqueness. What we need to ask is how (and why) Wrigley’s ‘explanation’ of the industrial revolution actually *explains away* (a) England’s developing capitalism, which he notes was a unique and uniquely dynamic socio-economic system, and (b) the steady increase in England’s use of coal since the early modern period—the two facts he emphasizes more explicitly than do the Californians by distinguishing England’s development as ‘the advanced organic economy’.

In Continuity, Chance and Change: The Character of the Industrial Revolution in England, Wrigley argues:

The transition from an advanced organic to an energy-based mineral economy was long-drawn-out. In the sense that mineral sources of heat energy began to replace earlier alternatives as early as the later sixteenth century on an appreciable scale, it was under way in Tudor times. In the sense that productivity changes closely linked to the use of the new sources of mechanical energy were still affecting only a small fraction of the labour force at the end of the first third of the nineteenth century, a largely organic economy continued as the dominant mode until well into that century. That the *trend in real income per head* should have been *uncertain* until such a late date is not surprising. *If real income is treated as the key defining characteristic of the industrial revolution, then it follows that the latter also was not unambiguously established until the second half of the nineteenth century.*¹⁶⁶

¹⁶⁶ *Continuity, Chance and Change*, 95, (emphasis added). Wrigley notes that the idea of economic growth as a process involving both rising per capita productivity and income goes back to Smith’s *Wealth of Nations*, somewhat contradicting his argument that Smith, Ricardo and Malthus could not and did not analyze self-sustaining economic growth, which occurred later in the 19th century with the transition to mineral-based energy sources (Wrigley, 10). Goldstone also places the divergence in the middle of the 19th century based on this understanding of the industrial revolution in terms of rapidly rising income per capita. We have also seen that Wong and Rosenthal want to tie the great

Of course, *if* we define the industrial revolution primarily in terms of real income growth, then Wrigley may have a case; but this begs the question, ‘*Why* should we define it this way?’ Despite his explicit recognition of the long-term nature of the transition to coal and institutional transformation in England, Wrigley chooses to emphasize economy-wide and rapidly rising per capita productivity and income in the latter half of the nineteenth century—a quantitative leap.

To bolster his case for the nature of the transition to self-sustaining growth—from ‘uncertain’ to ‘certain’ growth without limits¹⁶⁷—, Wrigley puts forth two claims: (i) the classical political economists could not have predicted limitless growth and they were right to foresee limitations to growth imposed by land; and (ii) the example of Holland, with its similar institutional developments but an absence of endogenous industrialization, refutes long-term institutionalist explanations. Based on these two premises, Wrigley claims that the logical conclusion is that the transformation was very much a chance event; it can only be explained in terms of England being ‘blessed’ with vast coal deposits and the concomitant technological progress based on this. Wrigley further claims that this ‘technological’ thesis is better suited than a Marxist or any other ‘institutional

divergence to the income per capita divergence. Associating modern growth with rising income is common among neoclassical economists, and one can see its ideological value for capital. But it is less clear how defining the industrial revolution in terms of rising income is useful for historical explanations of its onset. Such a definition not only diminishes earlier industrial development (1760-1830), but also would imply (absurdly) that the industrial revolution continues as long as modern growth and rising incomes do.

¹⁶⁷ The level of certainty, in fact, changes significantly depending on temporal viewpoint; every single prediction of the future is uncertain, while many historical perspectives on the past are quite certain. We know—or at least there is a majority consensus—that there was an industrial revolution that set the world on a self-sustaining growth path, but even at present there is no certainty whatsoever that it will continue indefinitely. Availability of fossil fuel and its increasing use in the 19th century did not assure growth on its own, just as the availability of green energy technology and sources does not guarantee that humanity will switch to a sustainable economy in time to avoid a climatic catastrophe.

framework of growth' theory to explain the ease with which industrialization spread. For Wrigley, "coincidence rather than necessity in the land of its origins, its subsequent successful translation to other countries with very different social, political, legal and economic structures is not a matter for great surprise"—that is, if his 'coincidence' explanation is adopted. Because they see the industrial revolution as a 'unitary and progressive phenomenon,' Marxists cannot, Wrigley thinks, overcome obstacles to explaining industrialization beyond England. Because Marxist theory of history, according to Wrigley, is based on the rigid necessity of sequential stages of development, Marxists cannot explain either capitalism without feudalism preceding it, or non-capitalist industrialization.¹⁶⁸

Such characterization of Marxism will be addressed in subsequent chapters. Likewise, it will be argued that Holland's failure to industrialize independently does not justify abandoning all Marxian theories of capitalism or institutional framework theories. Here, suffice it to mention that Brenner's careful historical analysis does offer an explanation for Holland's 'failure' to industrialize in "The Low Countries in the Transition to Capitalism."¹⁶⁹ In this section, I will focus on the logic of Wrigley's and the Californians' theses and argue that they are unconvincing.

¹⁶⁸ *Ibid.*, 118. Wrigley seems to contradict his "coincidence rather than necessity argument" only three pages earlier where he states that "To succeed in breaking free from the limitations experienced by all organic economies, a country *needed* not only *to be capitalist in the conventional sense*, to have become modernized, but also to be capitalist in the sense that its raw materials were drawn increasingly from mineral stocks" and have vast and accessible deposits of them (115, my emphasis).

¹⁶⁹ Robert Brenner, "The Low Countries in the Transition to Capitalism," *Journal of Agrarian Change*, Vol. 1, No. 2, April 2001, pp. 169-241.

First, even granting Wrigley's claim about "neutrality of the new sources of growth with respect to social and political context",¹⁷⁰ he, in effect, offers nothing to explain the great divergence and the persistence of great inequalities. If fossil fuel was 'neutral' and all that mattered was whether a country was 'blessed' with it, as Wrigley suggests, then would we not see the highest economic development in fossil fuel rich countries? If neither institutions nor 'chance' can explain the divergence, we seem to be left with a Eurocentric explanation in terms of 'culture' (or perhaps 'race'). In the context of the California School, the question remains: If coal was crucial, why was it not China, with its rich economy and known and accessible deposits of coal, that broke free from the constraints on growth?

Wrigley assumes that classical political economists' concerns with limits to growth were appropriate in the pre-fossil fuel context in which they lived. So he thinks Smith, Ricardo and Malthus were right to see limits arising from the finite supply of land and, therefore, energy. Yet the classical political economists, as well as Wrigley and the Californians, assume that the *impetus* to constant growth is present in latent form in *all* societies. Fossil fuel, according to Wrigley, removed the 'constraints'¹⁷¹ on the 'natural' process of development, giving human nature free rein first in England and then everywhere else. The argument is problematic, as Andreas Malm observes:

Since that which requires explanation is postulated as biding its time, the transition itself becomes a mere formality, provoked by a quantitative gap between demand for and supply of energy. The fossil revolution is not a rupture separating two distinct orders from each other; the problem of how

¹⁷⁰ *Ibid.*, 118.

¹⁷¹ These constraints on growth, for Wrigley, correspond to Smith's 'pessimism', Ricardo's looming 'stationary state' and the Malthusian 'trap.'

one type of economy mutated into another is assumed away and restated as a gradual, incremental process—exponential once scarcity had been overcome.¹⁷²

Malm correctly stresses the circularity and hence the non-explanatory character of Wrigley's account: "the shift to fossil fuels is explained by the impossibility of self-sustaining growth without them, the onset of self-sustaining growth by the shift to fossil fuels" and the transition occurred "because humans act that way."¹⁷³

Manifestly, as was noted earlier, the most difficult question Wrigley and the Californians do not pose or answer concerns the causes of continuous and uneven growth. Even if we were to assume that 'chance and coal' explain the onset of self-sustaining growth in England in the 1800s, 'chance and coal' cannot explain growth beyond the point of transition.¹⁷⁴ If pressed, perhaps Wrigley could appeal to his 'advanced stage of organic economy' in England to explain the divergence. Unlike the Californians, Wrigley does not deny that the classical economists lived in and analyzed an economy (England's economy) strikingly different from most other economies (apart from the Netherlands), an economy characterized by *capitalist* growth. However, like the classical economists, Wrigley thinks that northwest-European development was a 'natural' development. The uniqueness of England

¹⁷² Malm, *Fossil Capital*, Kindle Locations 5209-5213. Malm elaborates on Wrigley's method of establishing the date of the transition: "One method used by Wrigley and his followers to illustrate the logic is to convert coal into acres of land required to generate the same amount of energy. In 1750, all coal produced in England would have equalled 4.3 million acres of woodland, or 13 percent of the national territory. In 1800, substituting wood for all coal would have demanded 11.2 million acres, or 35 percent of the British land surface; by 1850, the figures had risen to 48.1 million acres and 150 percent, respectively. As early as in 1750, then, a hypothetical total conversion from coal to wood in the British economy would have 'represented a significant proportion of the land surface for which there were many other competing uses'; in 1800, it would have been 'quite impractical'; in 1850—the threshold of 100 percent crossed—'self-evidently an impossibility'. In other words, 'in the absence of coal as an energy source, Ricardian pressures would have become acute': forests denuded, soils exhausted, growth grinding to a halt." (Kindle Locations 474-481).

¹⁷³ Malm, Kindle Locations 5215-5222.

¹⁷⁴ Malm, Kindle Locations 5223-5225.

was in the way it overcame ‘constraints’, first through structural changes, then through the discovery of coal. Wrigley’s main innovation is his claim that nineteenth century growth had only an accidental relation to prior development.¹⁷⁵ This is supported by contrasting English ‘success’ with Holland’s ‘failure’. The Californians, on the other hand, see the whole world as developing along similar lines and so they do not have even Wrigley’s (unsatisfactory) basis to develop a consistent explanation. Their world of ‘striking similarities’ experienced only episodic and infrequent spurts of growth or *similar in kind* ‘efflorescences’. The Californians are thus in no position to provide an explanation of continuous growth.

It may also be worth adding a note on the ideological nature of Wrigley’s account. To re-define the industrial revolution, modern economic growth and/or the great divergence in terms of rapidly rising real wages and living standards, as Wrigley and Goldstone propose,¹⁷⁶ rather than by structural changes—changes in

¹⁷⁵ Wrigley, 4.

¹⁷⁶ Wrigley, 11, Goldstone, 123. The Californians repeatedly allege that the orthodoxies falsely claim that (i) Europe was uniquely wealthy long before the 19th century, and (ii) the industrial revolution from the beginning produced vast amounts of wealth setting Europe (or first England and then Europe) apart. In “Ten Years After,” Pomeranz moved his dating of the per capita income divergence between England and the Yangzi Delta and between Europe and China to 1700-1750, nonetheless noting that this earlier divergence was insignificant (24). Pomeranz continues to insist that this earlier date is still much later than the “orthodox” claims about early modern European divergence prevalent at the time of his writing *The Great Divergence*. However, neither of the two sources he cites—Landes and Maddison (Pomeranz’ reference for Maddison— *Monitoring the World Economy, 1820–1992*—does not even cover the relevant time period)—made such claims. Just as the Californians, most “orthodox” scholars see significant quantitative changes taking place during and after the industrial revolution. Landes explicitly states that in his view self-sustaining growth began with the industrial revolution, that prior to this all societies experienced a Malthusian check, that the industrial revolution did not begin until 1770—a standard date—and that the new trends in growth began no more than a decade before (Landes, 186-7, 193). Regarding per capita income, Landes states that, “in 1750, the difference between western Europe (excluding Britain) and eastern [Europe] in income per head was perhaps 15 percent; in 1800, little more than 20. By 1860 it was up to 64 percent; by the 1900s, almost 80 percent. The same polarization, only much sharper, took place between Europe and those countries that later came to be defined as a Third World—in part because modern factory industries swallowed their old-fashioned rivals, at home and abroad” (Landes, 195). Landes is quite clear that it was industrialization that caused the income per capita gap and its

the dynamics of growth rooted in class inequality and exploitation—does seem to obscure the underlying power relations and their effects on who benefited the most from economic growth.¹⁷⁷ In their discussions of rising incomes, neither Wrigley nor Goldstone mention the struggles of the working masses for wage increases, shorter working hours, safer working conditions, facing fierce opposition and bloody suppression of their unionizing efforts. When fossil fuel, ‘coal and colonies’ or ‘coal and steam’ are presented as the principal factors accounting for the rising standards of living, we are left with the impression that (i) fossil fuel based growth is good, (ii) it is good that it is spreading around the world, and (iii) there is not much people who are left behind can hope for other than to wait for more growth and fossil fuel to descend upon them. Leave aside, for the moment, the obvious problems associated with fossil fuel and climate change. In relation to growth, of course it is perfectly true that growth of labour productivity is a necessary condition for rising per capita income, but the connection between labour productivity and the prosperity of the masses is far from being as clear-cut and automatic as the classical

growth. His central thesis is that Europe developed a peculiar culture, which gave it an edge over Asia, and which made it *likely* for the industrialization to occur there rather than anywhere else. What truly distinguishes all “orthodox” scholarship from the California School are the qualitative arguments, however diverse, which compete to explain why it was Europe (or parts of Europe) and not China or somewhere else that had the industrial revolution by finding causal ‘differences’ *before* the actual ‘event’ occurred. Landes notes that statistical arguments are unreliable (196-7). Nicolas Crafts, challenging the Californians’ similarities thesis by arguing for *structural* differences, contends that the industrial revolution was a protracted, sectoral and uneven process, that this was well established by the 1980s, and that recent research provides much better accounts of structural change, which among other things “show that employment in the British economy was already much more industrial (and less agricultural) in the mid 18th century than the crude estimates previously available had indicated,” (Nicolas Crafts, “Productivity Growth during the British Industrial Revolution: Revisionism Revisited”, 2014, Working Paper Series 204, Warwick: University of Warwick, 1. Online access:

https://pdfs.semanticscholar.org/b8ed/147ee065141c7c7cb69ac82a840672c2d3ca.pdf?_ga=2.48166375.1950724824.1568563312-1371983739.1568563312)

¹⁷⁷ It is understood here that it remains to be shown that class based analysis provides superior explanations.

and neoclassical economists as well as the Californians and Wrigley suggest. It would be more accurate to say that labour productivity growth has been a necessary condition for growing inequality, for the concentration of power among the wealthiest few, increasing the insecurity of the many (and endangering the planet's ecosystems). To ignore or downplay structural, institutional causes of growing inequality, to gloss over the fact that workers' income is constrained by class inequality *despite* constantly rising labour productivity, that inequality tends to increase when working classes lose out in their political struggles against the employer class—as is evident under the current 'neoliberal' global order—, and to naturalize capitalist economic growth by appealing to universal human characteristics and fossil fuel, is to feed into a conveniently selective narrative, one that provides support to the widely held view that there is no alternative to capitalism.¹⁷⁸ Moreover, the practice of taking England's experience and universalizing it, criticized by the Californians, is exactly what the Californians do themselves. They contend that England (however accidentally) overcame constraints to economic growth—constraints that they believe were correctly analyzed by the English classical political economists; and like the latter, the Californians, in a sense, universalize the English experience, projecting the classical economists' expectations of growth onto other parts of the world. Like many Eurocentric scholars before them, the Californians seem to measure the rest of the

¹⁷⁸ Note that it is not only Marxists who object to these notions. For non-Marxist critiques of classical and neoclassical economics and their penchant for 'naturalizing' capitalist behavior, see John Kenneth Galbraith, "Economics as a System of Belief," *The American Economic Review*, 60:2, 1970, 469-78; Jon D. Hanson and David G. Yosifon, "The Situation: An Introduction to the Situational Character, Critical Realism, Power Economics, and Deep Capture," *University of Pennsylvania Law Review*, Vol. 152, 2003-2004, 129.

world in terms of the classical economists' expectations of growth and in the end see much of it as 'failing' to live up to these expectations, coal or no coal.

Chapter 4

1—The California School and India

In *Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600-1850* (2011), Prasannan Parthasarathi argues that there are three main factors which explain European divergence when compared to India, beginning with the British industrial revolution in the mid-nineteenth century: 1) the world market—particularly the competition faced by England from the Indian textile industry; 2) ecology—shortages of wood for fuel in England and replacement of wood by coal; and 3) the state—state activities which facilitated responses to the first two factors in such a way as to set Britain on the path of economic growth and technological advancement. Other European states (and Japan) followed the British by adopting state policies most suitable for promoting economic growth and dealing with pressure factors and needs. India and China, the other two highly and more or less equally developed regions, did not experience the same kind of challenges, therefore did not develop the same kind of responses, especially by their states. Moreover, India, Parthasarathi's main focus, was prevented from further economic and technological advances by the machinations of the colonial regime. British rule in India began to dismantle the Indian cotton industry in order to promote its own, and undermined technological development in other areas by adopting policies that

contributed to deskilling the Indian labor force and prevented it from keeping pace with industrializing regions. British rule, Parthasarathi stresses, set India on a path of prolonged economic decline. In this section, I contend that Parthasarathi's arguments boil down to incoherent and inconsistent claims that i) the European take-off was a miracle (because Europe wasn't really different), and ii) the states played a crucial role in the levels of development, i.e. the states 'chose' prudent or imprudent policies based on the prevailing ideas among the policymakers and the different 'challenges' they faced. The latter point does not square with the similarities argument—if 'challenges' were different then there were important differences among societies or regions. Furthermore, in his historical idealist approach, Parthasarathi fails to explain what makes different states adopt different ideologies. All in all, Parthasarathi's book fails to provide coherent explanations for either similarities or differences and thus fails to answer the questions he poses.

In line with the Californians, Parthasarathi also argues that previous scholarship has focused too much on differences between Europe and Asia in attempts to explain the divergence and as a result failed to provide accurate accounts or credible explanations. He believes that paying attention to similarities is more beneficial in this context and that there were "profound similarities in political and economic institutions between the advanced regions of Europe and Asia."

Parthasarathi says he "rejects claims for European difference" prior to the nineteenth century. Echoing Pomeranz, he continues:

This does not mean that these regions were identical. While there were some areas of economic life in which Europe was more advanced, in others the opposite was the case. However, the stark differences that were once

believed to be plausible explanations for Europe's divergence are looking less stark and less plausible.¹⁷⁹

Parthasarathi proposes an alternative understanding of the divergence. He claims that what he calls the binary approach (either successful or failed road to industrialization) is misleading. He points out (correctly, if unoriginally) that there are “plural paths of change” but without outlining the different paths to modern growth various regions took. In chorus with the California School tradition, he simply rejects the usual ‘orthodox’ explanations but does not provide good arguments as to why these are faulty. He contends that “Britain diverged from Asia, as well as other parts of Europe, not because it possessed rationality, science, markets, *capitalism* or anything else in greater abundance, but because the pressures and needs it faced—in combination with its state policies—produced a revolutionary response.”¹⁸⁰

Uniformly with the Californians, Parthasarathi denies the significance of Europe developing a unique socio-economic system—capitalism. Does he really demonstrate that capitalism or its significance is a myth? Does he really show that India and China were quite similar to Europe during this period? Finally, with his own account, does he make a strong case for explaining the divergence in terms of the role played by cotton, coal and the state? Let us look a bit more closely.

Like Frank, Parthasarathi glosses over significant differences in socio-economic structures, the workings of distinct ‘modes of production’. For example, in his analysis (which seems to focus more on appearances than content), if India

¹⁷⁹ Parthasarathi, 1.

¹⁸⁰ Parthasarathi, 2, emphasis added.

experienced great market growth from the late 1500s to the 1700s, this is enough to deem India very 'similar' to Europe; and since Indian interest rates, when considered in aggregate, were similarly low as in Europe, this is supposed to be evidence that the credit system was the same.¹⁸¹ When he notes that merchants in India were thriving, he concludes that institutional property rights were equally developed. But Parthasarathi does not provide institutional analysis or satisfactory empirical evidence; he deduces his conclusions from observations of some general outcomes.

Parthasarathi rejects the idea that the development of European capitalism was a precondition of the Industrial Revolution. Specifically, his target is Brenner's analysis of the development of agrarian capitalism in England. As we have noted, Brenner argues that social property relations are central for understanding the economic dynamics of a society, that depending on the type of class structure as embodied in property relations, different societies adopt different 'rules for reproduction' leading to different developmental (or non-developmental) trajectories. Only in England did the development of capitalist property relations in agriculture lead to sustained economic growth that was marked by sustained growth in labour productivity. The economic patterns that followed upon these property relations, Brenner argues, paved the way for the development of industrial capitalism. Parthasarathi, however, claims that, "while the productivity of land in England doubled between the late Middle Ages and the early eighteenth century, it is difficult to find evidence that agriculture made a profound contribution to

¹⁸¹ Parthasarathi, 4-5.

industrial development in the eighteenth and early nineteenth centuries... the growth rate of agricultural output was much lower than that of population during the British industrial revolution."¹⁸² Parthasarathi denies the agricultural contribution to industrialization based on the fact that Britain's population was increasingly dependent on food imports and saw a decrease in consumption especially during difficult times, when many went hungry. He points out that the British working classes were worse off than their counterparts in India in their food consumption and the length of the working day. However, Brenner's argument, contra Parthasarathi, is not just about the ability of agriculture to satisfy the food requirements of the population (although, of course, rising agricultural productivity played a major role in the absolute and relative growth of the urban population), and not at all about the state or private interests aiming at increasing the well-being of the working population beyond the necessity of maintaining its sufficient reproduction. In fact, on the latter point, in his *Origin of Capitalism in England, 1400-1600*, Spencer Dimmock shows that the transition to capitalist farming led to an *increase* in poverty among the dispossessed peasants.¹⁸³ Indeed, typically Marxist writing on capitalism stresses that capitalism 'gives with one hand and takes with the other', so to speak, causing the dispossession and immiseration of workers, if not in absolute terms, then at least in relative terms.

Brenner argues that the period of productivity growth of both land and labor in British agriculture that began in 1500 and continuing through the industrial revolution followed from the prior appearance of a set of social property relations.

¹⁸² Parthasarathi, 68.

¹⁸³ *Origin of Capitalism in England, 1400-1600*, 320.

Dimmock provides detailed analysis of historical evidence to confirm the leading role of farmers and landlords in driving the change in the organization of agriculture—by enclosing and enlarging farming, turning smaller subsistence peasantry into wage workers, ending customary rent, establishing competitive markets in rent and market dependence of the main economic actors, i.e., the capitalist triangular social class structure of capitalist landlords, capitalist farmers and wage-workers.

England's agriculture developed unique *social relations*—capitalist social relations. It is on the basis of these social relations, not simply land productivity but crucially labor productivity, that a capitalist dynamic of economic growth spilled into manufacturing—from which the capitalist industrial revolution sprung. Profit-oriented competitive market imperatives, the dependency of the working class on a wage for its reproduction, and the dynamic of self-sustained growth were crucial factors. This is (curiously) ignored by Parthasarathi.

Parthasarathi also contends “there is little indication that agriculture was decisive as a home market for manufactured goods.” He continues:

Patrick O'Brien and Nicholas Crafts, in separate studies, estimated that consumption of manufactures by agriculturalists increased by 30 percent in the eighteenth century. In that period, manufacturing output increased threefold. After 1800 agriculture's consumption of manufactures became even less important and urban and export markets were more important.

Parthasarathi reasonably concludes: “Clearly more than agricultural improvement was necessary to meet the demand for the products of British industry.”¹⁸⁴ But again he misrepresents Brenner. Brenner does not argue that the role of agriculture in

¹⁸⁴ Parthasarathi, 68-71.

industrialization is to provide a market for *all* manufactured goods. The importance of the home market—which, according to Parthasarathi, grew by 30 percent in the eighteenth century, a decline in the rate of growth when compared to the sixteenth and seventeenth centuries but nonetheless considerable growth—was to provide the initial outlet during the establishment of industry and its taking root. Crucially, the fact that urban demand was large is explained by agricultural labour productivity growth and declining proportion of labour engaged in agriculture (and concomitant increase of urban population). Export markets undeniably were crucial as well but more so *after* capitalist self-sustained growth established in agriculture spilled into manufacture and industry. Neither Brenner, nor Marxists generally, ignore the importance of capitalism’s global expansion. In fact, even Marxist theorists who emphasize under-consumption as the main ‘problem’ of capitalism do not see this as a ‘weakness’ of capitalism but as the dynamic that drives its global expansion—this is central to Rosa Luxemburg’s and Lenin’s theories of imperialism, further developed by David Harvey.¹⁸⁵

Parthasarathi’s case against Brenner—and against the idea that there was anything significantly unique about European capitalism—rests on his view that India was not significantly different, or that its differences do not explain the divergence. To make his case, he points to the existence of a large manufacturing

¹⁸⁵ Rosa Luxemburg, *The Accumulation of Capital* (1913), Vladimir Lenin, *Imperialism, the Highest Stage of Capitalism* (1917), David Harvey, *The New Imperialism* (2003) and Richard D. Wolff, *Capitalism’s Crisis Deepens: Essays on the Global Economic Meltdown* (2016). The under-consumption view is vigorously opposed by Marxists who emphasize the tendency of the rate of profit to fall and declining investments as central features of capitalism’s crises. For example, in *The Long Depression* (Haymarket, 2016), Michael Roberts argues that under-consumption is a symptom, not the cause of crises under capitalism. Robert Brenner emphasizes over-accumulation in his *The Economics of Global Turbulence* (1998) and *The Boom and the Bubble* (2002) also arguing for the centrality of the tendency of the falling rate of profit under capitalism.

sector—cotton textiles in particular—and to Indian exports of grain.¹⁸⁶ Once again, the distinctiveness of the social relations play no role in his analysis; he does not even provide adequate data for productivity and he completely ignores per capita productivity growth in England—the most telling dynamic in *capitalist* production emphasized by Brenner. Neither the existence of trade nor a surplus product, nor high productivity in absolute numbers alone can establish that Indian economic *dynamics* were on a par with those of Europe.

In keeping with anti-Marxist versions of anti-Eurocentrism, Parthasarathi does not find the term ‘capitalism’ useful and favors the idea of a *plurality* of paths to what he calls ‘industrial society’. He does not provide an account of what he considers the fundamental dynamics of economic growth. He correctly notes that for “Marx, it was capitalism which produced Europe’s divergence.” Parthasarathi outlines his dissatisfaction with Marxian histories as follows:

This method [seeing capitalism as a unique system first developed in Europe, and not elsewhere] assumes the same endpoint for economic development in all places and in all time. That end is modern industrial society. In the eighteenth century, the advanced areas of Europe followed the natural path to industry, while the economically developed parts of India and China were blocked, but they too would have taken that path if they had possessed the European features that they lacked. This method is anachronistic because it projects industrial society—an economic and social order which emerged in the nineteenth century and only then became universally desired—into earlier historical periods.¹⁸⁷

Not many scholars familiar with Marxism would recognize its ‘method’ in this passage. But let us pose these questions. First, does explaining Europe’s

¹⁸⁶ In “India and the Great Divergence: Assessing the Efficiency of Grain Markets in Eighteenth- and Nineteenth-Century India” (*The Journal of Economic History*, 68:2, June 2008, 393-437), Roman Studer argues that, contra the Californians, recent grain price based research confirms the fragmented nature of long-distance trade and the highly local nature of grain markets in India until the 19th century.

¹⁸⁷ Parthasarathi, 7-8.

development in terms of capitalism as a unique system necessarily commit Marxian historians to anachronistic views on the non-European world and pre-industrial Europe? Does Marx assume that it is the "end product of all economic development" let alone that it spreads wherever it is felt desirable? Finally, does Parthasarathi himself escape using 'industrial society' as a kind of baseline or measuring stick for writing world history and for accounting for India's path to economic development?

To answer the first question, we need to elaborate on what Marxists say about the uniqueness of European capitalism in the early modern and modern periods and what questions historians seek to answer. Whether Marx's theory of history—positing developmental stages from feudalism to communism via capitalism—is correct or not, his prediction made in the *Communist Manifesto*, that capitalism will spread around the world and in some ways make the world in its image, has of course come true. Parthasarathi does not doubt that we do live in an industrialized world (albeit, a world with highly uneven development, not quite 'the same endpoint for economic development in all places and in all time'). This is more or less undisputed. Of course, as we have seen, there are scholars who insist that there is no such thing as capitalism—e.g. Frank—or that capitalism is part of human nature and has thus, somehow, always been with us. Parthasarathi recognizes the historical discontinuity in the nineteenth century, which eventually changed the world as a whole. For him, the problem arises when we try to explain the preconditions for this revolutionary change. He believes that the preconditions for industrialization were also present in India and China before the nineteenth century. But capitalism was not a universally *desired* system and Asian economies

were growing and developing in their own manner; at the same time, for Parthasarathi, this was not a unique way. Europe, Parthasarathi stresses, did not consciously set itself on the path of industrial revolution before it happened and so he thinks Europe was not different from Asia in any relevant sense. Logically, then, Europe, which did begin to industrialize in the nineteenth century while Europeans did exhibit a conceptual understanding of this development, diverged suddenly, without any special preconditions. So, just as with Frank, Wong, and others in the California School, we have here an affirmation of a European miracle. But do Parthasarathi's arguments actually confirm this picture?

Again, in Parthasarathi's view it was the combination of cotton, coal and the state that led to the sudden and unintended divergence that first appeared in Britain. The first condition is external—Indian cotton textiles in global competition—and therefore cannot be considered as a special characteristic of Britain. The second is ecological—not an individual or social choice—thus also not a specific national characteristic of Britain. Only the third condition—the state—is internal and related to the society.

So for Parthasarathi, the European states and Japan—starting with Britain and copied by others with suitable contextual adjustments—responded to pressures and needs in a distinctive, revolutionary manner. On the one hand, Parthasarathi wants to argue that Asia and Europe, the two advanced regions, were so similar in their institutions that differences between them cannot account for the divergence. On the other hand, he asserts that there were "*plural paths of change*, which were the product of the pressures and needs that the dynamic and *diverse economies* of

Europe and Asia faced.”¹⁸⁸ Surely, there is some tension between this claim and the thesis that institutional differences do not carry sufficient weight to explain the divergence. Throughout the book, Parthasarathi claims that similarities explain the *absence* of divergence between Europe and Asia before the nineteenth century. To repeat a telling passage from his ‘Introduction’, alongside a statement about similarities, he remarks, “Britain diverged from Asia, as well as other parts of Europe, not because it possessed rationality, science, markets, capitalism or anything else in greater abundance, but because the pressures and needs it faced—*in combination with its state policies*—produced a revolutionary response.”¹⁸⁹ European *states* followed Britain’s example—the states protected home industries, steered investments, created and protected markets—in order to develop along the industrial path. Then, on page 224, Parthasarathi asks why the advanced regions of India and China—major global economic centres in the eighteenth century—were unable to follow France, Belgium and Germany and to emulate British successes. It turns out that “the divergence between Europe and Asia is not only about the rise of Europe, but also about the *failure* of much of Asia to keep pace.”¹⁹⁰ The failure, in part, can be attributed to the state, but Parthasarathi does not analyze the differences in state formation between Europe and Asia, he merely notes that the states took different actions reflecting different attitudes. Thus, the states were similar but pursued different policies—though we lack a sufficient, clear explanation of the underlying differences. What we end up with is a European revolutionary

¹⁸⁸ Parthasarathi, 2, emphasis added.

¹⁸⁹ *Ibid*, emphasis added.

¹⁹⁰ Parthasarathi, 224, my emphasis.

change without any significantly unique preconditions, and a *failure* on the part of Asia to follow in Europe's steps, also without any significantly unique preconditions. Thus, what seems to set Parthasarathi's approach apart from much of the historical scholarship—and Marxism in particular—is that he refuses to explain the divergence in terms of *different* historical, structural or institutional preconditions. But that is not quite so either. As a historian he cannot avoid discussing pre-nineteenth century Asia and Europe, and when he does he finds plenty of differences. He just refuses to provide deeper analysis and marginalizes these findings.

There is another gap between declared goals and actual construction of arguments in *Why Europe Grew Rich*. Parthasarathi claims that his approach to the nineteenth-century divergence will utilize methods from twentieth-century behavioral psychology economics.¹⁹¹ He states that, "neither Europeans nor Asians in the seventeenth or eighteenth centuries were attempting to develop an industrial society." But, of course, neither Marx, nor Brenner, nor Weber claimed that they were or that capitalism developed from an *idea* or intentional design. For Parthasarathi, "Only from the nineteenth century did men and women make economic and political choices with that goal."¹⁹² He stresses the role of individuals in making the Industrial revolution, which happened spontaneously as an unintended outcome of economic processes. But despite making a claim for the decisive role of the individual, *Why Europe Grew Rich* is not about individual actors. At no point in the book do individual actors become Parthasarathi's focus. There are

¹⁹¹ Parthasarathi, 14.

¹⁹² Parthasarathi, 9.

no micro-economics theoretical explanations or accounts of individual historical agency leading through clear mechanisms to macro-outcomes.

Nonetheless, Parthasarathi poses the question why India and China ‘failed’ to follow in Europe’s path even after industrial society became, in his view, a universal goal.¹⁹³ He has two explanations for India. Initially, India did not industrialize because it faced different conditions (again, in tension with other claims he makes about similarities), different needs and pressures. But especially since the establishment of colonial rule, Britain deliberately prevented India from economic development, deindustrialized India—focusing especially on the cotton industry—, and deskilled the Indian labor force. Why India *became* colonized Parthasarathi does not ask. In the end, we do not get a better explanation of the divergence but the same story, albeit without explained preconditions. Taking note of an apparent inconsistency, or at least tension, in Parthasarathi’s historical narrative, let us go

¹⁹³ Parthasarathi, 268. He believes that states began to aspire to industrialization in order to increase their power. “Modern industry, as exemplified by British manufacturing, came to be desired [by other states, European and Asian] because it was seen as essential for the exercise and consolidation of state power” (223). On page 21 he explicitly rejects Wallerstein’s argument that Europe had a prehistory, specifically development of early capitalism, which led to divergence. He uses the same argument as Frank that trade and silver flows show that India and China were just as dynamic, not static, and similar to Europe between 1600-1800. He regards the vibrant commercial world in the Indian Ocean as proof of that, along with commercial dynamism and sophistication more generally before the arrival of Europeans. Like Frank, he also sees as proof of similarities the fact that with the appearance of Europeans, Asian trade did not disappear. But closer to the end of the book, Parthasarathi again gives a different account of his approach: “As argued in this book, an industrial economy was not premeditated but emerged from a configuration of political, economic and ecological forces and pressures in *seventeenth- and eighteenth-century Britain*. The British response to these forces and pressures, both technological and institutional, forged the nineteenth-century industrial order. The advanced areas of Asia were themselves undergoing profound economic and technological change in these centuries. *The paths they followed were radically different, however, because of the radically different political, economic and social contexts.*” And: “The argument of this book rests on an analysis of the *systematic differences in economic and political structures across the advanced regions of Europe and Asia*” (268, emphasis added). Clearly, if we compare these passages with other passages where Parthasarathi emphasizes the *lack* of significant differences, we might naturally conclude that Parthasarathi is himself confused about whether or not differences explain the divergence.

over the main arguments and evidence presented to see if he provides some substantial basis for his conclusions.

Parthasarathi argues that the higher productivity of seed and land in India (compared to Britain) indicates that Indian agricultural preconditions were not inferior and that therefore, contrary to Brenner, agricultural developments in Europe do not explain the divergence.¹⁹⁴ One problem is that Parthasarathi does not provide any figures to substantiate this claim. Regardless, even if land productivity in India was high, we still need further discussion of socio-economic structure, property relations and institutions, most crucially analysis of *labour* productivity. We need more analysis of these factors to show that the *dynamic* of growth in Britain and India was also similar. Parthasarathi does not provide this and even he admits that his evidence is inconclusive due to the limited nature of data for India.

Sharply *rising* agricultural *labour* productivity in England is the main basis for Brenner's argument. Brenner claims that sharply rising labor productivity is not to be found anywhere except Netherlands and England in early modern history and that this difference can be explained by the formation of new socio-economic relations. Parthasarathi suggests that because the Indian state was more protective of peasants' rights, Indian preconditions were in some ways superior to those found in Britain.¹⁹⁵ This may be true, and important to note when faced with uncritical or celebratory views of capitalism, but it does not diminish Brenner's or any other Marxian analysis. A Marxian analysis would stress that capitalism developed in

¹⁹⁴ Parthasarathi, 41.

¹⁹⁵ Parthasarathi, 40. Parthasarathi seems to think that because the Indian state was much more involved than European states in protecting working classes, this proves that overall conditions for development in India were superior.

tandem with the development of a *capitalist* state—not necessarily a state interested in protecting peasants’ or workers’ rights. This was a state which provided crucial institutional support by facilitating the creation of a labour market, divorcing direct producers from the means of production and making them dependent on wage labor—depriving labour of protection and ‘freeing’ labour to be available in abundance for capitalist exploitation. Capitalism, in Marx’s view, is not a system driven by moral concerns. As he put it: “Capital...takes no account of the health and the length of life of the worker, unless society forces it to do so.”¹⁹⁶ For Parthasarathi, better labour conditions, shorter working hours, greater bargaining power and overall higher standards of living of Indian workers means Indian institutions were not inferior and possibly superior to Britain’s.¹⁹⁷ Nevertheless, the fact that factory workers had fewer protections in Britain is not contrary to a Marxian analysis. It seems Parthasarathi confuses Marxist critique with capitalist propaganda.¹⁹⁸

Parthasarathi may appear to be on stronger ground when he claims that the Indian population was more dependent on market exchange than on the subsistence economy. He claims that there “was little production purely for subsistence.” “The very sizable trade in ... three essential commodities—salt, grain and cotton—

¹⁹⁶ Marx, *Capital*, V1, 381. And, “On the one hand, there have started into life industrial and scientific forces, which no epoch of former human history had ever suspected. On the other hand, there exist symptoms of decay, far surpassing the horror recorded of the latter times of the Roman Empire. In our days, everything seems pregnant with its contrary: Machinery, gifted with the wonderful power of shortening and fructifying human labor, we behold starving and overworking it; The newfangled sources of wealth, by some strange weird spell, are turned into sources of want.” (Marx, Speech at Anniversary of the *People’s Paper*, <https://www.marxists.org/archive/marx/works/1856/04/14.htm>)

¹⁹⁷ Parthasarathi, 40, 50.

¹⁹⁸ Capitalist propaganda sometimes frames the benefits of ‘free trade’ agreements in terms of protection of workers’ rights—in the last four decades, the neoliberal mantra.

suggests that for many Indians subsistence was afforded through the market.”¹⁹⁹ An extensive market economy made possible a greater division of labor and high agricultural productivity that went hand in hand with urbanization. Unfortunately, Parthasarathi’s evidence is shaky and these issues require further research and analysis. Parthasarathi provides some patchy statistics on the non-agricultural population in some parts of Bengal. For example, he cites a village with 256 households where only 39% were cultivators in 1775, and a village in 1791 where out of 419 households, 25% were ‘pure’ agriculturalists. He acknowledges that he has no data for Bengal as a whole and that he is not even sure if these statistics are representative of either Bengal or India generally. Moreover, all of his figures on the portion of the Indian population engaged in agriculture come from an unpublished PhD thesis, which makes it difficult to confirm. Nevertheless, Parthasarathi makes the sweeping claim that in the eighteenth century, in rice regions in South India, which constituted 2/3 to 3/4 of the Indian population, only 25-30% of the population were involved in agriculture compared to England’s 32% in 1700.²⁰⁰ If he is correct about the levels of urbanization, market exchange and division of labor in India in the eighteenth century, then we clearly need a deeper analysis of institutions, social relations, and the role of the state if we are to understand why India did not withstand British imperialism and colonialism and failed to develop an ‘industrial society.’ Parthasarathi, again, does not provide such analysis, due to the limited framework he sets for the book. Instead, after providing general

¹⁹⁹ Parthasarathi, 61.

²⁰⁰ Parthasarathi, 70, and footnote 75 page 285, for Bengal he also cites Datta, *Society, Economy and the Market*, 2000.

observations about the Indian economy, he shifts the focus to the question why Britain did begin to industrialize.

Parthasarathi, reasonably, gives cotton textile production a crucial role in setting Britain on the path of technological innovation and later industrial revolution. But he emphasizes that the main pressure that Britain experienced resulted from competition with Indian yarn and cloth. The higher quality of Indian cotton products and their significance in the world market led to British innovations. These innovations were not simply a response to supply and demand realities in Britain or Europe. From this, Parthasarathi concludes that Marx was wrong to claim that Britain developed a unique system—capitalism. For Parthasarathi, because Indian production and trade in textiles (and extensive Chinese commercialization) demonstrated a high level of development, these entire regions were just as ‘developed’ or even more developed in some areas than Europe, and therefore Europe was not unique or different—a rather simplistic argument akin to Frank’s logic.²⁰¹

Other states were also involved in cotton production and competition—for example, the Ottoman Empire and France—but their state policies differed. The Ottoman state was less concerned with competition from imports of cotton products from India and more concerned with satisfying the consumption needs of its population. France, which was, like Britain, a mercantile state, differed in two ways: (i) it did not have the same level of participation in the Atlantic trade, and (ii) the French state reacted differently to market opportunities. “The paths of economic

²⁰¹ Parthasarathi, 111-14.

development in the eighteenth century,” Parthasarathi writes, “were shaped not by the state or the market alone, but rather by a complex interaction between state policies and market opportunities.”²⁰² Parthasarathi is right to consider the state as a crucial actor in the establishment and control of markets and in facilitating production through protectionist policies as well as through investment in infrastructure and industries.

With this line of argument, Parthasarathi’s main targets are neoclassical economic historians such as Joel Mokyr and Robert Allen, but he ignores Marxist historians who not only stress the importance of the state in capitalism, but also have an elaborate theory of the ‘capitalist state.’²⁰³ In Parthasarathi’s analysis, on the other hand, the state appears as divorced from, or extremely autonomous in relation to society and the economic system, and overall, as an institution, remains unexplained. It is not at all clear from his work what the underlying factors explaining state formation and state policy are. In his narrative, states just happen to react differently to various ‘pressures and needs.’ The Ottoman state, in his interpretation, happened to be more interested in satisfying the consumption needs of its population than improving its economic performance. The Chinese state, similarly, just happened to be more concerned than European states (in the seventeenth and eighteenth centuries) with the well-being of the population than with the root causes of its structural economic problems. The French state, despite similarities with Britain, despite being a mercantilist state, just *chose* to suppress the

²⁰² Parthasarathi, 116, for Ottoman state policies see also 132.

²⁰³ For example: Ralph Miliband, *The State in Capitalist Society* (1969), Nicos Poulantzas, *State, Power, Socialism* (1978), Paul Wetherly, *Marxism and the State: An Analytical Approach* (2005).

cotton industry until it suddenly realized the benefits of cotton production in the middle of the eighteenth century—by which time it was too late (because by then Britain had technologically advanced in relation to France and was better positioned to take control of global markets and production of cotton goods.)²⁰⁴ Then other European states followed the trend of ‘reasonable’ practices, while Asian states, excluding Japan, did not. Parthasarathi does not pose the question why Asian and European states were different or reacted differently to ‘pressures and needs.’ He does not consider the possibility that *inequality in power* between European and Asian states played a significant role in the divergence—nor, for that matter, what caused the inequality in power. He believes that his conclusions do not presuppose any particular theory of the state.²⁰⁵ Instead, he contends that just by looking at the empirical evidence we can see the *differences*, which had a great impact on outcomes in terms of economic development. This is certainly true, we do see differences in outcomes, but no explanation in terms of divergent preconditions is provided. Why did the differences, which led to divergent outcomes, occur and persist?

While Parthasarathi declares that he does not presuppose any particular theory of the state, he does assign the state certain roles and functions. He contends, for example, that the state played a crucial role in establishing factory production and the regimentation and intensification of labour, a prerequisite for economic growth and industrialization in eighteenth- and nineteenth-century Britain.²⁰⁶ For

²⁰⁴ Parthasarathi, 142.

²⁰⁵ Parthasarathi, 143.

²⁰⁶ Parthasarathi, 146.

Parthasarathi, though he doesn't explicitly assert this, it would seem that state was the main agent in the creation of capitalism. Not only did the state play a key role in establishing and controlling markets and wield a heavy hand in investments, it also created a new form of production process. Parthasarathi thus ascribes a large role to the state but he does not devote much energy to serious discussion of relations between labour and capital, or of the impact these relations may have had on the state. Moreover, state policies—the 'visible hand'—in Parthasarathi's analysis seem to derive from belief systems rather than economic and social relations: "Rather than the efficiency of markets, the effectiveness of states and their political and economic philosophies were more important for economic development."²⁰⁷ So Parthasarathi rejects the 'invisible hand' in neoclassical arguments but he doesn't squarely address or engage with any Marxian analysis of social relations and the state.

The second crucial economic factor (coal), which set Europe on the path of industrial revolution, is also explained through state policies. Interestingly, the coal argument has little connection to cotton in Parthasarathi's analysis. It again just *happened* to be these two factors that made the difference. The British state *chose* to develop coal production because the city of London needed fuel. China, as well as much of Europe, had been using coal for centuries, but the Chinese state did not depend on tax revenues from coal mining and it feared discontent if taxes were increased. Like the Ottoman state, the Chinese state, according to Parthasarathi, was preoccupied with the well-being of its population and internal peace, and therefore

²⁰⁷ Parthasarathi, 145.

focused on the state granary rather than coal production. Chinese state attitudes, for Parthasarathi, hampered the ability to address structural economic problems and to develop economic resources; the state could only address *symptoms* of the shortcomings of the economic structure.²⁰⁸ Strikingly, Parthasarathi's explanation, contrary to his aspirations to avoid applying a nineteenth-century measuring stick, rests on emphasizing the *failures* of Chinese, Ottoman and Indian states to be as efficient as Britain already was in the eighteenth century. There is no convincing explanation why it was Britain and not Germany or France that developed coal production. Again, what we end up with is a 'lucky' coincidence, it seems.

²⁰⁸ Parthasarathi, 174. Parthasarathi rejects Pomeranz's claim that China did not develop coal on a par with Britain because of its further geographic location, in the northern regions of China, too far from China's main economic center, the Lower Yangzi delta, noting that there is enough evidence that coal was used and mined in the Middle and Lower Yangzi as well as further south (162-3).

Part II

World-Systems Analysis

Chapter 5

Wallerstein's World System

1—Immanuel Wallerstein

Both the Californians and the Political Marxists consider World-Systems Analysis (WSA) to be Eurocentric. The Californians reject its theory of the origins of capitalism and of the divergence largely for this reason. For them, it counts against WSA that it pinpoints the divergence in the sixteenth century—when a world-economy, capitalism, was born in Europe. The Political Marxists' arguments against WSA are more nuanced. They object to WSA explanations of the origins of capitalism for a number of reasons. First, they object to the account of the 'transition' from feudalism to capitalism in WSA—or rather, to the *absence* of a coherent account of the transition. Second, they claim that WSA invokes a conception of capitalism that is too inclusive and broad, which detracts from its explanatory power. Third, they find the general theoretical framework of WSA inadequate. Finally, they argue

against the so-called ‘commercialization model’ put forth by WSA (also adopted by the Californians)—an analysis that emphasizes the expansion of trade as the central driving force in the origins of capitalism. (Recall our earlier argument, that claims about market-driven development tend to ‘naturalize’ capitalism, thereby providing ammunition to its defenders.) In this section, I will discuss Immanuel Wallerstein, widely seen as the founder of WSA.²⁰⁹ I will address the question of Eurocentrism and I will analyze his divergence arguments in comparison to the Californians’ and the Marxists’. In doing so, I will argue that Wallerstein’s work, though not without flaws, remains useful as a general and descriptive narrative—an improvement, in my view, on the California School—, but I will, as well, side with much of the critique put forth by the Political Marxists.

Wallerstein argues that there are only two types of world systems: world-empires and world-economies. The only world-economy that took root and developed is the capitalist world-economy we have today. For Wallerstein, this capitalist world-economy can be traced back to the ‘long’ sixteenth century, which for him began around 1450s. World-empires are distinguished by the political nature of their overall structure, while world-economy is distinguished by economic relations—trade and the division of labour—among political units. World-empires, according to Wallerstein, cannot develop dynamic economies or develop into world-economies, because much of surplus that could be reinvested into productive spheres is syphoned into and wasted on bureaucratic machinery to run the political and military structure of the empire.

²⁰⁹ Zeev Gorin, “Socialist Societies and World System Theory: A Critical Survey,” *Science and Society*, 49(3) 1985, 332-366, 332.

The world-economy, which came to encompass most of the world by the late nineteenth century, was born in sixteenth century Europe. The main cause was the shift in the European trading network, from trade predominantly in luxury goods to trade predominantly in bulk commodities.²¹⁰ This is an important part of Wallerstein's transition argument; unfortunately, he does not provide detailed historical evidence or economic analysis of this trade to demonstrate the shift. He regards the shift as a *qualitative* change, precipitated by *quantitative* increases in trade.²¹¹ Wallerstein contends that this shift necessitated and therefore explains the international division of labour and specialization, which led to capital accumulation and economic growth at historically unprecedented levels. The shift occurred within an already existing international market centered in Europe, which first developed in the Mediterranean on the basis of south European trade (partly with the Islamic world), and which later moved to the northwestern parts of Europe while also expanding into the "New World."

The most important characteristic of this system is that its dynamism and growth required simultaneous development of the core, where capital accumulation occurs, and the periphery, which provides surplus for the core's development. Development and underdevelopment are both necessary features of the system. What distinguished this system from imperial domination is the economic nature of the surplus transfer. Military and political power did play a role to establish and maintain economic dominance of the core, but Europe lacked a sufficiently powerful

²¹⁰ Immanuel Wallerstein, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, (MWS), Volume 1, University of California Press, 2011, first published in 1974, 21, 41-5.

²¹¹ MWS, footnote 118, 98.

state to establish its political control over the whole trading region to become an empire. Instead, the core—parts of Europe originally—developed into a set of political units competing with each other, but also maintaining a balance of power. The market became the main mechanism for the functioning of the system. Once the market became the organizing mechanism of the world-economy, production for profit in the world (as opposed to home) market became the defining feature and organizing force of all economic units and actors. For Wallerstein, this is capitalism.

Is WSA Eurocentric? It does place the origins of capitalism in Europe and dates the divergence much earlier than do the Californians—the sixteenth century. But why should these ideas be viewed as ‘Eurocentric’, at least in any negative sense of the term? Wallerstein argues that capitalism emerged as a ‘world-economic’ system in Europe, that its original centre of power was in Europe and that it later spread to the broader ‘West’. This is hardly to be dismissed on the grounds that it is a pro-European claim or prejudice. By analogy, no one would regard it as Eurocentric to argue that fascism was born in Europe. It is probably because capitalism has many more enthusiasts than fascism (although this difference may be diminishing) that it becomes tempting to level a charge of ‘Eurocentrism’ at any analysis (or analyst) placing Europe at the center of the origins and spread of this system. This is thought to be unfair to the non-European world. But what is truly problematic, according to critics of capitalism, is the *uncritical celebration of capitalism* as a human achievement, as the best of all possible worlds, as the system to which there are no feasible or desirable alternatives. If anything, *this* attitude may plausibly be said to be Eurocentric. Celebrating capitalism often means, in effect,

celebrating the unprecedented power it gave first to Europe and later to the Global North, particularly its elites, to dominate and exploit much of the world's population. Celebration of capitalism tends to blind us to the global costs and consequences of this power; it provides ideological ammunition for the perpetuation of class exploitation, and contributes to existing and growing inequality both within and between countries.

Wallerstein makes it clear that he does not glorify or defend capitalism in the least. One may even say that he is more critical of capitalism than many Marxists, at least going by some of his statements.²¹² He is not only critical of capitalist exploitation, capitalism's inefficient (wasteful) use of resources, and its large-scale contribution to environmental destruction and the climate crisis; he is not even sure that capitalism's economic dynamism or the scientific and technological developments that have come with capitalism have resulted in an overall 'progressive' or good outcome beneficial to humanity. (In this he even echoes Spencer Dimmock, a Political Marxist who also argues, against 'orthodox' Marxism and G.A. Cohen, that the dynamic development of productive forces should not be viewed as 'progressive' in any sense.²¹³) Nor does Wallerstein argue (as Marxists do) that capitalism is a necessary step toward socialism (another point of agreement with Dimmock). He questions whether, from a global perspective, capitalism can rightly be said to have improved the human condition; he maintains that the

²¹² In the literature, the WSA school is labeled as being 'Marxian' but not 'Marxist.' I think the label is fair—for example, Wallerstein's work has an affinity to Marx's in its critical attitude toward capitalism, but in terms of method and theory Wallerstein's departure from Marx is significant. The space here will not permit me to engage in debates about the 'correct' interpretations of Marx; I will simply follow the common use of the terms 'Marxian' and 'Marxist'.

²¹³ *The Origin of Capitalism in England, 1400–1600* (2014), 366.

system's prime beneficiaries—the rich and the middle classes—have been and continue to be a small percentage of the world population, and that their gains (which he also questions) have come at great cost to the rest. All in all, he finds the history of capitalism quite appalling.²¹⁴

Nevertheless, as Ellen Meiksins Wood argues, declared sentiments notwithstanding, Wallerstein's and other WSA scholars' arguments and their theory of capitalism and its origins are based on the 'commercialization model', the idea first proposed by Adam Smith, which sees economic development as originating in the development of market exchange.²¹⁵ This idea is (arguably) linked to debatable assumptions about human nature, and there is a sense in which capitalism and its history are naturalized so that critique of the system as a whole is pushed to the side. I will defend the view that Wallerstein's theory of capitalism and its origin is based on what others call the 'circulationist' argument. In my view, Wallerstein's theoretical conception of a world-economy lacks explanatory power for a whole range of historical developments and mechanisms of capitalism's functioning. Because of this, Wallerstein does not provide a solid framework for collective struggles against the system. On the contrary, his theory seems to be rather fatalistic. Nevertheless, as a descriptive narrative and a general framework, I believe WSA has value for world historiography, especially if supplemented with better explanatory theories. In what follows, I will briefly analyze some of the problems with WSA, focusing particularly on Political Marxism's critique.

²¹⁴ *Historical Capitalism*, Verso, 3d edition, 2011, see especially the chapter "A Balance Sheet", pp. 113-137.

²¹⁵ Wood's argument follows Brenner's "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," *NLR*, I/104 July/August 1977.

The WSA School has been influential. It has produced an enormous amount of work and generated interesting debates. However, its influence on the New World History is limited, largely because theories that place the birth of the modern world squarely in Europe are out of fashion in the field. (It is noteworthy, however, that Frank, coming out of the WSA tradition—though with significant modifications, as we have seen—, nevertheless transported some of WSA’s conceptualization of the world economic system, as will become apparent as I present Wallerstein’s arguments.)

2—Wallerstein’s Origins Thesis

Wallerstein’s WSA prioritizes the totality.²¹⁶ He emphasizes the interconnectedness of phenomena and the importance of this for comprehending and analyzing the social and historical world.²¹⁷ The world-economy/modern world or capitalism is a totality governed by specific laws.

The main problem, I think, is that Wallerstein’s totality is too broad and too vague. It is realistic, in a sense, but it does not provide us sufficient explanatory power, precisely because the totality is the main organizing force—similar to Frank’s one and only world economy.²¹⁸ The totality explains everything, and therefore it does not explain much. It is a system that arose out of international

²¹⁶ Critics point out the Hegelian origins of this notion of the primacy of the totality. See Zeev Gorin, “Socialist Societies and World System Theory: A Critical Survey,” *Science and Society*, 49(3), Fall, 1985, 332-366, 355.

²¹⁷ This holistic, ‘totalizing’ perspective (partially) derived from Wallerstein’s dissatisfaction with the mainstream ‘developmentalism’ centered on nation-state analysis, which he believed was divorced from a realistic comprehension of the interconnected world and blind to important power inequalities and imperialism, among other things. See Alex Dupuy and Paul Fitzgerald, “A Contribution to the Critique of the World-System Perspective,” *The Insurgent Sociologist*, Vol. 7, No. 2 (1977), 113-124.

²¹⁸ From this perspective, Frank’s departure from WSA is less mysterious. In a way, Frank’s world system is more internally consistent than Wallerstein’s, although it is (arguably) more metaphysical.

trading networks and is held together by the world division of labour. But it is without an overarching political structure, and hence, it is a world-economy. The world-economy has an internal logic—endless accumulation of capital. Its central structural mechanism determines actions within its quite diverse and ever-changing parts; economic actors—capitalists, landlords, and slaveholders alike—are all equally compelled by the same force, i.e. capital accumulation. Hence, as a mode of production capitalism's main characteristic is production for profit (as opposed to production for use) in the world market, but not, as Marxists stress, specific relations of production, class relations or property relations. Indeed, Wallerstein's conception of a mode of production is divorced from the actual production process. Apart from some *ad hoc* appeals to historical evidence, Wallerstein does not adequately explain how different economic actors (individuals, groups or classes) within varied forms of social organization take on varied roles. Thus, the main economic actors appear to choose their roles freely at will, as if there were a pre-existent 'free' market in economic roles.²¹⁹ In this respect, Wallerstein is closer to Wong's neoclassical economics perspective (recall Wong's entrepreneurs and workers), than to Marxism. At the same time, unlike the Californians, Wallerstein does take class relations seriously, though he departs from Marxist class analysis. For him, class relations can only be properly understood at a world level. For this reason, Wallerstein rejects the idea that capitalism is defined by the primacy of wageworker-capitalist relations.²²⁰

²¹⁹ See Robert Brenner, "The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism," *New Left Review*, July 1, 1977, pp. 25-92.

²²⁰ *MWS*, xx.

As mentioned earlier, capitalism—on this view—was born out of the increase in trade in basic necessities (as opposed to trade in luxury items, which prevailed for most of human history in long-distance trade). Wallerstein notes that European trade in bulk goods of the kind he describes existed before the ‘transition’ to capitalism. What made the sixteenth century different, however, “was the existence of a market for primary products that encompassed a large world-economy.”²²¹ But isn’t Wallerstein, in effect, explaining the birth of a world-economy by appealing to the prior existence of a world-economy?

The system is geared toward capital accumulation in the core, realized through production for profit throughout the system, which requires a world division of labour.²²² For Wallerstein, the accumulation of capital required division of the world-economy into core, semi-peripheral and peripheral regions. The core specialized in capital-intensive production requiring skilled labour. As for the periphery, its role was the provision of bullion from Hispanic America (to facilitate the smooth functioning of the growing trade) and of agricultural produce from Eastern Europe to the core—to free up the core’s labour and resources, further expediting the capitalization of its production. This structurally divided system imposed unequal exchange and surplus transfer from periphery to the core.²²³ (In Wallerstein’s account, the Baltic trade plays an important role in providing grain for the core, which specializes in more capital-intensive production. But Wallerstein’s

²²¹ *MWS*, 96.

²²² Wallerstein, *World-Systems Analysis: An Introduction*, Duke University Press, 2004, 23-24.

²²³ *MWS*, 100. Wallerstein emphasizes this surplus extraction from the periphery, but he seems to ignore the phenomenon of deskilling of labour during the industrial revolution in the core, the function of which was to increase productivity and surplus value.

colleague, Giovanni Arrighi, finds that the grain trade in the Baltic region was generally stagnant, which seems contrary to the logic of system-wide growth based on the division of labour in Wallerstein's work.²²⁴)

Although Wallerstein thinks that wage labour *is* a feature of capitalism, no *particular* relations of production, as we have seen, *define* capitalism for him. At the same time, he maintains that the 'law of value' is essential to, and definitive of, capitalism. This is not a clear or consistent claim. The 'law of value' is a Marxist term and is defined by the dynamic of capital accumulation that derives from the production relations between the classes of capitalists and wageworkers. For Marx, profit and investments under capitalism derive from surplus value. Surplus value is created in the *process of production* rather than the process of circulation of commodities that defines capitalism for Wallerstein and others in WSA. Although circulation is also essential, class relations in production (property relations, as the Political Marxists stress) are *the* central feature of capitalism. The law of value in production requires direct producers—wageworkers—to be doubly free: 'free' from ownership or control of the means of production (land and tools), and 'free' to sell their labour power in the labour market. Surplus value is the difference between the exchange value of labour power as a commodity that capitalists buy on the market and its use value in the production process, whereby the value of the commodity produced is larger than the costs of production *because* of the labour input. For Marx, labour in capitalism, necessarily free (in the sense specified), is the sole

²²⁴ Giovanni Arrighi, *The Long Twentieth Century*, 135.

source of all value (and therefore of profit and surplus value).²²⁵ Marx's labour theory of value is, of course, questioned by many and has been debated since its appearance. But its validity, especially for formalized economics, is beside the point here; what I want to stress is simply that Wallerstein does not elaborate what *his* 'law of value' is and that—whatever it is—, it is not a Marxist concept. Wallerstein thinks that the notion of labour power as a commodity applies both to wageworkers and slaves. In his world-system, slaves—who *are* commodities—seem to be lumped in with wageworkers—who *sell their labor power as a commodity*.²²⁶

So for Wallerstein, capitalism incorporates and is defined by *many* kinds (or any kind) of relations of production—slave-master, serf-landlord, sharecropper-landlord, independent producer-merchant, small independent producer/proprietor, and wageworker-capitalist. *All* of these relations are seen as capitalist relations of production by Wallerstein, because they all exist within what he calls a capitalist world-economy. All of these relations abide by the 'law of value' and produce surplus value. In Wallerstein's view, the development of wageworker-capitalist relations in the core was made possible by and required coerced labour regimes in the periphery. But the whole point of the 'law of value' is to expose exploitation or extraction of surplus when it is hidden from view. Marx thought these things *were*

²²⁵ Maurice Dobb, *Theories of Value and Distribution Since Adam Smith: Ideology and Economic Theory*, Cambridge University Press, 1973, 150-2.

²²⁶ Like Wong, Wallerstein arbitrarily does away with classifications of different kinds of labour relations. For him, the "serf in Poland or the Indian [sic.] or a Spanish *encomienda* in New Spain in this sixteenth-century world-economy were working for landlords who 'paid' them (however euphemistic this term) for cash-crop production. This is a relationship in which labour-power is a commodity (how could it ever be more so than under slavery?), quite different from the relationship of a feudal serf to his lord in eleventh-century Burgundy, where the economy was not oriented to a world market, and where labour-power was (therefore?) in no sense bought or sold." Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," *Comparative Studies in Society and History*, 16:4 (Sep. 1974), 387-415, 400. Note that Wallerstein places all the key differences at the level of the totality.

obscured under capitalism where all exchanges (including of labour) *appear* as fair and equal in value, as free and as somehow independent of power and domination—something that was not so ‘hidden’ under slavery, for example. Again, Wallerstein’s use of the concept of the law of value arguably does not square with Marx’s concepts of value, surplus value and profit.²²⁷ Be that as it may, what is especially problematic is that Wallerstein does not really explain his concept of value or its concrete function. His concept of value is part of the (unexplained) totality.

To continue with Wallerstein’s picture of the world system, he contends that landlords in the periphery increasingly turned themselves into capitalists, responding to pressures to produce for the market.²²⁸ Landlords ‘chose’ the kind of labour control that was most suited for this purpose, depending on the context. Which region would become core, and which periphery, was determined by ‘slight’ differences:

Either eastern Europe would become the “breadbasket” of western Europe or vice versa. Either solution would have served the “needs of the situation” in the conjuncture. The *slight* edge determined which of the two alternatives would prevail. At which point, the *slight* edge of the fifteenth century became the great disparity of the seventeenth and the monumental difference of the nineteenth.²²⁹

²²⁷ For a case against the labour theory of value by a Marxian economist, see Joan Robinson, *An Essay on Marxian Economics*, Macmillan, second edition, 1974, 10-22. Robinson believed that because the labour theory of value resists formalization in economics, it mystifies certain sociological and moral arguments made by Marx—arguments she accepts. Maurice Dobb, on the other hand, defends the labour theory of value as a key foundation for economic theory and as an important general ‘first approximation’ to help explain what he calls the ‘laws of motion’ of capitalism. (See Maurice Dobb, *Theories of Value and Distribution Since Adam Smith*, 148-9.)

²²⁸ *MWS*, xxvii.

²²⁹ *MWS*, 98-9.

The small historical differences Wallerstein finds that determined east European 'peripheral' status are the following: (i) a sparser population in east Europe necessitated a coerced labour regime, which was more suitable for monocropping for the market, (ii) weaker urban development, and (iii) prior devastation from Mongol invasions.²³⁰

In the core regions of the Christian Mediterranean and Western Europe, the story is familiar: flourishing towns, powerful merchants, and the development of industry were conducive to establishment of free wage labour, a dynamic agricultural sector and capital accumulation. The initial leading role of the European regions of the Mediterranean gave way to faster development in England, the Netherlands and northern France, resulting in the 'semi-peripherization' of the Mediterranean region.²³¹ Like Pomeranz, Wallerstein thinks the need for food and fuel meant that proximity to the New World played a key role in the development of capitalism and in turning the Atlantic regions into core regions.²³² The influx of bullion was also necessary to fuel trade. However, as Brenner and others note, this analysis—which stresses the role of merchant capital and the influx of bullion and grain to account for the development—fails to explain why capital accumulation leading to *productivity growth* and the industrial revolution was absent in the Italian city-states region, Spain, Portugal, Netherlands and France, but present in England, which was rather marginal in the trading network.

²³⁰ MWS, 98.

²³¹ MWS, 100-8.

²³² MWS, 42.

Wallerstein also points to the ‘crisis of feudalism’ as an indirect cause of the rise of capitalism. The crisis of feudalism created food and fuel shortages in Europe. Wallerstein thinks that this crisis was due to a confluence of events—involution and climate change—with unpredictable and unexpected results, vaguely stating: “I believe it is most plausible to operate on the assumption that the ‘crisis of feudalism’ represented a conjuncture of secular trends, an immediate cyclical crisis, and climatological decline.”²³³ One problem with this argument is that Wallerstein does not explain how a key ‘pull factor’—increasing demand—emerged in the conditions of falling productivity. Influx of bullion may have helped facilitate the movement of commodities, but it could not and did not *create* the demand for bulk products. The effective demand arises from productivity growth, availability of surplus to trade with, and income increase. Wallerstein again seems to be *presupposing* what requires explanation. In his account, increasing demand is prior to the establishment of capitalism in Europe.²³⁴

Wallerstein’s origins thesis is in fact vulnerable to critique from both sides: from the perspective of the California School and also from Political Marxism. The Californians would be correct to point out that if, as Wallerstein argues, expanding trade in bulk goods led to the establishment of a world-economy, then Southeast Asia should have seen similar developments. As recent research shows, Southeast

²³³ *MWS*, 37.

²³⁴ For the demand-supply curve of a market see *MWS*, 91.

Asia was a large trading region prior to European encroachment, trading in bulk goods as well as luxury items.²³⁵

²³⁵ Anthony Reid, *Southeast Asia in the Age of Commerce, 1450-1680: Expansion and Crisis*, Yale University Press, 1993; David Henley, "Age of Commerce in Southeast Asian History" in David Henley, Henk Schulte Nordholt eds., *Environment, Trade and Society in Southeast Asia: A Longue Durée Perspective*, Brill, 2015.

Chapter 6

Arrighi's World System

1—Giovanni Arrighi's Conception of Capitalism and its 'Top Layer'

Giovanni Arrighi's *The Long Twentieth Century*²³⁶ is a more recent and influential WSA account of the birth of the modern world. Arrighi argues that the modern world was born in the fourteenth century (slightly earlier than Wallerstein's time-frame) as a result of the confluence of capital and political power, particularly within the Italian city-state system, but more generally, in the context of Eurasian trade and European interstate competition. Drawing on the earlier activities of Italian merchants and bankers, it was the Genovese economic elites who spawned a systemic cycle of 'capital accumulation', thereby creating the capitalist world economy. According to Arrighi, there were capitalists wherever trade thrived (going back centuries before the capitalist *system* came to prevail) but those capitalists were not sufficiently powerful or organized to create a 'world-system.'²³⁷ It was only

²³⁶ Giovanni Arrighi, *The Long Twentieth Century: Money, Power and the Origins of our Times*, Verso, 2010 (1st ed. 1994).

²³⁷ Both Arrighi and Wallerstein follow Braudel's definition of a 'capitalist', i.e., an individual engaged in trade, business and/or finance in pursuit of profit with substantial success. When they discuss or refer to capitalists, they usually do *not* mean the traditional concept of small to large-sized entrepreneurial businesses operating within competitive market relations. Instead, they are referring to people who successfully accumulated large amounts of money in trade and who have established or tried to establish a monopolistic power in trade and/or finance. Defining capitalists as individuals who trade for profit goes back to Weber. In *Max Weber: A Critical Introduction* (London:

in the fourteenth century that a discernible structure of 'self-expanding' capital accumulation with a particular cyclical dynamic emerged.

According to Arrighi, the logic of accumulation and expansion became cyclical and evolutionary, with each cycle following a three-step pattern: (i) "a first period of financial expansion...in the course of which the new regime of accumulation develops within the old," followed by (ii) material expansion based on trade and production, which necessarily leads to a downturn due to the entry of more actors and increased competition in trade, resulting in falling profits, succeeded by (iii) financialization of the system, in which capitalists switch from trade and production to lending and speculation until a new regime of accumulation arises from a different location. Each center takes on a hegemonic role within the system. The system is also characterized by a pendulum-like alternation of the cycles of accumulation, oscillating between a (predominantly) political-military territorial expansionist logic and a private-cosmopolitan economic expansionist logic. The world system has had four such (partly overlapping) cycles of capital accumulation, with the hegemonic center shifting from the Genovese to Dutch to British and finally to the present US cycle. The US cycle, Arrighi contends, is currently undergoing its closing stage of financialization. Each cycle involved a complex interplay of increasing economic and political power, making each consecutive cycle more complex and expanded.²³⁸ At present, capitalism has conquered (almost) the whole world, which poses difficulties for predicting its

Pluto Press, 2004), Kieran Allen argues that this conception serves an ideological function of naturalizing capitalism (121).

²³⁸ *The Long Twentieth Century*, 219-20.

future based on this model. Although the US cycle is a ‘dead man walking’, there is, in Arrighi’s view, no clear successor at this point.²³⁹

Arrighi’s cycles do not coincide with, and analytically have no affinity with either secular (price) or Kondratieff long wave cycles. Arrighi’s systemic cycles correspond to what he thinks is a specifically capitalist logic of accumulation involving “the command of capital over human and natural resources.”²⁴⁰ While there is much more to Arrighi’s account of the modern world, I will focus my analysis on these two aspects—capital accumulation and its relation to social and material reproduction—and contrast them with a number of Marxist approaches.

Arrighi states that his goal is not to provide a comprehensive analysis of capitalism, but specifically to focus on “the real home of capitalism on the top floor of the house of trade.”²⁴¹ For Arrighi (following Braudel²⁴²), the ‘top layer’ consists of capitalists—the top moneyed members of the society, who make their fortunes in trade and finance, and who are fundamentally anti-market competition.²⁴³ While capitalists (so conceived) and ‘market economy’ (trade and competition) have been

²³⁹ Writing *The Long Twentieth Century* in 1994, Arrighi was inclined to think that the Southeast Asian ‘tiger’ economies would grab the torch of global capitalism, but since China’s surge, in his more recent *Adam Smith in Beijing*, Arrighi suggests that China is a more likely candidate. However, he also thinks there are two other possibilities: a multipolar world based on cooperation, or a chaotic world ‘order’. See his “Postscript to the Second Edition of *The Long Twentieth Century*,” 371-386. For a scathing review of *Adam Smith in Beijing*, see Bruce Cumming’s “The ‘Rise of China?’” in Catherine Lynch, Robert B. Marks, and Paul G. Pickowicz eds., *Radicalism, Revolution, and Reform in Modern China*, Lexington Books, 2011, 195-9.

²⁴⁰ *The Long Twentieth Century*, 7. Eric Hobsbawm among others has noted the absence of coherent theorizing behind the long wave cycles hypothesis and its lack of utility for predicting economic phenomena. He also provides statistics that seem to run contrary to the hypothesis. See his *The Age of Extremes* (Vintage Books, 1996), 87. For a Marxian defense of Kondratieff cycles see Michael Roberts, *The Long Depression: Marxism and the Global Crisis of Capitalism* (Chicago: Haymarket Books, 2016); for a critique see Paul Mattick Jr., *Economic Crisis and Crisis Theory* (Routledge, 1981).

²⁴¹ *The Long Twentieth Century*, 26.

²⁴² Fernand Braudel, *Civilization and Capitalism, 15th-18th Century*, 3 volumes (1981-1984).

²⁴³ *The Long Twentieth Century*, 11. The relation between the anti-market competition ‘top layer’ and the market remains unclear in Arrighi’s account.

around since the dawn of history, Arrighi believes that there are different logics or laws governing different layers. While no 'layer' is comprehensible apart from the whole, there is a relative autonomy of the 'top layer,' in Arrighi's view. This leads him to claim that the people in the 'top layer' have set the whole capitalist system in motion and that they continuously impose a particular logic of development. Furthermore—and this is especially problematic—Arrighi also thinks that we can discern the logic of the world economic system without analyzing interconnections among the different 'layers.'

I would suggest that Arrighi's account is too narrowly focused. His conception of the modern world is focused on trade and circulation of *big* capital. The processes of social and material reproduction, the organization of production, and the distribution of the social product and resources fall, for the most part, outside the scope of his analysis despite numerous references to production. Arrighi does not regard notions such as 'social relations of production', 'modes of property relations', or 'class structure' as being fundamental in theorizing about capitalism as is usually the case in Marxian writing. At the same time, he does not indicate what economic or social theory *would* be compatible with his (rather eclectic) analyses of the movements of big capital. Moreover, while the idea of big and mobile capital is central to his theory of capitalism, his analysis is too vague; he presents it only in broad strokes with no clear definitions or account of the sources of capital. He also presents no systematic data and his evidence is intermittent. Moreover, he provides no clear structural analysis to shed light on the role of big capital, its share of the economy, its power and the way it functions on either a national or global scale. If

border-crossing capital were the cause and centre of gravity in the world economy, as Arrighi claims, it requires explication beyond anything he provides. Thus there is a certain vacuity to his analysis.

Arrighi's claim that big capital is fundamentally anti-market competition raises a problem.²⁴⁴ How do we explain why the 'system', under the direction of big capital, developed from predominantly self-sufficient (non-market) and diverse economies—economies that prevailed during much of his 'capitalist world system'—to an economy where most production and distribution is organized through competitive market transactions? Although monopoly capital has been significant throughout this history, market exchange, competition and free market ideology eventually took centre stage in economic life. Arrighi does not pose this question, nor does he draw clear connections between 'big capital' and the 'middle'

²⁴⁴ Although the concept of monopoly in the WSA School derives from Braudelian historiography there are also similarities with the school of 'monopoly capital' (Paul Baran, Paul Sweezy, for example). See Costas Lapavistas, "The financialization of capitalism: 'Profiting without producing,'" *City*, 17(6), December 2013, 792-805, 795-6. John Weeks argues that monopoly as a *defining* feature of capitalism is incompatible with Marx's own framework. Marx, Weeks contends, was clear on this point; competition is not only essential to capitalism but it leads to unequal exchange, uneven development, periodic crises and social struggles. The monopoly framework, on the other hand, "accepts the fundamental orthodox argument: that competition is the mechanism that brings forth the benign aspects of capitalism, ... because competition is treated independently of its capitalist nature, and because production is ignored." Arrighi certainly treats competition as an independent variable and, for the most part, he ignores production. See John Weeks, "The Expansion of Capital and Uneven Development on a World Scale," *Capital and Class*, Summer 2001, V 74, 16-7. In any case, monopoly can only be a meaningful concept if its relation to competition is specified. Arrighi's assertion that capitalists are fundamentally anti-market competition renders mysterious the development of competitive markets. The assertion is also question-begging. Why did the dominant class of merchants and bankers (in cooperation with landed aristocracy) fail to establish politically and legally secured monopoly control over the market and economy? If, on the other hand, market competition is a necessary condition of capitalist development, we need an account of the relationship between monopolistic and competitive tendencies. The assumption that monopoly is the foundation of a system antithetical to competition is, to put it minimally, highly misleading and partial at best. It is more reasonable to argue, as P. Drahos and J. Braithwaite do, that monopolistic tendencies arose from capitalist desires to *control* markets in their favor, *in competition with others*. See their *Information Feudalism: Who Owns the Knowledge Economy?* (2002, 48). A full analysis would include market competition and market transformation. One question that Arrighi does not explore in his examination of markets is whether these markets were capitalist or pre-capitalist—a glaring omission that weakens the analysis.

and 'lower' layers. He mentions that he thinks Marx and Marxists have answered *some* questions pertaining to the 'lower levels', i.e. the laboring classes, but he does not claim that he is building upon these accounts—his is an *alternative* explanation to those proposed by Marxists.²⁴⁵

Based on intermittent remarks by Arrighi, it (at times) appears that his ideas on economic development are rooted in Smithian notions of the 'pull' of the market.²⁴⁶ However, this connection appears only at the local level and temporarily. On a world system level, the Smithian connection between market competition and economic growth does not consistently map onto Arrighi's argument about the 'self-expansion' of capital. Arrighi does not clearly explicate the nature of capital's movement. He notes, for example, that when the centre of gravity moved from Genoa to the Netherlands, capitalist production largely disintegrated in the Italian city-states, whereas it continued in Britain after its passing of the torch to the US. For Arrighi, production and capitalism do not seem to be in any specific relation and therefore this relation does not require examination.²⁴⁷ In general, his concepts of material production and value creation are not very clear. In his account, the 'self-

²⁴⁵ Arrighi thinks Marxists have provided insightful analyses of the 'bottom floor' but that they have not provided much if any useful analysis in relation to the 'top floor'—and thus of the system as a whole. But he does not actually show this, and it should be noted that Marx went well beyond explaining the functioning of the system on the 'lower level'. In *Capital*, Marx certainly *started* with the processes of production and he analyzed class relations with a moral focus on the impact of this system on laboring people, but *contra* Arrighi, this does not mean that he presented no analysis of the logic at the 'top' and everything in between. In *Capital III*, Marx was arguably developing a holistic theory of capitalism that connects production, circulation and finance. He was particularly concerned with the apparent ability of financial capital to self-expand. Marx thought that this process required demystification. Unlike Arrighi, he located the source of capital accumulation in the process of production. Since Marx's time, a vast body of scholarship has contributed to the elaboration of these processes both on the national and global levels. It is beyond the scope of this work to provide an overview of these debates, but I will draw on some works from this tradition below.

²⁴⁶ See, for example, *The Long Twentieth Century*, 183-4.

²⁴⁷ On p. 185, Arrighi states: "Historical capitalism as world system was thus born of a divorce rather than of a marriage with industry."

expansion' of capital—the central concept—can take various forms: trade, transportation, storage, speculation, lending, plunder, as well as production—all can be *means* for capital expansion, all are temporary and fluid, but what the process *is* or what governs expansion and changes in forms of expansion is not obvious.²⁴⁸ Thus, although Arrighi notes that during its period of material expansion, the British cycle of accumulation, unlike the previous Genovese and Dutch cycles, depended upon production, he does not think this difference requires an explanation. He asserts, but does not argue, that it is simply in capital's nature to expand taking various forms following spatial and temporal patterns at the whim of big capitalists. In *The Long Twentieth Century*, there is no account of transition from pre-capitalist to capitalist social relations of production, or an account of the agricultural and industrial revolutions. These processes do not, for Arrighi, play any significant role in the birth or the nature of capitalism. It was the *organizational* revolution, the amalgamation between big capital and the state that mattered the most; and, according to Arrighi, this process began with the Genovese capital expansion.²⁴⁹

2—Self-expansion of Capital, Economic Growth and Explaining Divergence: Marx vs. Arrighi

Unfortunately, Arrighi does not adequately clarify his concept of economic growth or how it relates to the 'self-expansion' of capital. The main thrust of his account of the latter is that the holders of big capital are able to invest in the most profitable activities; whether in trade, finance or production, their profits must be over and

²⁴⁸ It is doubtful that Arrighi's concept of capital is similar to Marx's. The problem, however, is that Arrighi does not clearly explain what capital is in his account, making it hard effectively to contrast it with Marx's.

²⁴⁹ *The Long Twentieth Century*, 185-7. Max Weber had a similar idea. See Allen's *Max Weber*, 129-30.

above 'regular' profits. Ultimately, Arrighi's account of the birth of capitalism rests on the unique ability of *European* 'capitalists' to organize into groups transcending political communities in pursuit of big profits.²⁵⁰ Concurrently, the state was crucial in facilitating capital expansion both directly (by borrowing from big capitalists to engage in territorial expansion and plunder), and indirectly, creating the demand for capital through political competition among the states.²⁵¹

Within the European historical context, the key feature of the expansion of capital sprang from the ability of a small group of capitalists to pursue large profits in an organized manner on a worldwide scale. Thus for Arrighi, "the really

²⁵⁰ At the beginning of his book, Arrighi seems to accept Braudel's idea that capitalists have existed as long as trade has, but later (on p. 235), he draws a sharp distinction between merchants who invest *only* in trade—those are not capitalists "by any stretch of imagination"—and capitalists—those who seek the largest possible profits and who can choose to move their investments from trade and production to finance and speculation.

²⁵¹ In his interview with David Harvey, Arrighi explains that he borrowed from Weber the "idea that inter-state competition for mobile capital constitutes the world-historical specificity of the modern era." He maintains, "this competition creates the demand conditions for the financial expansion." He further states that the inspiration for his version of capital's cyclical nature came from "Braudel's idea of 'autumn'—as the concluding phase of a process of leadership in accumulation, which goes from material to financial, and eventually to displacement by another leader." Neither reference is very illuminating on these matters, however. Apart from Weber's elitist nationalism, his view of capitalism is rooted in neoclassical economics. He adopts the latter's ahistorical notions of the rationality of market agents, the universality of market exchange, and he collapses the distinction between qualitative and quantitative changes. Kieran Allen argues that Weber's sociology lacks a satisfactory socio-economic account of transition to capitalism. In Braudel's (equally unilluminating) framework, the nature of capitalism is unchanging since the dawn of history. For Braudel, capitalism is located in the top, autonomous 'layer' and it has one ever-shifting centre of gravity. Despite the appearance of a law-like logic in Braudel's account, there is no such theoretical coherence. Arrighi himself notes that Braudel lacks a coherent theoretical framework. (Also see Philip S. Golub, *East Asia's Reemergence*, Cambridge: Polity Press, 2016, xi.) Arrighi follows Weber and Braudel in simply asserting the existence of unique historical preconditions. He descriptively organizes the evolution of capitalism into patterned cycles arising out of state competition. But he does not explain the role of state competition in giving birth to capitalism and especially in the consequent development of cycles. Does state competition continue or cease to play its role in capital's expansion? Would not the fact of prolonged unipolarity of the world system in his US cycle undermine his account? For Weber see Kieran Allen, *Max Weber*, 141-2. See also Arrighi, "The Winding Paths of Capital," *New Left Review*, 71, April 1, 2009.

important transition that needs to be elucidated is not that from feudalism to capitalism but from scattered to concentrated capitalist power.”²⁵²

For Arrighi, then, the key to capitalism is the activity of the big merchants and bankers opposed to market competition or market freedom. Capital expands because big capitalists successfully invest in the most profitable areas. As a result of their switching between the two major areas of investment, the system passes through stages of “material expansion” and “financialization”. In Arrighi’s words:

[T]he recurrent expansions and restructurings of the capitalist world-economy have occurred under the leadership of particular communities and blocs of governmental and business agencies which were uniquely well placed to turn to their own advantage the *unintended consequences* of the actions of *other agencies*. The strategies and structures through which these leading agencies have *promoted, organized, and regulated the expansion* or the restructuring of the capitalist world-economy is what we shall understand by regime of accumulation on a world-scale. The main purpose of the concept of systemic cycles is to describe and elucidate the formation, consolidation, and disintegration of the successive regimes through which the capitalist world-economy has expanded from its late medieval sub-systemic embryo to its present global dimension.²⁵³

One problem here is that Arrighi does not explain the functioning of the ‘other agencies’ whose actions ‘unintentionally’ make it possible for the ‘leading agencies’ to accumulate and impose specific laws of development on the system as a whole. Arrighi’s concept of ‘systemic cycles’ is certainly descriptive but it is less clear how it can ‘elucidate the formation, consolidation, and disintegration’ of ‘regimes of accumulation’ or *explain* the functioning of capitalism over and above the conscious actions of its leaders.

²⁵² *The Long Twentieth Century*, 12.

²⁵³ *The Long Twentieth Century*, 10 (emphases added).

Let us examine the idea of ‘self-expansion’ of capital more closely. Arrighi’s ‘self-expansion’ is different from Marx’s. For Marx, self-expansion of capital is an illusion, an appearance that obscures social relations of exploitation, a belief in which contributes to the legitimization of the power of capital. Marx thought it was important to expose the reality behind this mystery. Big money only appears to simply breed more money—the M–M’ formula Arrighi borrows. In reality, Marx argues, money does not simply grow like pears on trees.²⁵⁴ For Marx, all forms of capital—commodity, money, and credit—are moments in the circulation of value created and expanded in the process of production. Self-expansion or rather capital accumulation occurs through continuous growth of labour productivity necessitated by competition among capitalists. All profits (and all value), including profits in trade and finance, derive from employment of wage labour by private individuals who own or control most of the means of production in a given society—an

²⁵⁴ It is worth quoting Marx on the fetishism of self-expanding capital at length: “The thing (money, commodity, value) is now capital even as a mere thing, and capital appears as a mere thing. The result of the entire process of reproduction appears as a property inherent in the thing itself. It depends on the owner of the money, i.e., of the commodity in its continually exchangeable form, whether he wants to spend it as money or loan it out as capital. In interest-bearing capital, therefore, this automatic fetish, self-expanding value, money generating money, are brought out in their pure state and in this form it no longer bears the birth-marks of its origin. The social relation is consummated in the relation of a thing, of money, to itself. Instead of the actual transformation of money into capital, we see here only form without content. As in the case of labour-power, the use-value of money here is its capacity of creating value—a value greater than it contains. Money as money is potentially self-expanding value and is loaned out as such—which is the form of sale for this singular commodity. It becomes a property of money to generate value and yield interest, much as it is an attribute of pear-trees to bear pears. And the money-lender sells his money as just such an interest-bearing thing. ...

... While interest is only a portion of the profit, i.e., of the surplus-value, which the functioning capitalist squeezes out of the labourer, it appears now, on the contrary, as though interest were the typical product of capital, the primary matter, and profit, in the shape of profit of enterprise, were a mere accessory and by-product of the process of reproduction. Thus we get the fetish form of capital and the conception of fetish capital. In M–M’ we have the meaningless form of capital, the perversion and objectification of production relations in their highest degree, the interest-bearing form, the simple form of capital, in which it antecedes its own process of reproduction. It is the capacity of money, or of a commodity, to expand its own value independently of reproduction—which is a mystification of capital in its most flagrant form.” (*Capital* III, Chapter 24, <https://www.marxists.org/archive/marx/works/1894-c3/ch24.htm>, my emphasis.)

exploitative relation of social production. If circulation is in the hands of private commodity producing capital, then circulation costs are directly included in the costs of production. If infrastructure/transportation capital is separate from industrial capital, and is engaged in private production of exchange values—transportation services or fees for infrastructure usage—then circulation does create new value.²⁵⁵ On the other hand, if infrastructure and transportation is developed by the state from state revenues, then no new value is created (although forces of production are developed, which contributes to overall growth). While Arrighi mentions transportation as a source of value, this sphere is not the source of the big profits he discusses. Thus, we can put this issue aside. Arrighi is concerned with merchant and finance capital and he claims that these are the main spheres where self-expansion occurs and which have relative autonomy. For Marx, on the other hand, merchants and financiers move capital in space and time; they do not create new value.²⁵⁶ In other words, trade and finance play a crucial role in

²⁵⁵ Still, there is an important difference between value created in production and circulation. Production of commodities has an intimate relation with circulation and credit. Capitalists organize production by first closely assessing the conditions of circulation (including the price of capital, the interest rates). A commodity-producing capitalist has to purchase machinery, raw material and obtain credit in the market. These circulation costs are included in the cost of production. Capitalists need also to calculate realization costs (the delivery of the product to buyers). Producers may sell the product below its value to a merchant for realization, they may buy shipping services directly from shippers, or buyers may purchase the product below its value directly from the producer and pay for shipping. Regardless of the way commodities do circulate, the producer calculates circulation costs when planning the production. In the second case, it appears as if the producer of commodities (capitalist 1) buys shipping services (the product of capitalist 2), and both accrue surplus value. But only capitalist 1 includes costs of circulation in the price of the product. By examining the exchange between circulation and production capitals in this way, we can see that a transfer of surplus value from production capitalist to circulation capitalist takes place. The main point here is not to claim that no value is ever created in circulation, but to demonstrate why Marx rooted value creation in the production of commodities.

²⁵⁶ In *Capital III*, unlike in *Capital I*, production of commodities becomes a moment in the circulation and self-expansion of capital. Value is created during this moment, but it is produced specifically for the market. Thus circulation is just as significant as production. Commodities are produced as exchange values, not as use values, and are realized in circulation. This feature is what distinguishes

facilitating—but are not sources of—growth. Marx argued that capitalism is a unique historical social form because it *subordinated* trade and finance.²⁵⁷ Capitalists produce for the market in pursuit of profit. They compete with each other to gain, secure, and expand their shares of the market at the expense of other capitalists. Individual capitalists are compelled to innovate to cut costs, increase labour productivity and expand production.²⁵⁸ This is the logic, for Marx, driving capital accumulation, market expansion as well as concentration and centralization of capital.

capitalism from pre-capitalist economies where most products are produced as use values, not exchange values. In pre-capitalist societies the sphere of circulation stands apart, because mostly surplus over and above subsistence economy and luxury goods are traded. In capitalist economy, according to Marx, production, trade and finance are intimately connected. However, with the development of capitalism (after Marx), centralization and concentration of capital and separation of ownership of capital from organization of production (shareholder capitalism) gave rise to semi-autonomous financial and speculative sectors reinforcing the illusion of 'self-expansion'. Nevertheless, the distancing of finance from production (and the resulting growth of speculation) neither severs the link nor creates a sphere of value production, but rather creates new sources of economic instability. See John Weeks, "Accumulation and crises," in *Capital, Exploitation and Economic Crisis*, Routledge, 2011, 126-139.

²⁵⁷ With the transformation of capitalism, financialization of the economy led to vibrant debates about the role and nature of finance, and the degree to which it became autonomous and/or predominant. For a brief overview and an argument for finance remaining closely linked to and determined by production, see Costas Lapavistas, "The financialization of capitalism: 'Profiting without producing'," *City*, 17(6), December 11, 2013, 792-805.

²⁵⁸ Note the difference here. Arrighi thinks it is the state competition for capital that creates the impetus for growth. Marx, on the other hand, regards the important competition to take place in the market where the social product is distributed. Production and circulation of commodities, in the conditions of increasing subsumption of economic and social life under expansion of capital, encompasses a much larger social sphere than state competition. In other words, Marx's approach to understanding growth is much wider in scope, contra Arrighi's assertions about Marx's work being narrowly focused on the working classes. Moreover, Marx did not ignore the processes of centralization, concentration of capital and super profits. In fact, for Marx, growing monopoly power is inherent to capitalist market relations, and it is this power that functions as a giant vacuum sucking up surplus value, creating greater inequalities. See Richard D. Wolff and Stephen A. Resnick, *Contending Economic Theories: Neoclassical, Keynesian, and Marxian*, MIT Press, 2012, 187. However, for Marx concentration and centralization of capital is not exactly 'anti-competition' but a form *within* a competitive capitalist market economy. See Richard Bryan, "Monopoly in Marxist method," *Capital and Class*, 9(2), June 1, 1985, 72-92; and "Competition and monopoly: A reply," *Capital and Class*, 10:3, November 1, 1986, 209-214. We also need to distinguish Marx's capitalist competition from a neoclassical concept of market competition tending toward market equilibrium and social harmony. Marx's capitalist competition can be better understood as a conflict and crisis-ridden war-like relation. See Stergios A. Seretis and Persefoni V. Tsaliki, "Value transfers in trade: an explanation of the observed differences in development" *International Journal of Social Economics*, 39(12): 965-82, 967.

In *Capital III*, Marx presented his account of the birth and nature of capitalism, appealing to the same history of early modern merchant and interest-bearing capital discussed by Arrighi. However, Marx explicitly rejected the idea that merchant and interest-bearing capital organized into trading communities, or in the service of imperial expansion, constituted or gave rise to capitalism in any sense. On the contrary, merchant and interest-bearing capitals were *detrimental* to the development of capitalism where capitalism was actually developing as a result of the transformation of social relations (in England and Holland).²⁵⁹

In pre-capitalist economies, traded surplus (extracted from direct producers—peasants, serfs, slaves, and artisans—by non-producing classes wielding power through *political* hierarchical relations) mostly consists of what is left over and above subsistence plus luxury goods. Merchants profit from arbitrage, buying cheap and selling dear the surplus.²⁶⁰ While more money is accumulated in trade, once more, no new surplus is created in the process of circulation. Although Marx did think that expansion of trade created conditions for economic growth

²⁵⁹ In his comprehensive and detailed historical study, Brenner traces the differences between the pre-capitalist and capitalist merchant class in England. See Robert Brenner, *Merchants and Revolution: Commercial Change, Political Conflict, and London's Overseas Traders, 1550-1653*, Verso, 2003.

²⁶⁰ To quote Marx again: "Since the movement of merchant's capital is M-C-M', the merchant's profit is made, first, in acts which occur only within the circulation process, hence in the two acts of buying and selling; and, secondly, it is realised in the last act, the sale. It is therefore profit upon alienation. *Prima facie*, a pure and independent commercial profit seems impossible so long as products are sold at their value. To buy cheap in order to sell dear is the rule of trade—hence, not the exchange of equivalents. The conception of value is included in it in so far as the various commodities are all values, and therefore money. In respect to quality they are all expressions of social labour. But they are not values of equal magnitude. The quantitative ratio in which products are exchanged is at first quite arbitrary. They assume the form of commodities inasmuch as they are exchangeables, *i.e.*, expressions of one and the same thing. Continued exchange and more regular reproduction for exchange reduces this arbitrariness more and more. But at first not for the producer and consumer, but for their go-between, the merchant, who compares money-prices and pockets the difference. It is through his own movements that he establishes equivalence." Marx, *Capital III*, chapter 20, "Historical Facts about Merchant's Capital," <https://www.marxists.org/archive/marx/works/1894-c3/ch20.htm>.

before capitalism—thriving city-states, as well as agricultural production for the market (e.g. latifundia)—he argued that economic expansion was determined by overall social conditions, in particular the dynamics of class relations. Neither market expansion as a quasi-natural force, nor merchant or finance capital in the hands of profit-seeking individuals caused the transition to capitalism. Rather,

Merchant's capital, when it holds a position of dominance, stands everywhere for a system of robbery, so that its development among the trading nations of old and modern times is always directly connected with plundering, piracy, kidnapping slaves, and colonial conquest; as in Carthage, Rome, and later among the Venetians, Portuguese, Dutch, etc.

Contra Arrighi, who sees late medieval finance capital as leading the development of capitalism, Marx argued that interest-bearing capital (usury) was even more parasitic than merchant capital, both on a 'small' scale—pushing into insolvency peasants and artisans—and on a 'big' scale—bankrupting state rulers. Marx (like Goldstone) perceived sporadic episodes of trade-driven growth in pre-capitalist economies, accompanied by demographic expansion or technical and organizational innovations, but growth was not inherent to the logic of reproduction of these societies.²⁶¹ Unlike the Californians and Arrighi, however, Marx saw the historical divergence and the onset of the modern economy in the social transformations in England and Holland.

The transition to and expansion of domination of capital over human and natural resources, according to Marx, subsumed trade and finance, thereby transforming their nature to service capital's needs. Capital accumulation begins

²⁶¹ *Ibid.* Jack Goldstone holds that globally growth and technological change was sporadic everywhere before the 1800s. He denies that there was an agricultural revolution or a beginning of sustained growth in England before the 19th century. See his *Why Europe? The Rise of the West in World History, 1500-1850*, McGraw-Hill, 2009, 26-30.

and proceeds with expropriation of labour, appropriation of the means of production and the products of labour of direct producers (i.e. separating producers from the means of production). Capital substitutes direct producers' subsistence economy for dependence on a wage and the market, thereby transforming the very nature of production, allocation of resources and distribution of the social product. From this it follows that the nature of surplus expropriation—the source and distribution of profits—is also transformed. On Marx's view, capital's domination means that material reproduction occurs under capital's direct agency not some of the time, as in Arrighi's work, but all of the time. Marx also (more successfully than Arrighi) reveals and details mechanisms of capital's domination and more adequately explains the dynamic accumulation process. John Weeks captures the nature of the process in his contemporary analysis: "With labour 'free' from the means of production, capital in the form of money can marshal resources flexibly. Capitalist countries and the capitalist epoch are characterized by the movement of capital, as it shifts labour and other resources among industries and regions."²⁶² When labour is in control of the means, tools and/or processes of production (as was the case in most of Europe/world until the nineteenth century to a considerable degree), capital is restricted. However, once capital establishes its dominance over material production, it strives to ensure mobility and flexibility of inputs of production (money/credit, labour, tools, machinery, land, and raw material) and to create 'efficient' (for profit maximization) market allocation of resources sometimes through open competition and other times through politically established control.

²⁶² John Weeks, "The Expansion of Capital and Uneven Development on a World Scale," *Capital and Class*, 74 (Summer 2001), 15.

Overall, this capitalist dynamic necessitates market competition in some areas, which facilitates decreasing input costs due to competition among fragmented capitals.

However, competition is not only the source of growth, as in neoclassical economics, but also a source of capitalism's instability. Marx's account of the cyclical nature of capitalist development—boom/bust cycles and uneven development—is based on his analysis of the system as a whole (as opposed to Arrighi's 'top layer'). The system's central characteristics—private ownership of the means of production, market allocation and distribution of resources and of social labour, and private appropriation of surplus in the process of production—produce class conflict, uneven development, falling rate of profit, and periodic economic crises.

Capitalists as owners of the means of production hire wagedworkers in order to produce. Wagedworkers (formally free producers) sell their labour power on the market because they must do so in order to survive—they lack non-market access to the means of subsistence. Both capitalists and workers depend on the market for their reproduction as classes: capitalists buy capital, labour power and buy or rent land (space); workers sell their labour power and buy most of their subsistence requirements on the market. The market is the central mechanism for allocation of resources for production and for reproducing economic agents. Efficient allocation of resources requires some freedom, uniformity and market competition.²⁶³ In order

²⁶³ The Braudelien and WSA schools reject the idea of market freedom and competition as requirements of a capitalist economy. This assessment is based on their understanding of the historical and contemporary importance of chartered monopoly trading corporations and vertically integrated transnational corporations—here they echo the New Institutional Economics (NIE) School. In fact, they go further than NIE in downplaying the role of competitive markets under capitalism. This explains the ease with which the WSA School includes planned economies in their

to reproduce in the conditions of competition, capitalists must innovate. In the process of production, capitalists develop the forces of production. In order to survive (as capitalists) capitalists must also expand production. Therefore, they continuously reinvest parts of their profit into expanded production. Growth, in *this* conception of capitalism, is endemic to the system. Capitalists decide to produce if and only if they believe they can make a profit (otherwise why would they bother with the process?); they expect that their investments will be profitable. Therefore, growth is a necessary outcome of the combined efforts of capitalists to expand and improve productivity in order to survive competition; indeed, growth is a necessary condition for capitalists even to be interested in investing in production—no growth, no capitalism.²⁶⁴

conception of capitalism. Wallerstein, for example, thinks that the USSR and China were part and parcel of a world capitalist economy simply because they participated in the world market. Any distinctions between political surplus extraction (extra-economic extraction) and pricing in the Soviet system, on the one hand, and the market relations of big corporations under capitalism, on the other, are ignored. John Hicks' distinction between the Revenue Economy and the market economy (Hicks, *A Theory of Economic History*, Oxford University Press, 1982, first published in 1969, 24) usefully captures the difference. The modern corporation bypasses the market to save on transaction costs and/or to set price advantages, but (for the most part) it is not a revenue seeking organization which uses political power for extraction and distribution of resources. It relies on the market for these activities. In the contemporary financialized economy dominated by financial giants, the role of open competitive markets in capital flows is central. Lapavitsas points out that open capital markets and financialization of industrial firms established greater independence of industrial capital from banking. See Lapavitsas, "The financialization of capitalism," 799-780.

²⁶⁴ Arrighi emphasizes the role of the state *in opposition* to the role of the market. It is true that the state plays a crucial role both in establishing and maintaining capitalism and that often capitalists, especially big capitalists, rely on the state for their survival—just think of the military industrial complex or the recent bailouts during the 2008 financial crisis as well as during the coronavirus pandemic. However, the role of the market should not be underestimated even in the context of 'welfare' state capitalism (in both senses, 'welfare' for big capital and 'welfare' as in social democratic capitalist countries with 'interventionist', regulatory states)—market relations remain fundamental to the functioning of the system. Arrighi's attention to the state is understandable as a reaction to mainstream economics, which certainly underestimates the role and importance of the state in maintaining and reproducing capitalism. But mainstream economists also falsely portray the state as an autonomous albeit mostly parasitic structure antagonistic to the market economy. That is to misunderstand the nature of the *capitalist* state.

At the same time, the main obstacle to growth is the tendency of capitalists to undercut their own end-goals by undermining demand. In order to lower costs of production due to market competition, capitalists either lower wages or replace workers with machines. When this tendency overruns the economy, growth slows and crises occur eliminating 'inefficient' producers.²⁶⁵ In periods of recession or depression accompanied by bankruptcies, unemployment grows creating downward pressure on wages. Lower wage levels provide capitalists an incentive to hire more labor in the hope of renewed growth. Eventually, as employment levels rise again and with new businesses employing the most efficient technology and methods of organization, economic growth resumes. For Marxists, this underpins the cyclical or boom-bust nature of capitalist growth. Crises do occur periodically. They are endemic to capitalism, but they are temporary (at least so far). With each new cycle, reinvigorated growth is fostered by the destruction of old obsolete capital (Schumpeter's 'creative destruction').²⁶⁶ This, let me stress, is only a very general outline of tendencies in capitalist cycles. Any satisfactory account of concrete cycles, their causes, duration, expansion and shifting centres would require close analysis of historical conditions and examination of concrete social, economic and political struggles, which would arguably defy Arrighi-style—or perhaps any

²⁶⁵ There are many contending theories of capitalist crisis in the Marxian tradition. The purpose of this abridged discussion is to show fundamental differences in approaches between this tradition and WSA. For a competition-based theory of crisis see John Weeks, *Capital, Exploitation and Economic Crisis*, 2014. Varoufakis *et. al.* provide a useful analysis of contending theories across schools of economics (Marxist, neoclassical and Keynesian), and offer one of their own. Varoufakis *et. al.*, *Modern Political Economics: Making Sense of the Post-2008 World*.

²⁶⁶ Michael Joffe presents an innovative approach to explaining the nature of capitalist growth by combining institutionalist theorizing of the firm (by North, Coase and Chandler) with the Marxist theory of growth rooted in the competitiveness of the market. See his "The root cause of economic growth under capitalism," *Cambridge Journal of Economics*, 35 (2011), 873-896.

other kind of—formalization.²⁶⁷ The main point here is the importance of competition in some Marxist theories of capitalism. However, we still need to address the issues of monopoly capital and super profits, which Arrighi thinks define capitalism.

Marxist economists outside the monopoly school do not ignore concentration, centralization and super profits. Significant contributions have been made by the school of ‘uneven exchange’ in their studies of transfers of surplus value. This school provides a useful framework for explaining the origins and persistence of the divergence.²⁶⁸ From this perspective, oligopoly in technologically advanced sectors depends upon and benefits from the prevalence of competition in primary goods markets. According to this doctrine, above average profit is a result of the tendency of surplus value to flow from weaker to more technologically advanced producers within and across sectors and national economies as a result of competition. This process, endemic to capitalism, reproduces and deepens the divergence.²⁶⁹ Key to the process are the competitive flows of investment capital and the tendency of profits to equalize across sectors.

²⁶⁷ For arguments against formalization of capitalist crisis theory see Paul Mattick, *Economic Crisis And Crisis Theory* and Varoufakis *et. al.*, *Modern Political Economics*.

²⁶⁸ For a recent contribution explaining the persistence of divergence based on the analysis of global political economy of the last three decades, see John Smith, *Imperialism in the Twenty-First Century*, Monthly Review Press, 2016.

²⁶⁹ See Andrea Ricci, “Unequal Exchange in the Age of Globalization,” *Review of Radical political Economics*, 2019, 51(2), 225-245, 228 and Stergios A. Seretis and Persefoni V. Tsaliki, “Value transfers in trade: an explanation of the observed differences in development,” *International Journal of Social Economics*, October 2012, 39 (12): 965–82. Stergios and Tsaliki explain the process, following Marx’s arguments: “Competition between and within sectors establishes a uniform profit rate across industries and a uniform product price with differential profitability for individual capitals in the same industry. The established different profitability stemming from different efficiency records constitute[s] the source of value transfer since [differential efficiency] determine[s] [*sic.*] not only the total amount of value that each capital produces but more importantly its distribution among individual capitals. The analysis showed that value transfers are

In contrast to the above, Arrighi's 'self-expansion' of capital is divorced from his understanding of 'material expansion'. The latter occurs only in the middle of his cycles, whereas 'self-expansion' of capital is constant—and even more expansive in the financialization stages when 'material expansion' stagnates. Without clear elucidation, Arrighi implies that super-profits are 'made' in the sphere of circulation of commodities and in high finance. But crucially, Arrighi does not explain how capital's 'self-expansion', as he characterizes it, is connected to capitalism's overall self-sustaining economic growth—an important question if the goal is to understand the birth and nature of capitalism.

For Arrighi, the system goes through stages of 'material expansion' and 'financialization' as a result of the actions of big capitalists who switch between the two areas of investment. During financialization periods, Arrighi claims, there is no

accomplished from the less efficient sectors (characterized mostly by low OCC [low organic composition of capital, i.e. higher proportion of labour relative to machines-OM]) to more efficient ones and take place not only at national but also at international levels. Hence, exchange/trade becomes the mechanism and the vehicle for value transfers among different capitals in the national and international arena. ... Consequently, and according to our theoretical analysis the technologically advanced sectors/economies should experience influx of value transferred from the less developed sectors/economies and thus value transfers may be the key corridor that might explain the persistent discrepancies in development levels across countries. It is commonplace that developed economies dominate international trade due to their relative superior efficiency which enables them to produce most commodities at lower labour value and to enjoy positive transfers of value. Hence, we may argue that policies enhancing competition and free trade may serve not to eliminate inequality, but to perpetuate it. In fact, the famous "free trade" policy doctrine may be proved to be a device for the concentration and centralization of capital at the international level in a similar fashion that 'free market' doctrine is the respective mechanism for the concentration and centralization of national capital" (975-6). These authors cite recent scholarship, but this builds on the work of earlier 20th century scholars, most prominent among them being H. W. Singer, R. Prebisch, and A. Emmanuel. The relative marginalization of this tradition within Marxism (especially if compared to the monopoly school) is attributed to the waning influence of Marx's labour theory of value (LTV).

material expansion; rather, there is stagnation.²⁷⁰ Prior to the British cycle of accumulation, Arrighi's 'capitalism' had little to do with capitalist production.

The leading capitalist enterprises of the Genoese and Dutch cycles were typically engaged in long-distance trade and high finance ... and as far as possible kept production activities outside their organizational domains. In the British cycle, in contrast, the accumulation of capital came to be based on capitalist enterprises that were heavily involved in the organization and rationalization of production processes.²⁷¹

Arrighi is not concerned with why the British cycle was different in this sense because, he claims, accumulation flowing from production was short-lived. Already by the 1870s British capital switched to finance.²⁷² Throughout the book, Arrighi makes it clear that he thinks trade and high finance are more definitive of capitalism than production and so he leaves the question of material growth unexamined and unexplained.

However, we have seen that Arrighi does acknowledge the British cycle of accumulation was different, that production became capitalist and that in the stage of 'material expansion' big profits came from production rather than trade. Yet Arrighi does not explain why and how this came about. It appears that for him, it was simply a consequence of the 'natural' process of evolution of capitalism as it emerged with the expansion of trade. What Arrighi ignores is that before his British cycle of accumulation, his 'world economy' did not experience significant productivity growth and so was not in that sense different from other wealthy parts of the world (for example, South-East Asia and its thriving markets). From this point

²⁷⁰ *The Long Twentieth Century*, 238. The neoliberal era can hardly be defined by global material stagnation, even if profit rate has never recovered to the post-WW2 levels.

²⁷¹ *The Long Twentieth Century*, 182.

²⁷² *The Long Twentieth Century*, 227.

of view, Arrighi's account is vulnerable to the Californians' critique. Furthermore, it can be noted that his first two stages of financialization (Genovese and Dutch) are critically different from the last two (British and the US) in that despite the spectacular growth of credit and speculation, the 'real' capitalist economy during the British and the US cycles did not stagnate. On the contrary, during what Arrighi sees as the period of financialization and material stagnation, beginning in the 1870s, the British and especially the German and US economies experienced spectacular levels of productivity growth, indeed, in some sectors growth at unprecedented levels; technological innovation, accumulation of productive capital (even if not profit growth across all sectors) and growth of mass consumption.²⁷³ Between 1870 and 1900, British per capita growth was 500 percent.²⁷⁴ 'Stagnation' appears relative to the preceding era of boom; in Britain there was *relative* decline in the context of the rise of Germany and the US as well as the depression in agricultural sectors. All in all, there were important differences between the 'world economy' of the fourteenth to nineteenth centuries and that of the nineteenth to twentieth centuries; differences which Arrighi does not sufficiently take into account.

²⁷³ Arrighi claims that his "material expansion" corresponds to Marx's development of the forces of production (227), but I think this is misleading. Arrighi's capitalist "material expansion" is not continuous; he does not provide evidence that the forces of production were developing during his first two cycles of capital accumulation (and arguably, there is no evidence for this on an economy-wide scale). In Marx's works capitalism facilitates rapid development of the productive forces, i.e. the tools and techniques of production constantly and necessarily improve, thereby increasing labour productivity. The source of this development, for Marx, is not market expansion *per se* but the process of production organized through capitalist class relations.

²⁷⁴ Nicholas Crafts, *Britain's Relative Economic Performance, 1870-1999*. Whether the last three decades of the 19th century were characterized by a long depression or dynamic growth remains controversial. Hobsbawm notes that the main issue was falling profitability, but in the context of spectacular economic growth, industrial development, growth of foreign investments and imperial expansion. See his *The Age of Empire, 1875-1914* (London: Weidenfeld and Nicolson, 1995 second edition), 34-46.

In the absence of a clear account of what grounds the ‘self-expansion’ of capital, the system’s ‘laws’ appear to depend on ‘capitalist mentality.’ For Arrighi, the system was born and then maintained as a result of the peculiar ability first of Italian, then Dutch, English, and now American capitalists to analyze and make rational decisions to shift their activities from trade and production to finance at the right moment. Passing the torch of capitalism is part of the game.²⁷⁵ But the only explanation of the origins of the system is the ability of merchants/bankers to organize into ‘communities.’ Trade expansion preceded capitalism. Territorial expansion also preceded capitalism. It is the ‘marriage’ between the two that made capitalism possible. In the chain of systemic cycles, arbitrage, interest and speculations are the main sources of increased money in the hands of Arrighi’s capitalists.

We can understand why and how merchants’ and bankers’ activities led to the increase in volume of the money they owned or controlled, but it is less clear how the *system* experienced growth, other than through population growth, i.e. absolute growth, which does not indicate development of capitalism or self-sustaining growth during Arrighi’s first two cycles. On the one hand, Arrighi’s account of the growing wealth and power of the big moneyed classes through trade and finance, their influence on imperial and colonial expansion, state building and military and navy buildup is informative. On the other hand, framing this process in terms of an unexplained notion of systemic ‘self-expansion’, instead of calling it what it was—politically organized plunder and robbery—only mystifies this history.

²⁷⁵ *The Long Twentieth Century*, 95, 238-9. Capitalists, Arrighi maintains, prefer “flexible forms of investments” (5), hence, the financial sector is central.

The question of what makes the system capitalist is not well answered; and so, the question of 'transition' is also obscured.

Without providing analysis of the economy—the processes of production and distribution—Arrighi contends that investments in trade and financial dealings increased the 'value' of capital. Since for Arrighi it is mostly fluid capital that matters, by the 'increased value of capital' he means super profits from interest and arbitrage in trade and finance. Arrighi's 'self-expansion of capital' is not the same concept as Marx's capital accumulation. Arrighi's concept is universal—merchants and moneylenders anywhere in the world followed this logic. But can we extend this logic to the economy of his world system as a whole? Or even to its main parts? Were other proprietors and producers—feudal landlords, serfs, sharecroppers, peasants, and artisans, i.e. the majority of economic agents—also subject to this logic? Merchants certainly traded producers' surpluses on the market, but does this alone make producers' and other economic actors' (e.g. landlords) activities capitalist in any meaningful sense? If the answer is 'yes', then we can ask how, when, and why was there a transition from pre-capitalist relations among economic actors to capitalist relations. Would we not need to demonstrate a change in the logic of *their* economic activities, a fundamental structural change? Recall, Wallerstein asserts that all economic agents, regardless of their diversity and/or their similarity to pre-capitalist agents (lords, serfs, etc.), are capitalist simply because they function within a capitalist 'world system.' As we have seen this does not seem satisfactory. Furthermore, as we have seen in the context of the great divergence debates, most of Europe did not experience sustained economic growth, significant growth of

labour productivity, or full-fledged capitalist transformation until the nineteenth century—in some parts of Europe, even later, into the late nineteenth-early twentieth centuries.

Although Arrighi is a critic of capitalism, there is something Eurocentric about his account. His entire analysis seems to depend on the idea that European merchants possessed a unique talent for organizing into ‘communities’ to effectively establish their economic power on a global scale.²⁷⁶

* * * * *

Taking stock, what I have tried to show in this and previous chapters, in both Parts I and II, is that explaining the ‘great divergence’, a key issue for world history, requires getting clear on the role of capitalism, its emergence and spread. This has led me to consider, in this chapter and in chapter 5, two important writers in the school of WSA, with their conceptions of the world capitalist system. I have argued that their theoretical conceptions, though useful and informative in some ways, do not adequately account for the emergence and development of capitalism or the great divergence. I have counterpoised their conceptions with the Political Marxist’s conceptions and historical analyses, and argued that the latter are both closer to Marx’s own theorizing and provide a stronger base for understanding the

²⁷⁶ Arrighi, following Hicks, thinks that geography played a role. Italian city-states and the Dutch were endowed with great ports for access to world trade. And, of course, the proximity of the ‘New World’ played a role. However, geographic explanations fail to resolve *why certain good ports contributed to the development of thriving trade and economies while others did not*. Arrighi’s argument also has an important geopolitical aspect—his ‘hegemony’ argument. Benno Teschke, in his *The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relations* (2003), provides an important critique of Arrighi’s claims about hegemony from the perspective of international relations theory in its Political Marxist version. In this chapter, the focus was on economic aspects of Arrighi’s account. Suffice it to note that Arrighi’s hegemony and ‘regime of accumulation’ concepts do not adequately clarify economic mechanisms in the process of accumulation, and, according to Teschke, are historically inaccurate.

divergence. In Part III, I will move in a different direction. I will present a more critical discussion of Political Marxism and try to show that it can, and should, be combined with a more 'orthodox' conception of Marx's theory of history, historical materialism.

Part III

Political Marxism and Historical Materialism: Rivals or Allies?

This section addresses Political Marxists' distinct way of conceptualizing the Marxist theory of history. While their explanation of the great divergence—as resulting from the birth of capitalism in the English countryside and the consequent onset of self-sustaining growth—is superior to the two rival theories we have considered, the focus here will be on the way some (not all) Political Marxists seem to overstate their opposition to Marxist 'orthodoxies'. They object to the 'technological' reading of historical materialism, for example, because they see it as being teleological, stagist, determinist, and unilineal. These claims will be critically examined here. My contention is that the Political Marxists' historical analysis is compatible with, and may even benefit from, G.A. Cohen's and Erik Olin Wright et al.'s 'orthodox' formulation of the theory of history.

Introduction

The first two parts of this work focused on explanations of the Great Divergence by the Californians and WSA. Against these two schools, I defended Political Marxism's account of the origins of modern economic growth—in particular, the thesis that the rise of capitalist property relations in parts of Europe and their absence in the Rest of the World explains the divergence. I also argued, contra critics, that Political Marxism does not constitute an objectionably 'Eurocentric' narrative; it does not celebrate Western power, culture or wealth, nor dismiss the 'Rest' of humanity or trivialize the contributions or destiny of 'others'. On the contrary, Marxism's analysis and systemic critique of capitalism along with other forms of oppression and exploitation have long been, and continue to be, a source of inspiration for

progressive struggles in the Global South. Nevertheless, Marxism has not been as prominent on the Left as it once was and Marxist theory is met with a great deal of skepticism (though the pendulum may be swinging back in the wake of the coronavirus pandemic and as the climate crisis deepens). In the world of academia, the array of alleged flaws in Marxism are well known: teleology, a unilineal conception of history, stagism, determinism, reductionism, structuralism, and more recently, Eurocentrism.²⁷⁷

The arguments in these final two chapters will be more on the conceptual/theoretical side of things. I believe this is necessary, for much of the alleged disagreements between, for example, Ellen Meiksins Wood and G.A. Cohen, are of this nature. In this part of the thesis, I will address these issues drawing on debates within Marxism. I will argue that not only do the Californians—who never elaborate *how* in their view Marxist analyses suffer from the above-mentioned flaws—leave much to be desired here, but also that Marxists often fail adequately to respond to such critiques. Even within Marxism it has become a kind of received wisdom that these critiques are (more or less) sound with regard to the ‘orthodox’ tradition. For my purposes here, I examine debates between (some) Political Marxists who oppose ‘orthodoxies’ and (some) Analytical Marxists who broadly defend them. I will argue that both sides of this debate have made important contributions to fortifying Marxist scholarship, effectively challenging and debunking criticisms despite major disagreements between them. In fact, a more collaborative project could be most fruitful.

²⁷⁷ John T. Chalcraft, “Pluralizing Capital, Challenging Eurocentrism: Toward Post-Marxist Historiography,” *Radical History Review*, 91 (Winter 2005), 13-39.

Chapter 7

Political Marxism and Historical Materialism: Part One

1—Stage-setting: Political Marxism, Analytical Marxism, and Some Thoughts on the Politics of Academic Turf-Wars

Building on groundbreaking articles by Robert Brenner, Political Marxism is distinguished by its claim that social property relations ground explanations of historical development and that (since the Neolithic revolution) history is propelled by class struggle.²⁷⁸ Political Marxists position themselves (partly) in opposition to what they see as Marxist ‘orthodoxy’. Interestingly, Brenner during the period of his earlier work was associated with the Analytical Marxists. While Analytical Marxism (AM) tends to be identified with its most ‘non-orthodox’ members who broke with many traditional Marxist theories (Jon Elster and John Roemer, in particular²⁷⁹), other important voices in AM (G.A. Cohen and Erik Olin Wright, for example) did

²⁷⁸ Perry Anderson, *Spectrum*, Verso: London, 2005, 232-276; Robert Brenner, “Agrarian Class Structure and Economic Development,” *Past & Present*, 70(1): 30–75, 1976; “The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism,” *New Left Review*, 104: 25-92, 1977; “The Agrarian Roots of European Capitalism,” in T. Aston & C. Philpin (Eds.), *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-industrial Europe*, Past and Present Publications, 213-328, Cambridge: Cambridge University Press, 1985.

²⁷⁹ For two (of many) examples of this reduction of AM to the ‘anti-orthodox’ doctrines (such as methodological individualism and the elevation of ‘rational choice theory’) of Elster and Roemer, see E. K. Hunt, “Analytical Marxism,” in B. Roberts *et al.* (eds.), *Radical Economics. Recent Economic Thought*, Vol. 25, Kluwer Academic Publishers (1992), 91-107; and Jutta Weldes, “Marxism and Methodological Individualism: A Critique”, *Theory and Society*, Vol. 18, No. 3 (May 1989), 353-86. For a different perspective on AM, which does not place these particular ‘anti-orthodox’ views at the centre, see Kai Nielsen, “Analytical Marxism: A Form of Critical Theory,” *Erkenntnis*, Vol. 39, No. 1 (1993), 1-21.

provide impressive accounts of some ‘orthodoxies’ including, of course, Marx’s theory of history (historical materialism) and his concept of class.

AM is now considered to be largely irrelevant in contrast to the growing influence of PM, but this verdict on AM is, in my view, somewhat unfortunate. (As a ‘school’, perhaps, it is not important that it be revived; but there were some important works by some of the Analytical Marxists that are in danger of being forgotten.) Again, AM tends to be associated with its prominent ‘non-orthodox’ members such as Elster and Roemer. In a critical discussion of Elster’s and some other Analytical Marxists’ commitment to methodological individualism, here is how one author describes the group:

Since the 1980s, the analytical Marxists have tried, sympathetically but critically, to make sense of Marxist theory without succumbing to the obscurantism and dogmatism which they perceived in hitherto prevailing versions of Marxism—both Western versions and the official Marxisms of the former Communist societies. One of the aims of this interdisciplinary group was to ascertain what would remain viable in Marxism once the ‘rigorous’ standards of analytic philosophy and the most up-to-date methods of the social sciences were applied to it—rather than denounced as forms of ‘bourgeois ideology’.²⁸⁰

Intellectually, the attempt of *some* of the Analytical Marxists to salvage certain ‘orthodoxies’ was, I think, quite impressive; however, the historical and political conjuncture made it virtually impossible for AM to become prominent in academia. The influence of AM in the academy (never very big) peaked in the 1980s and 90s but was short-lived.

²⁸⁰ Chandra Kumar, “A Pragmatist Spin on Analytical Marxism and Methodological Individualism,” *Philosophical Papers*, Vol. 37, No. 2 (July 2008), 185. Kumar, broadly sympathetic to AM, goes on to argue that, contrary to Elster (and also to Cohen at that point), AM should not be saddled with a commitment to methodological individualism—which, according to Kumar, is not even a coherent doctrine or methodology.

The Analytical Marxists were, in fact, a diverse group. There is not much of substance that all of them held in common apart from a normative judgment favoring socialism over capitalism (though sometimes differing on the precise moral argument backing the judgment). Indeed, some of the members of that ‘school’, such as Elster, made a name for themselves attacking Marxist ‘orthodoxies’ including the theory of history and ‘dialectics’.²⁸¹ Elster, however, represents just one strand of AM and his views on Marxism do not define the group as a whole.

The intellectual split between PM and AM occurred after the publication of *Karl Marx’s Theory of History: A Defence* (1978, *KMTH* hereafter). In this work, Cohen argued that Marx articulated a historical vision according to which technological development is the material foundation of historical development—that history is pushed along by the development of forces of production and that this development in some sense *explains* economic (social) structures. (Cohen called these claims the Development and the Primacy Theses.). Brenner posed an important challenge to this understanding by arguing that a better construal of Marx’s theory of history would place primacy on class struggle underpinned by social property relations, thus rejecting Cohen’s ‘orthodox’ formulation of historical materialism.²⁸²

Brenner, it must be said, has made a powerful case against the Smithian tradition; he shows that there is nothing ‘natural’ and inescapable about the dominance of market exchange and human greed, that capitalism is a specific historical social form. E.M. Wood also rightly notes that if we can see that capitalism

²⁸¹ Elster’s main contribution in this area was his *Making Sense of Marx* (Cambridge: Cambridge University Press), 1985.

²⁸² “The Social Basis of Economic Development,” in John Roemer ed., *Analytical Marxism: Studies in Marxism and Social Theory*, Cambridge University Press, 1986, 23-53.

has a clear historical beginning and that it is not explained by appeals to ‘human nature’—especially greed or propensity to truck, barter and exchange—, it becomes easier to imagine its end, that humanity is not destined to bury itself under the weight of overconsumption, environmental destruction, climatic catastrophe, inequality, etc., that ‘another world is possible.’²⁸³ So this is not a trivial scholarly position. Moreover, it is an essential requirement for constructing a Marxist theory of history that emphasizes qualitative differences among historical epochs.

Wood, however, pushed Brenner’s argument against Cohen and other Analytical Marxists further, elaborating her critique of ‘orthodox’ Marxism; and this seems to have become the accepted position among most Political Marxists. She opposed AM on two counts: first, on the question of methodological individualism and rational choice theory,²⁸⁴ and second, on Cohen’s ‘orthodox’ technological ‘determinism’. In my view, Cohen and some other Analytical Marxists had the right idea by trying to formulate historical materialism as a more defensible and coherent theoretical framework than had previously been articulated. Their formulations provide a useful framework for Marxist historical explanations. Outright rejection of

²⁸³ E. M. Wood, *The Origin of Capitalism*, 74-5; David McNally, *Another World Is Possible: Globalization and Anti-Capitalism*, Arbeiter Ring Publishing, 2006. For a more recent work about the possibility of a better post-capitalist economic system inspired by Marxism see Varoufakis’ fictional *Another Now: Dispatches from an Alternative Present*, Penguin Books, 2020.

²⁸⁴ I do not wish to defend MI or RCT but, as I suggested above, it is debatable (to say the least) that MI and RCT are central to AM. Although Cohen did subscribe to MI by the time of the second edition of *KMTH* (2000), his formulation of historical materialism does not stand or fall with MI. Analytical Marxists did take MI and RCT seriously but some of them rejected MI and did not make much (if any) use of RCT—including Cohen, Wright, Andrew Levine, Elliot Sober, Allen Wood and others. Note that the issue of ‘micro-foundations’ is another matter, though it is often equated with MI. One may, as Levine, Wright and Sober argued, think that elaboration of ‘micro-processes’ and ‘mechanisms’ is important to bolster Marxism’s ‘macro-level’ theoretical claims, without committing oneself to MI or RCT. See Kumar (2008) and Wright *et. al.*, “Marxism and Methodological Individualism,” in *Reconstructing Marxism. Essays on Explanation and the Theory of History* (London: Verso), 1992, 107-27—which first appeared in *New Left Review* I/162 (Mar./April 1987), 67-84.

AM scholarship and of all 'orthodoxies' has, I think, imposed a kind of straightjacket on the PM project, leaving it without a clear formulation of historical materialism.

At the same time, as I have already stressed, PM is an historiographical school with impressive achievements. It is unsurpassed on the theory of origins of capitalism and it provides a framework for answering questions about why it was England rather than Italy, Spain or the Dutch—the early trading empires—that first developed capitalism. These questions, which posed challenges for Marxism, can be answered in a theoretically more consistent manner. However, as I will argue, this specific position has not produced an alternative to historical materialism as a theory of history or as a general hypothesis regarding structure and direction in human history. I argue, in the following sections, that PM has no explanation of directionality in history and for this reason it lacks a coherent theory to widen its explanatory scope beyond the origins of capitalism thesis.

Thus, the Great Divergence debate and world history more generally would benefit from taking PM's origins thesis and economic analysis seriously; however, Political Marxists have not provided a broader theory of history to frame their historiography. Their arguments, as we have seen, are grounded in Marxist sociology (class analysis), but they do not provide a clear elaboration of historical materialism as a broader theoretical position. My contention is that there is no need for PM to reject a 'technological' reading of historical materialism. This particular 'anti-orthodox' stance, I think, need not be central to PM, just as methodological individualism and 'rational choice Marxism' need not be considered central to AM. In making this case, the main works I will be drawing from are by Cohen, Wright,

Andrew Levine and Elliot Sober. All these Analytical Marxists accept Brenner's origin thesis. What I want to argue is that the origin thesis actually makes more sense in the context of the 'orthodox' formulation of historical materialism as formulated by these authors.

In previous sections of this thesis I argued that to a large extent the Californians frame their anti-Eurocentrism by targeting Marxism in particular. While claiming the problem is endemic to a broader European intellectual tradition from the Enlightenment to Weber, some of their own theoretical assumptions are borrowed from classical political economy and neoclassical economics, and they seem in lockstep with mainstream traditions that celebrate capitalism. *In practice*, the Californians' 'anti-Eurocentrism' reinforces the mainstream economic explanations of development which historically played a crucial role in legitimizing Western domination and which are used to undermine Marxist critiques of it. I also noted that the Californians shy away from adequately discussing the concepts, theories and arguments they so vehemently reject in Marxism. To be fair, many of their charges have become 'common sense', taken for granted in non-Marxist academic writing across the political spectrum; so the Californians are not unique in presuming their validity.²⁸⁵ Indeed, to some extent this has been internalized and reinforced by many Marxist-oriented writers, and this constitutes the main problem within the AM-PM debate. I believe that the real reasons for this are not intellectual but political and historical. I do not claim that 'orthodox' historical materialism has been conclusively shown to be a superior theory of history or that it has been

²⁸⁵ The previously cited article by John T. Chalcraft is a case in point from a (allegedly) 'radical' left perspective.

decisively, empirically confirmed. What I hope to demonstrate, however, is that there are plausible formulations of the theory and especially that some well-known critiques of it are flawed.

The Left generally, and the radical Left in particular, has a deserved reputation for being a highly divided political project. The intellectual side is similarly fractured. Many different schools within the tradition position their scholarship in opposition to other Marxists. Much of this dynamic is situated in a general and prolonged crisis of the Left from the 1970s on—roughly, through the period of ‘neoliberal’ capitalism and the fall of the Soviet bloc regimes. A thorough understanding of the intertwining dynamics of real-world politics and academic trends would require a separate study, but a few brief comments are in order here.

First, we need to recognize that when referring to Marxist theory it is not only hard to pin down what ‘Marxism’ is as a theory—the term does not refer to one particular theory “but a set of more or less related theories”²⁸⁶—, a quick glance at Marxist scholarship would reveal an absence of consensus about which of these theories are valid, how the theories hang together, and how the various theories, taken separately, should be formulated.²⁸⁷ Historical materialism as a general theory of history, which purports to shed explanatory light on epochal historical changes and humanity’s historical trajectory, occupies an interesting position. On the one hand, it appears to be central, a theory that unites, or connects, all the other

²⁸⁶ G. A. Cohen, *History, Labour and Freedom: Themes from Marx* (HLF hereafter), Oxford, 1988, 155-6.

²⁸⁷ Hence, some argue that the term ‘Marxian’ is better reflective of the tradition, while others (for good reasons) would prefer to rename the tradition ‘scientific socialism’, not because they reject or diminish Marx’s thought, but because the term ‘Marxism’ smacks of a cult (Marx would not have approved of it), and because there has been plenty of disagreement and important intellectual developments since Marx.

Marxist theories. On the other hand, it has increasingly been repudiated within Marxism for a century. Certainly by the 1970s, historical materialism as a general theory of history fell almost universally out of favor in the West and became pejoratively referred to as ‘orthodox’ Marxism.²⁸⁸

What gets called ‘orthodox’ historical materialism is the theory that the development of humanity’s productive powers is the fundamental factor driving epochal historical change, and that ‘modes of production’ tend to correspond and adapt to the level of productive development. ‘Modes of production’ (social relations of production, the economic structure of society), in turn, explain—functionally explain, as Cohen would put it—forms of political and legal institutions and prevailing forms of consciousness (dominant ideologies, in particular). In the official Soviet ideology, this theory took on a very rigid form useful for propaganda purposes; humanity went through stages of development from primitive communism, slavery, to the Asiatic mode of production, feudalism, mercantilism, capitalism, and the Soviet Union’s socialism, which would lead the world toward communism. Accordingly, although communism was the inevitable result of the progressive march of history, and specifically of capitalism’s internal contradictions, the Soviet Union had a unique role as the first country to overthrow capitalism. ‘Dialectical materialism’ was used to justify the Soviet regime’s authoritarianism and its international strategies.²⁸⁹

²⁸⁸ Originally, ‘orthodox’ Marxism was the Marxism of the Second International. More recently this term is applied more broadly to include all versions of historical materialism that, like Cohen’s, give explanatory primacy to the productive forces—all ‘technological’ versions.

²⁸⁹ Marxist dogmatism is not unique to the Soviet Union. European intra-national politics and global geopolitical struggles produced contexts for intellectual and programmatic rigidities. A brief overview of the dogmatism of the Second International can be found in Neil Davidson’s “How

Equally significant, however, Western Cold War propaganda was largely successful in linking Marxism with Soviet dogmatism, 'totalitarianism' and the 'evil empire', and in diminishing the influence of intellectually vibrant and politically progressive traditions of socialist and communist movements outside the Soviet Bloc. Global struggle between Left and Right produced dogmas on all sides, including the 'liberal centre'. Nevertheless, Marxism increasingly found itself on the losing side; the association with Soviet dogmas became reflexive both inside and outside the academic world. It appears that there was little choice for Western Marxists but to internalize much of the critique and to distance themselves not only from 'Soviet Marxism' but from anything that smacked of 'orthodox' Marxism. In this context, historical materialism came to be seen as a dogmatic, 'totalizing' and even politically dangerous theory and it fell further out of favor; yet, I will argue, this was not because of any inherent weakness of the theory.

AM stands out for two reasons. First, the group's goal was to reformulate Marxism in the tradition of 'mainstream' scholarship, applying 'conventional scientific norms', or what members thought were best practices, while drawing on analytic philosophy. Secondly, several Analytical Marxists attempted to reformulate and/or defend Marxist theses while openly embracing neoclassical economics. Arguably, in pursuing the first goal the group was significantly successful, while the second, even though intellectually helpful (instead of dogmatically rejecting

Revolutionary were the Bourgeois Revolutions?" (contd.), *Historical Materialism*, 13(4), December 2005, pp. 3-54, see pp. 24-7; also Richard Hudelson's *Marxism and Philosophy in the Twentieth Century: A Defense of Vulgar Marxism*, Praeger Publishers: New York, 1990, see "The Marxism of the Second International," 3-28, and for Stalin's rejection of 'mechanist evolutionism' in favor of 'dialectical materialism' as a philosophical ground for dogmatic self-serving politics against 'reformism' of the Second International, see pp. 44-6.

neoclassical economics, Analytical Marxists engaged with it in an intellectually vigorous manner), contributed to the group's short-lived influence on Marxism. In their contribution to the historical materialism debates, the group began with a claim that 'orthodox' accounts contained plausible substantive claims that were in need of clarification and elaboration. They rejected the idea that Marxism constituted a unique method or a distinctive 'non-bourgeois' science, as was traditionally assumed by many Marxists, a claim that makes it difficult for Marxism to enter into the mainstream debates as it requires one to make a political (and ideological) leap before diving into scientific discussions. Analytical Marxists thought it was imperative to rid Marxism of unnecessary jargon and philosophical and theoretical obfuscations and metaphysics, not least dialectical materialism.²⁹⁰ Cohen's *Karl Marx's Theory of History: A Defence* was pivotal, a work that sparked vigorous debates. The chief significance of this book lies in Cohen's clarification of most of the operational concepts of a Marxist theory of history and showing how it can be understood as a coherent, broadly empirical theory (one that can be more or less confirmed or disconfirmed) rather than an empirically unmoored or groundless 'grand metanarrative'.

Arguably, Cohen's work elevated Marxism's standards of clarity, but despite this it failed to arrest desertion from 'orthodoxies' among Marxists in the long run.

²⁹⁰ *KMTH*, Expanded Edition, Princeton University Press, 2001, see "Introduction to the 2000 Edition: Reflections on Analytical Marxism", xvii-xviii, xxiii-xxvii. E. O. Wright, "What is Analytical Marxism?", *Socialist Review*, 1989, 19(4): 37-56; A. Callinicos, *Marxist Theory*, Oxford University Press, 1989, 3; Alan Carling, "Karl Marx's "Theory of History" and the Recovery of the Marxian Tradition," *Science and Society*, 70:2, 275-297, 276; for a critique but also recognition of Cohen's achievements see Fabien Tarrit, "Another Marxism: A Delimitation of Analytical Marxism," in G. Meijer; W. J. M. Heijman; J. A. C. van Ophem; B. H. J. Versteegen eds., *Heterodox Views on Economics and the Economy of the Global Society*, Wageningen Academic Publishers, 81-91, 2006. <https://hal.archives-ouvertes.fr/hal-02021182/document>.

By the early 1990s, as Wright *et al.* note, virtually all Marxists, even many in the AM school, had discarded historical materialism's two main theses: the Primacy Thesis and Base/Superstructure Thesis.²⁹¹ This reveals the depth of cleavage between Marxism and its opponents who continue, without evidence, to claim that at its core Marxism is a teleological, overly-deterministic, stagist, and unilineal doctrine—claims specifically mounted against these two theses. These views persist despite the fact that Cohen—and others in response to Cohen's work—have put forth defenses of the theses to avoid the (alleged) pitfalls just mentioned. I will argue that 'orthodox' historical materialism is not fatally flawed—or, at least, it has not been shown to be so. In fact, much of the familiar critique does not apply to Cohen's formulation.

2—Wood's Critique of Cohen: An Outline

Let us now, after all this stage-setting, turn to Cohen's reformulation of historical materialism and then appraise common critiques. 'Orthodox' historical materialism consists of two main claims. The two claims are the Primacy Thesis (I) and the Base/Superstructure Thesis (II), which (roughly) state:

- (I) that the level of development of productive forces in a society explains the set of social relations of production, the "economic structure", of that society; and
- (II) the economic structure of a society, its "economic base", explains that society's legal and political "superstructures" and forms of consciousness.²⁹²

²⁹¹ Vivek Chibber, "What Is Living and What Is Dead in the Marxist Theory of History," 2011, 61; Wright *et al.*, *Reconstructing Marxism*, 89.

²⁹² Wright *et al.*, *Reconstructing Marxism*, 16. To present Cohen's thesis I rely partly on Cohen's work and partly on the collaborative project of his three close colleagues, Wright, Levine and Sober, who in *Reconstructing Marxism* provide eloquent summary of Cohen's formulation, followed by important critique.

Cohen qualifies the Base/Superstructure thesis with the claim that "not everything social has to be tagged either 'basic' or 'superstructural'" (*KMTH*, 31). This poses the problem of identifying an

According to Cohen, to defend these theses, the structure of the argument must follow these steps:

A given level of development of productive forces is compatible with only a limited range of social relations of production (Thesis 1). Since forces of production tend to develop over time (Thesis 2), the forces eventually reach a level at which they are no longer compatible with existing relations of production (Thesis 3). When such incompatibilities arise, the relations are said to “fetter” the forces of production. Because human beings are somewhat rational (in the sense that they are able to adapt means to ends), and because they face a compelling, transhistorical need to develop the productive forces (as the argument for Thesis 2 maintains), when the forces are fettered by the relations, human beings have an interest in transforming the relations. If they also have the necessary capacities (Thesis 4), they will be able to do so (Thesis 5), and to substitute new relations of production that are optimal for the further development of the productive forces (Thesis 6).²⁹³

The Primacy Thesis is what gave Cohen’s formulation the pejorative title of ‘technological determinism’. Critics usually condemn it for being ahistorical and opposed to human agency, as well as teleological, stagist and unilineal.²⁹⁴ In relation to Cohen’s formulation, what critics call ‘economic determinism’ alludes to the second main thesis—the Base/Superstructure thesis—which derives its theoretical

analytical principle guiding the selection and sorting of social phenomena. For now we put this issue aside to present the main contours of the theory.

²⁹³ Wright *et al.*, 19.

²⁹⁴ Ellen Meiksins Wood, “Marxism and the Course of History”, 101. Wood states: “The proposition that history is simply the inexorable progress of productive forces is vacuous and by itself inconsistent with Marx’s analysis of capitalism.” In *Democracy Against Capitalism: Renewing Historical Materialism* (DAC hereafter), Wood defends Thompson’s critique of structural analysis. In her view, human agency can only be preserved when class struggle and history are the main theoretical foundations in opposition to technological and economic determinism (Kindle location 954-8.) “The mechanical base/superstructure model, with its ‘levels’ conceived as self-enclosed, spatially separate and discontinuous boxes, allows only two unacceptable choices: either we adhere to the ‘orthodox’ simplistic reductionism according to which the basic ‘economic’ box is simply ‘reflected’ in superstructural boxes; or we can avoid ‘crude economism’ only by postponing determination by the ‘economic’ to some infinitely distant ‘last instance’, an effect achieved by rendering the rigid determinations of structure inoperative in history.” (Kindle locations 1145-1148).

position from the Primacy Thesis but is a separate claim often conflated with the first.²⁹⁵ We will start with the Primacy Thesis and its critics.

One of Cohen's notable contributions was to clarify the Primacy Thesis. He argued that in order for the productive forces, the material foundation, to play the primary explanatory role, it is insufficient to note that the level of development imposes limits on what types of economic relations can exist (Thesis 1) as some Marxists who accept the Primacy Thesis seem to think, because the constraints that the forces impose on economic structures are symmetrical to constraints that social structures impose on the forces. For example, a high level of technological development precludes slavery, but slavery also precludes high levels of technological development. For Cohen, it is the Development Thesis (Thesis 2) that legitimizes the Primacy Thesis, that is, it provides the *asymmetry* between social and material determinations.

E.M. Wood argues that Cohen's formulation stands squarely "*against* a social interpretation of materialism" and that Cohen's "argument is in many respects the very antithesis of" her own. For Wood, it is the relations that determine the forces, and Cohen's claim that forces explain social relations is not only, she thinks, contrary to the historical record, it contravenes the idea of human agency and Marx's claim that human beings make their own history.²⁹⁶ In "The Separation of the

²⁹⁵ Most 'orthodox' historical materialism accounts included productive forces into the concept of the 'base'. It is Cohen's innovation to place forces below the 'base' at a foundation of social structure. He convincingly justifies this by noting that economic structure is a relational concept, a claim about social structure, i.e. not a 'material' foundation, while distinguishing forces from relations makes sense of why it is called a 'materialist' theory. I hope it will become clear that for analytical clarity this is a superior reading of historical materialism (see *KMTH*, 28-37).

²⁹⁶ See above, footnote 285.

Economic and the Political in Capitalism,” Wood identifies her objection to Cohen as resting on one pivotal issue:

This is Cohen’s formulation of the distinction between the ‘material’ and the ‘social’. There are two major points in dispute: Cohen’s analytic distinction itself and the slippage by means of which an analytic distinction is allowed imperceptibly to become not only a dualism but an historically real separation and a causal relation.

Since Cohen’s object is to establish that historical materialism is a technological determinism, he must not only define the determinant ‘material substratum’ narrowly to include only technical forces of production but identify the material sphere with the ‘natural’, as something in principle separate and qualitatively different from the ‘social’ and ‘historical’. Even if, as he concedes, the ‘material’ never exists in history except ‘enveloped’ in social form, his causal argument obliges him in effect to treat the ‘material’ as if it were only externally related to the ‘social’ and as if it had a life of its own, subject to laws of motion different from ‘historical’ principles. Reduced to its simplest terms, his technological determinism means that the ‘natural’ impulses which propel the material sphere—the development of technical forces—prevail over, and in one way or another causally determine, the historical development of social forms.²⁹⁷

Thus, according to Wood, Cohen’s distinction between the material and the social renders his formulation irrevocably flawed. Because of this distinction, Wood claims, Cohen’s formulation: i) must be based on an unwarranted ‘dualism’, ii) revives a ‘mechanistic’ view of causality, i.e. it is *unidirectional* in terms of causality, iii) is opposed to a *social* interpretation of human nature and of materialism, iv) denies human agency in the making of history, and thus is anti-historicist, and finally, v) is somehow teleological because it presupposes capitalism.

Wood argues (i-iv) that to sustain the Primacy Thesis, Cohen must be committed to a dualist conception of human nature and a kind of metaphysical dualism between the ‘material’ and the ‘social’. Wood thinks that the idea that

²⁹⁷ “Separation”, 70.

'forces of production', the 'material' side of human life, *explain* 'relations of production', the social form (Cohen's form/content distinction), presupposes a kind of 'mind-body' philosophical dualism. She also thinks that Cohen subscribed to a mechanistic version of historical materialism, a doctrine according to which the movements of physical matter (the 'material' foundation) comprise the fundamental cause of all social and ideational phenomena.²⁹⁸ As a result, according to Wood, Cohen's formulation cannot do justice to human agency in the making of history and thus be truly historical. She argues that Cohen's formulation is unidirectional in terms of causal relations and is thus crudely determinist; and, again, she also thinks this leads Cohen to rely on a view of human nature as non-social or asocial. To counteract Cohen's 'crude' materialist determinism, Wood argues that to conceive of historical materialism and of human nature as fundamentally social, as Marx did, the 'material' must be understood as being *simultaneously, indistinguishably and inseparably* not only *social*, but also *political, legal and ideological*.²⁹⁹ For these reasons, she rejects the use of the 'base/superstructure' metaphor in the formulation of historical materialism.

Finally (Wood's point v), in regard to Cohen's Development Thesis (Thesis 2 of Cohen's six sub-theses quoted above), Wood thinks that the claim that productive forces have an autonomous tendency to develop over time, a thesis upon which the Primacy Thesis stands and which Cohen uses to explain directionality in history, is irredeemably flawed as it presupposes *capitalist* rationality for improving productive powers and thus continuous development. Thereby, Wood thinks,

²⁹⁸ According to Hudelson, Soviet Marxism abandoned mechanism by the end of 1920s, 44-5.

²⁹⁹ *DAC*, kindle 1156.

Cohen's theory is teleological, because it presupposes what it claims to explain—i.e. the emergence of capitalism.

In what follows, I argue that Wood not only misinterprets Cohen's formulation of the theory and the role of the distinction between the 'material' and the 'social' in it, but also that her own theorizing depends on such a distinction for coherency. Moreover, the fact that she rejects this distinction makes her theoretical claims on the matter confusing and unclear.

3—The Development of Productive Forces and the Question of Agency

Let's start with this question: *Does Cohen smuggle non-human agency into history?*

To answer this question we first need to examine Cohen's concept of the 'forces of production'. The 'forces' are the 'material' foundation of human life, i.e. human productive powers. Productive powers include knowledge, skills, tools and raw materials. Forces of production are human powers to produce goods and services, working on the 'natural' environment, thus the material foundation of the theory in this formulation is a productive relation of human body *and* mind to 'nature'—a 'subject-object' relation whereby only the human beings are the agents of history, not 'just' technology but the human ability to create and use technology. The 'technology' in this formulation does not refer to something non-human; it is not 'simply' non-human physical objects or processes or an 'outside' force (like gravity) which 'determines' human social productive activity, as Wood seems to imply when she compares Cohen's formulation to the idea of the 'invisible hand' in Smithian conceptions of growth. Nor does this formulation conceive of 'nature' as some sort of trans-historical and unchanging physical world separate from and independent of

human activity and history, as Wood claims. Cohen does not fail to mention that what he calls 'nature' is in part historically produced (surely Wood would agree that nature is produced only *in part*).³⁰⁰ Nevertheless, he argues that we need a distinction between the natural and social environments if we wish coherently to explain the dynamics between the two.

Furthermore, the 'subject-object' relation here is not between a universal individual akin to *homo economicus* whose relation to nature is fundamentally asocial (as is in the Robinson Crusoe metaphor) and trans-historical. Production always takes place in the context of cooperation with others directly and/or indirectly. At the same time, Cohen distinguishes what is necessary for material cooperation from what is necessary for social cooperation (more on this below).

Next we need to ask what explains the 'development'; why do we observe the fact that humanity, however slowly and unevenly, tends to improve productive powers? Anticipating skeptics, Cohen notes that his explanation may be considered too simplistic. Cohen explains the developmental tendency by appeal to the human ability to accumulate knowledge and skills, i.e. by the fact of humans being technological and clever animals possessing language; and, in addition, by the general human aversion to hard or unpleasant toil and the conditions of scarcity in which humans live. Wood inaccurately interprets Cohen as claiming that all individuals always strive to avoid hard toil and to improve productivity no matter the social environment. This is not at all what Cohen argues.³⁰¹ Cohen makes a general point about humanity that does not contradict the idea that in class

³⁰⁰ *KMTH*, 96.

³⁰¹ *HLF*, 23-9.

societies, subordinate classes especially rarely have many options. The general claim is about humanity as a collective, not about the specific behavior of each and every individual: because we are ‘clever’ animals with big brains, we tend to develop productivity, and if and when there are more efficient alternatives available for or developed by a society, eventually there will be a class of people who would find it in their interest to adopt such technologies (usually the powerful ruling class). If and when this does not happen (as was the case for a time in France) because of internal class dynamics and/or ideology, as Christopher Bertram notes, eventually there will be outside pressure to adopt efficient technology under threat of losing out in competition vis-à-vis other societies.³⁰²

Cohen argues that knowledge is the most crucial aspect of the productive forces.³⁰³ He notes that destruction of physical means of production could spell an economic setback, but is unlikely to change the level of economic development for very long, because it is knowledge and skills that enables maintenance or restoration of society. Destruction of knowledge (that happens rarely), on the other hand, would bring an end to productive life as it was, leading to a regression or social collapse.³⁰⁴

Thus, these misrepresentations of Cohen’s account so far have given us no ground to claim that the ‘technological’ reading of historical materialism is somehow opposed to, or denies, human agency or is crudely ‘mechanistic’. In “What

³⁰² Christopher Bertram, “International Competition in Historical Materialism,” *NLR*, 183, 1990.

³⁰³ *HLF*, 4.

³⁰⁴ In Wright, Levine and Sober’s succinct formulation the Development Thesis rests on two basic assumptions: “(1) that, in general, technical progress has a *cumulative* character, since knowledge gained through technical progress is generally not forgotten; and (2) that throughout history, even if technological progress was rare and uneven, the probability of technological advances was generally greater than the probability of technological regressions,” 36.

is Living and What is Dead in Marxism,” Richard Norman argues that the best way to interpret the Primacy Thesis and technological determinism is to link the notion of causality to human agency.³⁰⁵ To speak of the ‘ultimate cause’ or determination of *anything* can be misleading; so we should not view Cohen’s thesis as a claim about *the* ultimate cause of history. As Norman argues, it is not unreasonable to hold that *everything* is both cause and effect and interconnected through webs of causal relations. Without a *purpose* or a *value judgment*, there is no way to prioritize certain causes over others for purposes of explanation.³⁰⁶ However, if we agree that there is a general interest in improving material conditions of scarcity and that humans generally prefer more freedom to less, then it makes sense to locate the development of productive forces as a kind of root cause of “*that which we want to change.*” In this way, historical materialism should be seen as not only a theory, detached from practical concerns, but as a ‘practical science’. Norman states:

What gives plausibility to the thesis of ‘the primacy of productive forces’ is the commonsense recognition that struggles for a better society are unlikely to succeed if they would involve a decrease in economic productivity, and are in fact more likely to succeed if they will actually increase society’s productivity.³⁰⁷

Enough has been said here, I believe, to dispel Wood’s idea that Cohen’s account is somehow anti-human agency.

³⁰⁵ Richard Norman, “What is Living and What is Dead in Marxism?”, in Robert Ware and Kai Nielsen eds., *Analyzing Marxism*, 1989, 59-80.

³⁰⁶ This is also brilliantly argued by Alan Garfinkel, *Forms of Explanation: Rethinking the Questions of Social Theory* (Yale University Press, 1990).

³⁰⁷ Norman, 76-7.

4—Wood’s Paradoxical Critique of Cohen’s ‘Material-Social’ Distinction

It is also not clear how Cohen is committed to any kind of metaphysical or philosophical dualism. Cohen does distinguish and separate ‘material’ from ‘social’ *aspects* of life, which we will discuss below. However, before we dive into that discussion, it is crucial to stress that Cohen’s idea of what constitutes the ‘material’ foundation of society (the ‘productive forces’) does not by itself entail any answers to *how* the development of forces occurs. Recall the Primacy Thesis: “that the level of development of productive forces in a society *explains* the set of social relations of production, the ‘economic structure’, of that society.” This states that there is a certain *structure* to causal relations, a *correspondence* between the forces and relations of production. In fact, the succinct expression of Cohen’s theoretical edifice (see again the six theses quoted in section 2) has nothing to say about ‘mechanisms’ of the development and does not contain claims about *how* forces determine relations. Although this may be a weakness, as some argue, Wood inaccurately interprets what Cohen had in mind as answers to the *how* questions when she claims that his theory reproduces mechanists’ and dualists’ views on causality.³⁰⁸

According to Wood, a “materialist understanding of the world ... is an understanding of the social activity and the social relations through which human

³⁰⁸ Marxist philosopher Danny Goldstick finds the omission of class struggle, which Cohen only briefly mentions in the book (albeit not failing to ascribe to ‘class struggle’ the role of the main ‘mechanism’ of change), in Cohen’s theses to be a serious flaw (personal communication). However, I argue here that this omission does not discredit the formulation of the theory, whose central questions were not about mechanisms of change. Nothing prevents Marxists to ‘remedy’ the theory with additional theses, which could be called ‘the Mechanisms Theses’ and which could be formulated in line with PM’s origin of capitalism theory. (See *KMTH*, 285, 292 and also 148-9, 188, 266.)

beings interact with nature in producing the conditions of life.”³⁰⁹ In opposing Cohen’s formulation, she contends that ‘materialism’ in historical materialism must be understood as being defined by social *forms* of production. For this reason, she argues, the ‘material’ foundation *includes* social form (and *vice versa*) and cannot be conceptually separated into material content or base, on the one hand, and social form on the other. Rather, materialism is indistinguishably and inseparably both ‘material’ and ‘social’. From this she concludes that Cohen’s Primacy Thesis is false and determinist in a bad sense—it reduces social phenomena to non-social and ahistorical ‘nature’ and ‘technology’.

A better construal of historical materialism, according to Wood, is to ascribe, in a way she thinks Cohen does not, ‘determinative primacy’ to class struggle:

We need to be reminded why Marxism ascribes a determinative primacy to class struggle. It is not because class is the only form of oppression or even the most frequent, consistent, or violent source of social conflict, but rather because its terrain is the social organization of production which creates the material conditions of existence itself. *The first principle of historical materialism* is not class or class struggle, but the *organization of material life* and social reproduction. Class enters the picture when access to the *conditions of existence* and to the means of appropriation are *organized in class ways*, that is, when some people are systematically compelled by differential access to the means of production or appropriation to transfer surplus labour to others.³¹⁰

In this passage, Wood makes an important point about Marxist class analysis that is so often misunderstood—that class does not explain everything about human life, that it is not the only form of oppression or source of social conflict—but that it is best suited to explain how human societies organize their material reproduction and that this aspect explains the foundations of social power relations with both

³⁰⁹ DAC, Kindle locations 492-495.

³¹⁰ DAC, Kindle locations 2176-2183, emphasis added.

obvious and non-obvious consequences for social analysis. Cohen would agree with this statement and he would, surely, agree that '[c]lass enters the picture when access to the conditions of existence and to the means of appropriation are organized in class ways, that is, when some people are systematically compelled by differential access to the means of production or appropriation to transfer surplus labour to others.'

However, if Wood were right that material and social spheres are inseparable or indistinguishable, her own statement would hardly make sense. What does she mean by the 'material life' and the 'conditions of existence' on the one hand and 'class ways of organizing' them on the other? Isn't Wood here presupposing, rather than dismantling, Cohen's very distinction between 'social form' and 'material content'? How else can we understand the phrase 'organization of material life', if the two are inseparably the same thing? We will have more on this question below, but what of primacy?

Wood claims that the *way* material life is organized has explanatory primacy, i.e. class relations (when such exist) explain historical dynamics—this is Political Marxism's central claim and this claim is central to opposing Cohen's formulation, which places primacy on forces. PM does not claim that class relations explain *directionality in history*, but that class relations determine the development or non-development of forces, while forces have no explanatory power. Are Wood's arguments consistent with this position?

In her response to Alex Callinicos' critique of PM for ignoring the issue of 'contradictions' between the forces and relations—which, according to 'orthodox'

accounts, arise when relations ‘fetter’ the development of the forces—, drawing on the example of the decline of the Roman Empire, Wood states that

the ‘contradiction’ served as a mechanism of change not because forces were developing beyond the capacity of existing relations, nor even by bringing about an enabling transformation of social relations which had the effect of shifting stagnant forces of production, but, on the contrary, *by compelling relations to sink to the level of productive forces*. To accommodate this example, then, we would have to include among the *possible outcomes of the contradiction the adaptation of production relations to the ‘fettters’ of productive forces, and perhaps even the destruction of those forces*.³¹¹

The fact of the matter is that Cohen does exactly that—forces do impose limits on relations, and when there is a significant change in the forces (e.g. destruction as a result of war or natural disaster) the relations must adapt. Cohen does not exclude scenarios where conflict leads to the destruction of forces. However, while accommodating these claims, Cohen insists that *eventually* (in the long run), stagnation or setbacks in the development of forces would create destabilizing conditions (contradictions) that would (eventually) lead to a change in the relations in a way that facilitates further development.

In “International Competition in Historical Materialism”, Bertram, drawing on Cohen’s work, adds an inter-societal and a global scope to the argument for primacy of forces. It is important, he notes, that the primacy of the forces is understood to apply to *humanity as a whole* and in the context of inter-societal competition. In other words, the development of the productive forces, as depicted by Cohen, makes more sense if it is taken as applying to humanity as a whole and not simply endogenously with respect to a particular society or set of societies. In

³¹¹ DAC, Kindle locations 2596-2600.

the case of the Roman Empire, historical evidence shows quite clearly that the economic decline resulted in the decline of the Roman imperial power *vis-à-vis* its 'periphery' and other empires. Bertram's gloss on Cohen's account accommodates PM's anti-Eurocentrism, i.e. it squares with the fact that capitalism was born not in the centre of economic power of trading empires but in the weaker 'peripheral' state, England. However, England's transformation cannot be explained without the broader inter-societal competition context (a weakness in PM).

In any case, the main point here is that the passage demonstrates that Wood allows the possibility of causal links going both ways; and this certainly implies some distinction between forces and relations! But in Wood's version, the distinction remains undefined and unclarified and the causal role of the forces unexplained. She further states:

It would be better not to talk about the *forces of production as if they represented an autonomous principle of historical movement*, somehow external to any given system of social relations. Even if over the long term *there is a cumulative directionality in the progress of human knowledge and technology*, the cumulative continuities of history do not alter the fact that *each distinct mode of production has its own specific connections between forces and relations of production, its own specific contradictions*.³¹²

In this passage, once again, Wood misrepresents the 'orthodox' account when she claims it involves an argument that forces constitute an *autonomous* principle and that the formulation does not accommodate the historical specificity of *contradictions* between forces and relations. In fact, Cohen explicitly argues that particular class relations determine the *rate*—as opposed to the very fact—of development or non-development, that forces do not develop independently of

³¹² DAC, Kindle locations 2608-2612.

relations of production and that it is the social form that develops or fetters the forces. However, the problem I wish to emphasize here is that if material content and social form are not analytically separable, then what is Wood talking about when she claims that “each distinct mode of production has its own specific *connections between forces and relations of production*, its own specific *contradictions*”? If forces are not distinguishable from relations, i.e. relations include forces and forces include relations, how then can we discuss the relations or contradictions between them? Wood’s criticism of Cohen here is, to say the least, paradoxical.

As we have seen, Cohen distinguishes between ‘material’ and ‘social’ aspects of life, and places *explanatory* primacy on the former over the latter, that is, on forces of production over the relations. While material and social aspects of human social reproduction—productive powers and ‘class ways of organizing’ it³¹³—work together (neither is ‘autonomous’ in that sense), and while Cohen agrees that class relations explain the *rate* of development or non-development of forces, his point is that the level of development of the forces determines the conditions of possibility for types of class relations and that the development of the forces explains the *general* developmental trajectory in history. In *that way*, and *only* in that way, there is an asymmetry between the forces and relations. Although causality goes both ways, over the long haul the relations of production tend to adapt to the forces when there is tension between the two, and the development of the forces explains *the*

³¹³ It should be noted that pre-class society, the long period of human existence prior to the rise of settled agriculture and of classes in Marx’s sense, did not have ‘class ways of organizing production and reproduction.’

fact of directionality. The forces do not explain the specificities of developmental dynamics. The 'orthodox' claim is that because humanity tends to accumulate knowledge and because there is, in conditions of scarcity, a general human interest in improving material conditions, there is a relatively autonomous developmental tendency, which sets history on a 'progressive' path, conditioning social relations. The social relations of production are responsible for development in the sense that they explain *the way* the development occurs and *the rate* at which it occurs.

Cohen's position on the relative autonomy of the developmental tendency and its causal potency is a contentious point (which we will examine further). However, PM does not offer an alternative to *this* claim. PM offers no theory that answers the question of what gives history a direction and what role the directionality plays in the theory of history.

Wood vehemently rejects Cohen's formulation of the theory, but she does not contest the idea that history has a direction in principle and that forces develop over time.³¹⁴ In "The Separation of the Economic and the Political in Capitalism", Wood explicitly admits that she provides no clear alternative, no general 'theory' of historical trajectory or direction.³¹⁵ Thus, what we have under consideration here is a debate not between two competing formulations of the Marxist theory of history, but, on the one hand, Cohen's formulation that does constitute a general theory (or

³¹⁴ Joshua Cohen (among other Marxists) does not accept the idea that there is a general developmental direction in history. See his "Minimalist Historical Materialism", in Rodger Beehler, David Copp, and Bela Szabados eds., *On the Track of Reason: Essays in Honor of Kai Nielsen*, 1992.

³¹⁵ "Separation," 76. 'Trajectory' is the term used by Levine, Wright and Sober in their reconstruction of Cohen's account of historical materialism.

as some prefer to say a ‘general hypothesis’), and, on the other hand, Wood’s arguments and critique of various *aspects* of the theory.

5—Historical Materialism and Human Nature

According to Wood, Cohen’s formulation of historical materialism is ‘teleological’ in the sense that it presupposes capitalism in a way that insinuates that history was somehow being ‘pulled’ toward capitalism from the beginning. For Wood, Cohen’s Development Thesis ‘universalizes’ capitalism; the thesis, she thinks, presupposes capitalism before it was born.³¹⁶ This is a complex argument. It will be necessary to come back to it when we analyze Wood’s opposition to the Base/Superstructure thesis. For now our focus is on the Development Thesis.

As we have seen, Wood does not dispute the Development Thesis if understood simply as a claim about a general tendency in history of the forces to develop. Rather, she disputes Cohen’s claim about the causal impact of this tendency and its role in explaining history, specifically focusing on Cohen’s (mistaken in her view) suppositions about human nature, which she thinks play the central theoretical role. At the same time, Wood rejects ‘technological determinism’ because she thinks it is the “proposition that history is *simply* the *inexorable* progress of productive forces.”³¹⁷ According to Wood, Cohen relies on a Smithian, ahistorical conception of economic ‘rationality’ as if it were universal human nature. She thinks

³¹⁶ DAC, Kindle location 297. “In a sense, what Cohen’s technological determinism does is to repeat the error of the political economists: he generalizes the particular historical experience of capitalism by abstracting the laws of capitalist production from their specific social determinations. The drive to revolutionize the forces of production, which in capitalism is generated by a particular mode of surplus-extraction—the mechanism is surplus value—and by the social relations between capital and labour this implies, thus becomes a natural law implanted in human nature and enforced by the laws of reason.” (“Separation”, 73).

³¹⁷ “Marxism and the Course of History”, 101, emphasis added.

Cohen implicitly commits himself to Smith's notion of universal individual pursuit of self-interest through market exchange, specialization and technological improvements underlying self-sustaining economic growth. What Cohen identifies as an autonomous developmental tendency, according to Wood, is identical to 'Smithian economic growth'.

As I argued in the first part of this thesis, Political Marxists convincingly present their case against mainstream economics' origins of capitalism theory rooted in the Smithian theory of growth. They show that although markets existed throughout much of human history (post-Neolithic Revolution), 'market imperatives' become generalized only under capitalism. Wood believes Cohen's developmental tendency is 'automatic' in the same sense as 'market imperative' is universal for Smith. Is this a credible claim?³¹⁸

On the face of it, surely it is not. Neither Cohen nor others with 'orthodox' Marxist views ever claimed that pre-capitalist growth was 'automatic' or 'simply inexorable' or that it is merely 'human nature' to barter, trade and innovate in order to compete in the market. Wood provides no evidence in support of her claim about Cohen's work; she does not even closely engage with Cohen's arguments to make her case.³¹⁹ She extrapolates this from Cohen's reading of Marx's 'philosophical

³¹⁸ Wood, *DAC*, Kindle Locations 234-236; "Marxism and the Course of History", *NLR*, 96-8; and "Separation", *NLR*, 73.

³¹⁹ Wood mentions Cohen dozens of times when she saddles AM with 'teleology', crude 'determinism', etc., but she cites only eight pages, presents none of Cohen's arguments or even quotes Cohen to support her interpretation of Cohen's formulation. She claims that her "Separation", takes on Cohen most thoroughly—in it, she cites *three pages* from *KMTH*, pages 152-3 and 98, out of 23 mentions. She does not cite him at all in her "Marxism and the Course of History." Although his name is mentioned 33 times in "Rational Choice Marxism" she has only one general reference to *KMTH* and not a single page is cited, while in her *DAC* she cites pages 75 and 76.

anthropology', to which we now turn to examine what Cohen actually says about the role of human nature in historical materialism.

For Cohen, the long-term tendency for the forces of production to develop is fundamentally rooted in conditions of scarcity and certain (minimal) aspects of 'human nature'; in particular, the human ability to produce for our material needs by working on 'nature', the fact that humans tend also aspire to alleviate hard and unpleasant toil, and the fact that we have a modicum of means-end rationality (instrumental rationality). This grounds the tendency to improve tools and techniques of production. Coupled with the fact that practical and scientific knowledge required for material reproduction accumulates and is rarely lost, the tendency persists throughout history. This is not to deny the existence of countervailing tendencies generated culturally, ideologically, and through class conflict and other social divisions and institutional arrangements; Cohen is not presenting it as an 'automatic' or 'inexorable' 'law' of history. The claim is simply that in the long run this tendency persists; a claim that Wood explicitly accepts.³²⁰ The main claim about human nature here is that laboring is *a* central and defining

³²⁰ I would add to Cohen's account of general human dispositions particularly conducive to the development of forces of production that there is a striving for a modicum of security, e.g. against harvest failures among other threats and instabilities. Any economic system requires *some* planning for the future—to secure old age and reproduction. Political Marxists argue (correctly) that before capitalism it was rational to have large family units for peasants to provide some security in old age, but this also had a detrimental effect on productivity, and therefore was not rational in the longer term or on a systemic level, because it led to diminishing land plots and thus declining labour productivity, involutory growth or non-development. In fact, according to Political Marxists, this tendency was the ruling tendency before capitalism for all settled societies. And the source of this dynamic was the class structure or social property relations (See Christopher Isett and Stephen Miller, *The Social History of Agriculture: From the Origins to the Current Crisis*, Lanham: Rowman & Littlefield Publishers, 2016). I do not contest this argument; I think it is a solid claim. Rather, I argue that this tendency belongs to countervailing tendencies generated by conflicting class interests, but it does not fundamentally contradict the development thesis, which is not class- or class-structure specific.

characteristic of humans and that we are, among other things, ‘technological’ animals. We must labour to produce our means of subsistence and to satisfy our needs and wants beyond mere subsistence. These notions are key to historical materialism and to its theoretical focus on ‘production’ and the ‘economy’ and this focus is what makes the theory ‘materialist’.

However, there are three contentious issues here: i) whether Cohen is committed to denying *sociality* as part of human nature; ii) whether we can or need to separate ‘material’ and ‘social’ for analytical purposes; and iii) whether the ‘rationality’ Cohen speaks of is specific to capitalism or is indeed universal.

Wood is correct that Cohen’s formulation rests upon a distinction between ‘material’ and ‘social’. In particular, Cohen insists that the distinction he makes is between material and social *facts*. Cohen’s defense of historical materialism differs from other ‘orthodox’ accounts in that he conceptually separates material conditions from their social forms (what he calls a form/content distinction) and assigns explanatory primacy to material, ‘non-social’ *facts about production*, not ‘human nature’ *per se* (though, as we have seen, certain minimal features of ‘human nature’ do play a role in the Development Thesis).³²¹

What matters here is that Cohen’s interpretation does not contradict the general claim that human nature is fundamentally social or that human nature is very flexible and that our needs, wants and desires are heavily shaped by our social environments and history. Labour itself is social, even under an ‘atomizing’ capitalism. In Cohen’s theory, both what he calls ‘material’ and what he calls ‘social’

³²¹ *KMTH*, 94-6.

are fundamentally *social* in a broad sense—how could they not be? However, this general sense of ‘social’, the sense in which we are social animals down to the core regardless of which particular ‘social relations of production’ predominate, is just presupposed by Cohen. This broad sense of ‘social’—we are ‘social animals’—provides little guidance for differentiating and organizing facts and claims for certain explanatory purposes. We can and do differentiate, for various purposes, what Cohen refers to as ‘material’ and what he refers to (more narrowly than the general sense of ‘social’) as ‘social’.

Before we proceed to examine Cohen’s distinction between material and social ‘facts’, it is worth noting that in his later reconsideration of historical materialism, he contends that what he calls materialist ‘philosophical anthropology’, which claims that material aspects of human life are more fundamental than ‘spiritual’ aspects, although accurately representing Marx’s views on human nature (at least in his early writings), is in fact misguided and one-sided. Marx’s claim that laboring is *the* defining human need wrongly omits spiritual needs, according to Cohen. Cohen thinks it would be more accurate to state that human spiritual needs are on equal footing with the need to labour. He argues, further, that a materialist theory of history does not depend upon a materialist conception of human life in general. It is the *universal* and *transhistorical* human *material conditions* that make laboring a requirement for survival. The universal condition of scarcity of material resources combined with our capacity to produce leads to the tendency to develop the productive forces, and it is this that gives directionality to human history. As the Marxist philosopher, Kai Nielsen, noted, both philosophical ‘idealists’ and

'materialists' (that is, those committed to an 'idealist' metaphysics and those committed to a 'materialist' or 'physicalist' metaphysics) could, without inconsistency, accept the historical 'materialist' postulate about material conditions.³²²

While there has been a tradition of Marxist writing on human nature, I do not think it has been established that we need to appeal to *any* controversial philosophical theory of human nature for purposes of defending historical materialism or Marxist social theory more generally.³²³ For explanatory purposes, to explain historical *trajectories*, material needs have primacy over spiritual needs. We need to keep in mind that the materialist theory of history does not purport to explain *everything* about human behavior, society or history; its aim is to explain material development, first and foremost, and most importantly the *material bases of unequal distributions of power*. It does propose to guide explanations of social relations, culture and spiritual beliefs and practices only in so far as these beliefs and practices have some relation to material and social conditions. It does not deny that there are some spiritual, cultural and social relations that may develop relatively independently of material influences in Marx's sense. Historical materialism would not be a useful guide for explaining such phenomena.³²⁴ But, so

³²² Nielsen, "Remarks on the Roots of Progress," *Analyzing Marxism*, 505-6. *KMTH*, 346.

³²³ Chandra Kumar, "Progress, Freedom, Human Nature and Critical Theory," *Imprints: A Journal of Analytical Socialism*, (2003), 7(2): 106-30. Kumar argues that Marxism, either in its explanatory theories or its normative ideals, does not rely on any controversial or philosophical theories of human nature or the 'subject.'

³²⁴ Here, it is important to repeat that no Marxist of any sort ever claimed that 'technology explains everything' or that causal links go *only* in one direction from the forces to economic structure and then to superstructural phenomena. Wood's insistence that this is an inherent and unavoidable problem in the base/superstructure metaphor (*DAC*, kindle location 1170) is challenged here; it seems to me a straw man argument.

what? Such phenomena are of less interest to Marxists (even if they may be quite interesting for other, non-Marxist reasons) because they contribute little to the Marxist emancipatory political project, the focus of which is relations of *power*, in particular, class power. Nevertheless, Marxists do claim that i) spiritual life thrives more in conditions of greater freedom, and that ii) substantive freedom requires something more closely approaching a substantive equality of *power* that is not possible under capitalism or any pre-capitalist class society; which can only be achieved by establishing conditions of equality (or rough equality) in access to material conditions of production. It is the centrality of the latter (ii) that distinguishes Marxist sociology (class analysis) and its empirically rooted theory of history (historical materialism) from other traditions.

6—The Development Thesis and Wood’s Critique of Cohen’s ‘Form/Content’ Distinction

In Cohen’s discussion of the Development Thesis, he appeals to Marx’s idea that humans have history because they must produce their material life. On this view, historical materialism is a theory of historical directionality expressed most fundamentally in the progressive development of the forces of production—a form of *material* progress.³²⁵ Most Marxists, including Political Marxists, would not deny

³²⁵ Historical materialism has a stronger directionality claim than evolutionary theory because it is explicit about continuous progress in the development of forces of production. This also, for Marxists, provides grounds for various arguments in support of the idea of progress in moral and social relations, whereas in evolutionary biology, the idea that there is any progress is almost universally abandoned. For the purposes of this work, we need not delve into the arguments pertaining to moral and/or social progress; what matters here is that there has been a general tendency towards the development of productive forces. Here the focus is on economic history, and the questions pertain to what explains the tendency and what is its role in theories of history. (See Carling, *Social Divisions*.)

the general statement of the Development Thesis.³²⁶ Many, however, like Wood, are not convinced of its explanatory power (i.e., the Primacy Thesis) and Cohen's claim that the developmental tendency is autonomous and 'material' rather than 'social' in Cohen's sense. Nevertheless, as Wright *et al.* put it, Marxists "continue to endorse the underlying intuition that historical materialism articulates—that history has a determinate structure—and continue to use concepts that derive their theoretical status from historical materialism."³²⁷

Even Wood concedes:

Of course it is indisputable that in a very long perspective there has been a broadly evolutionary development of material productive forces; but this need mean no more than that changes in the forces of production tend to be progressive and cumulative, that once an advance occurs it is seldom completely lost, and that regression is over the long term exceptional. If this is so, it is still possible to characterize these developments as evolutionary and 'directional' (not teleological), in the sense that there is *a general progressive tendency and each development is accompanied by new possibilities, as well as new needs.*³²⁸

This is essentially what the Development Thesis is. Wood, however, rejects Cohen's formulation because in her view (among other things) the theory "tells us nothing

³²⁶ Joshua Cohen, a member of AM group, is one notable exception. See his "Minimalist Historical Materialism," in *On the Track of Reason: Essays in Honor of Kai Nielsen*, Chapter 10, 155-174 and review of *KMTH*, in *Journal of Philosophy*, May, 1982, 79(5): 253-273. Also, there is confusion about the idea of 'progress' in the Development Thesis. Some Marxists believe that in order to critique capitalism as Marxists do, *any* notion of progress must be denied even while upholding capitalism's inherent logic of the continuous development of the productive forces. (See Spencer Dimmock, *The Origin of Capitalism in England, 1400-1600*, Leiden: Brill, 2014, 366.) There is also, arguably, a notion of *moral* progress in history that is at least implicit in much of Marx's writing, but I will not delve into that issue here. An interesting account of this is Debra Satz, "Marxism, Materialism and Historical Progress", in Nielsen and Ware eds., *Analyzing Marxism*, Nielsen *op. cit.*, 393-424.

³²⁷ Wright *et al.*, 89.

³²⁸ E.M. Wood, *DAC*, Kindle Locations 2531-2537. Brenner also concedes that "it is reasonable to expect, even in pre-capitalist economies, significant, though varying amounts of technical progress." Roemer, ed., *Analytical Marxism*, *op. cit.*, 41.

about the likelihood, frequency, rapidity or extent of change"³²⁹—i.e. she denies it having any explanatory power.

The problem with this line of critique is two-fold. First, Wood demands the theory answer questions it does not pose. Cohen is clear that such questions as 'frequency, rapidity or extent of change' are historical/empirical questions, which could be answered only through more fine-grained historical examination. The theory does say something about the 'likelihood' of change, even if only in general terms—the claim about the tendency of forces to develop over time. Again, Wood does not dispute this part. But Cohen's formulation also provides some guidance for *how* to search for answers about frequency and rapidity of change—that is, by examining the dialectical relations between forces and relations. Moreover, the central claim made by PM, that epochal historical change results from class struggle over property in the means of production, can be seen as an elaboration or consequence of (not in conflict with) the thesis that the material foundation (the level of the development of the forces) conditions social property relations, i.e. class relations of production. Class struggle is the chief 'mechanism' of change, but that does not mean class struggle and class relations of production come out of nowhere and are independent of the development of productive forces. (We will discuss this issue further, in relation to PM, in the final section of this chapter.).

Secondly, although Wood does not deny the developmental tendency, she fails to include this general claim about history in *her* conception of historical materialism, as do all other Political Marxists after her. Thus, Wood's claim that

³²⁹ *Ibid.*

Cohen's formulation 'tells us nothing' of importance is weakened by her failure to provide an alternative to Cohen's claim about the role of the developmental tendency in historical analysis. However general, Cohen's formulation offers an explanation for *why* there is a developmental tendency and its broader historical role, whereas in Wood's reading, the tendency remains inexplicable and irrelevant. In Cohen's reading, historical materialism explains large-scale trends, epochal changes, and provides grounds for historical periodization and a general framework for fine-grained historical explanations. It is not designed to explain the type of historical detail Wood demands of it. Minimally, it is useful for organizing the writing of world history and guiding research and analysis.³³⁰

More generally, Wood's stated concerns with Cohen's form/content distinction can be sorted into three kinds of criticism: criticism of Cohen's theory i) for (allegedly) being 'mechanical' and crudely 'unidirectional' while 'reducing' all social phenomena to physical matter; ii) for conceptualizing the material 'in opposition' to the social, imposing a 'spatial' and/or 'regional' separation of material and social spheres, whereby the material has an 'autonomous' and 'independent' logic of development while the social simply reflects (is epiphenomenal to) the material, and iii) for being 'abstract' and anti-historical. These problems, according to Wood, are endemic to all orthodox accounts utilizing the base/superstructure metaphor.

³³⁰ The general level of Cohen's explanation can be compared to Darwinian biology, a theory that also does not claim to predict fine-grained details of evolution. However, biologists do not tend to claim that the theory is false for these reasons. A theory needs to be evaluated on the basis of the answers to questions *it* poses, as well as whether the questions are addressing the issues sufficiently. Wright *et. al.*, 55-6.

To counter these flaws, as we have seen, Wood offers a reconceptualization of the material as being *inseparably* and *indistinguishably* social, political and legal, and viewing the ‘togetherness’ of the social/material *historically*. In other words, she proposes to remedy the form/content distinction by not having any conceptual or analytical distinction at all between ‘social’ and ‘material’; for Marxist theory, she seems to think, what is social is material and what is material is social.³³¹ In what follows we will examine these claims. I will argue that in substance, there are fewer disagreements between Wood and Cohen than meets the eye. While Wood claims to reject the base/superstructure framework, she actually utilizes the very conceptual apparatus expressed by the metaphor—analytically separating form from content and viewing production as fundamental. In my view, instead of offering substantial arguments against Cohen’s formulation, Wood presents a conceptually less clear discussion pursuing some of the same goals, but leaving some important questions out of her purview. In the rest of this chapter, I will address the question of Cohen’s (allegedly) ‘mechanical’ materialism, and the question of the ‘autonomy’ of the

³³¹ “‘Political Marxism’, then, does not present the relation between base and superstructure as an opposition, a ‘regional’ separation, between a basic ‘objective’ economic structure, on the one hand, and social, juridical and political forms, on the other, but rather as a continuous structure of social relations and forms with varying degrees of distance from the immediate processes of production and appropriation, beginning with those relations and forms that constitute the system of production itself. The connections between ‘base’ and ‘superstructure’ can then be traced without great conceptual leaps because they do not represent two *essentially different and discontinuous orders of reality*.” And: “The argument begins with one of the first principles of Marx’s materialism: that while human beings work within definite material limits not of their own making, including purely physical and ecological factors, the material world as it exists for them is not simply a natural given; it is a mode of productive activity, a system of social relations, a historical product” (*DAC*, Kindle Locations 479-487). What Wood seems to indicate here is that Cohen’s ‘material’ refers to what she calls ‘purely physical and ecological factors’ and ‘simply a natural given’, whereas her ‘material’ is also ‘social’ in the sense that the material is socially altered or created. But this is exactly how Cohen defines the material.

forces of production. The next (and final) chapter will be an extended discussion of Cohen's form/content distinction and Wood's 'inseparability' thesis.

7—'Mechanical' Materialism?

The first type of criticism mentioned above alludes to a philosophical or 'mechanistic' materialism, a doctrine according to which all phenomena are "determined by physical causes."³³² Within Marxism this doctrine (never dominant) went out of fashion in the early twentieth century. The two broad doctrines that remained were dialectical and humanist Marxisms. While it is true that Cohen and others in AM departed in many ways from both dialectical and humanist schools, it does not automatically follow that Cohen falls back into 'mechanistic' thinking.

In this context, I think it is worth bearing in mind some points made by the Analytical Marxist philosopher, Kai Nielsen, who contends that philosophical materialism is, in fact, *irrelevant* to Marxist social theory and historical materialism:

[i]t is a mistake to think that philosophical materialism provides the premises from which historical materialism can be derived. Both philosophical materialism and historical materialism may start, as the latter does for Cohen, with some assumptions about human nature or that 'human beings are endowed by their biological nature with certain inescapable physical needs.' But this does not require philosophical materialism for its articulation and defense. Dualists and historical idealists could very well accept those claims about needs. Such philosophical matters (e.g., matters about mind/body identity), problematical as they are, should be set aside in discussions of Marxist social theory.³³³

Nielsen's contention, in other words, is that to construct a plausible 'materialist' theory of history, we need not take a position in debates on *metaphysical* theories about 'ultimate' causality or 'ultimate' reality—whatever that means. *Historical*

³³² Hudelson, 44.

³³³ "Afterword: Remarks on the Roots of Progress," *Analyzing Marxism*, 505-6.

'materialism' is one thing; *metaphysical* 'materialism' is another. It is unfortunate that the word 'materialism' has been used for both, leading to much confusion—among both Marxists and non-Marxists. Historical materialism is a broadly empirical theory of history, which can be (more or less) confirmed or disconfirmed. Neither metaphysical materialism nor its philosophical rival, metaphysical idealism, are actually empirical theories. They are theories about the 'general nature of reality', and arguably, neither is even in principle falsifiable as each can be endlessly bent to square with whatever empirical 'evidence' is brought forth against them. Again, these philosophical debates, Nielsen insists, have no bearing on *historical* materialism; the latter is not a philosophical doctrine about the nature of 'reality in general' but an empirical theory that can remain agnostic with regard to such philosophical postulates. 'Material foundation' in historical materialism (as distinct from *dialectical* materialism, which *does* seem to slide into metaphysics) is defined by the human capacity or power to produce—including knowledge, not simply physical objects like machines and tools. The conception of 'materialism' in *this* theory has the function of emphasizing a certain relation between different aspects of human societies and human history. It is opposed not to metaphysical idealism but to *historical* idealism—roughly, the view of history and society that Marx associated with Hegel and his followers, according to which historical change is most fundamentally driven by intellectual or 'spiritual' processes and societies are best understood in terms of the prevailing ideas and 'forms of consciousness' rather than prevailing modes of production.³³⁴

³³⁴ Marx, *The German Ideology*.

The main reason for briefly delving into these matters here is that Wood's critical discussion of Cohen seems to rely on a conflation between the two senses of 'materialism'. When she claims that material reality is also and indistinguishably social, political and legal reality, this only really makes sense if it is understood as saying that 'facts about the productive forces' are *metaphysically* on a par with social, political and legal facts. They are not on different metaphysical planes, so to speak; but that doesn't mean that we can't conceptually or analytically distinguish them for theoretical and explanatory purposes.

'Orthodox', dialectical and Analytical Marxisms emphasize the reciprocal influencing of forces and relations, and of economic base and superstructure. Contrary to many critics, historical materialism is not a *unidirectional* theory positing a merely one-way causality from the 'material' to the 'non-material' or from base to superstructure. Wood—and many anti-Marxists as well—seem to misinterpret the base/superstructure model in this way. However, the confusion is understandable. As Wright *et.al.* put it, historical materialism "does appear to ascribe causal and also explanatory *primacy* to forces over relations of production; and also to the economic base over superstructural phenomena."³³⁵ Cohen took great pains to explain how causal relations between forces and relations of production, and also between base and superstructure, could be reciprocal and yet in an important sense asymmetrical. This was one of the most original and, in my view, impressive parts of his formulation of historical materialism. What Cohen did was to explain the asymmetry by construing the key explanatory hypotheses of the

³³⁵ Wright *et. al.*, 53, footnote 13 (emphasis added).

theory as *functional* explanations (or what he also calls ‘consequence explanations’), which he distinguishes from ‘functionalism’ which views society as a kind of harmonious ‘organic’ totality with each part playing a functional role in preserving and reproducing that totality.

At this point, then, let me briefly summarize Cohen’s reasoning here, before returning to Wood’s criticisms. My aim here is not to provide a thorough defense of the use of functional explanations in the social sciences, or in Marxist theory, but to present the issue in a way that shows how Wood misses the mark in her criticism of Cohen’s account as being ‘unidirectional’ and ‘mechanistic.’

Cohen zeroes in on a passage from Marx’s famous 1859 “Preface” to *A Contribution to the Critique of Political Economy*. Cohen regards the “Preface” as the “canonical text” for interpreting the claim “that history is, fundamentally, the growth of human productive power, and that forms of society rise and fall according as they enable and promote, or prevent and discourage, that growth.”³³⁶ Here is the relevant passage from Marx:

In the social production of their life men enter into definite relations that indispensable and independent of their will, relations of production which *correspond* to a definite stage of development of their material productive forces. The sum total of these relations constitutes the economic structure of society, the real *basis, on which arises* a legal and political superstructure....³³⁷

Cohen interprets Marx as providing two explanatory claims here: that the level of development of productive forces explains “the nature of the production relations” that come to prevail, and that the prevalence of a certain kind of economic structure

³³⁶ G.A. Cohen, ‘Reply to Elster on “Marxism, Functionalism, and Game Theory”’, *Theory and Society*, 11(4), 1982, 483.

³³⁷ Cited by Cohen, with Cohen’s emphases. *Ibid.*, 484.

(the economic 'base') in turn explains "the character of the superstructure co-present" with it.³³⁸

It seems appropriate to take Marx as making these two explanatory claims; the alternative would be to regard it as a kind of *coincidence* that certain kinds of economic structure 'correspond to' a certain level of development of the productive forces, and that certain kinds of superstructure 'just happen' to accompany certain kinds of production relations. But recall that Cohen (sensibly) accepts that there is 'reciprocal causation', as is plainly evident from the following remarks of his in *History, Labour and Freedom*, in which he acknowledges that the law in capitalist societies (part of the superstructure) has effects on the economic base, and vice versa, but that this does not undermine explaining the law (or parts of the law) in terms of its functioning in the service of the economic structure:

[W]e can add, to the undeniable truth [that a capitalist's legal right plays a causal role in sustaining his/her economic power, since what s/he is effectively able to do depends on what s/he is legally entitled to do] the further thesis that the given capitalist enjoys the stated right *because it belongs to a structure of rights, a structure which obtains because it sustains an analogous structure of economic power*. The content of the legal system [or at least certain key areas of it] is explained by its function, which is to help sustain an economy of a certain kind. People do usually get their powers from their rights, but in a manner which is not only allowed but demanded by the way historical materialism explains superstructural rights by reference to basic powers. Hence the effect of the law of property on the economy is not, as is often supposed, an embarrassment to historical materialism. It is something which historical materialism is committed to emphasizing, because of the particular way in which it explains law in terms of economic conditions.³³⁹

³³⁸ *Ibid.*, 485.

³³⁹ *HLF*, *op. cit.*, emphasis added.

The only kind of explanation that would be consistent with reciprocal causality between the *explanans* and *explanandum* in historical materialism, Cohen stresses, is functional explanation.

Here is how Cohen characterizes functional explanation abstractly and in general:

It is, very roughly, an explanation in which an event, or whatever else, if there is anything else that can have an effect, is explained in terms of its effect. But now let us be less rough. Suppose we have a cause, e, and its effect, f. Then the form of the explanation is not: e occurred because f occurred—that would make functional explanation the mirror image of ordinary causal explanation, and then functional explanation would have the fatal defect that it represented a later occurrence as explaining an earlier one. Nor should we say that the form of the explanation is "e occurred because it caused f." Similar constraints on explanation and time order rule that candidate out: by the time e has caused f, e has occurred, so the fact that it caused f could not explain its occurrence. The only remaining candidate, which I therefore elect, is: e occurred because it *would* cause f, or, less tersely but more properly, e occurred because the situation was such that an event of type E would cause an event of type F. So in my view a functional explanation is an explanation in which a dispositional fact explains the occurrence of the event-type mentioned in the antecedent of the hypothetical specifying the disposition.³⁴⁰

Functional explanations are common in evolutionary biology: the traits of organisms are often explained in terms of their being adapted to survival in certain environments, and how this works (the 'mechanisms' leading to the prevalence of the traits) is through random mutations and natural selection.³⁴¹ In the case of historical materialism, Cohen writes:

If this account of what functional explanations are is correct, then the main explanatory theses of historical materialism are functional explanations. For superstructures hold foundations together, and production relations control the development of productive forces: these are undeniable facts, of which Marx was aware. Yet he asserts that the character of the

³⁴⁰ *Ibid.*, 485-6.

³⁴¹ *Reconstructing Marxism*, 47-60.

superstructure is explained by the nature of the base, and that the base is explained by the nature of the productive forces. If the intended explanations are functional ones, we have consistency between the effect of A on B and the explanation of A by B, *and I do not know any other way of rendering historical materialism consistent.*³⁴²

There was much debate within AM about the legitimacy of functional explanations in Marxist theory. Elster argued that they were not acceptable because, unlike in evolutionary theory, there were no plausible mechanisms specified that would explain how the fact that something ‘would be’ functional for something else leads to its occurrence or prevalence; as such, Elster believed, these kinds of explanations remained unscientific—again, unlike in evolutionary biology after Darwin and others specified the relevant ‘mechanisms’ that led to the prevalence of adaptive traits. Cohen’s own defense against these kinds of criticisms was that the question of mechanisms was really a request for more fine-grained *elaboration* of the functional explanation, but that the “sheer volume of evidence of adaptation” of, say, superstructural phenomena to economic relations, gives us sufficient reason to consider it a plausible hypothesis and to think that there *are* non-magical ‘mechanisms’ that bolster the explanation of relations of production as adaptive to productive forces and of the ‘political and ideological superstructure’ as adaptive to the relations of production.³⁴³ It is not as if this requires a conspiracy theory or some occult processes to be taken seriously as an hypothesis. It is also not unfalsifiable. If, for example, the state in societies such as ours regularly implemented policies against the wishes and profit-making interests of big capital,

³⁴² Cohen, *op. cit.*, 485.

³⁴³ Cohen, ‘Reply to Elster’, *op. cit.*, 491.

and in favor of labour unions, that would be a blow to the base-superstructure hypothesis.

All that being said, I am not pretending to provide a detailed and full treatment of this topic. It has been hotly debated not only within AM but in the social sciences more generally. My point here is that Cohen's formulation of the main theses of historical materialism should not be charged with being crudely 'mechanistic', or with relying on an implausible causal unidirectionality in its conception of the relation between forces and relations of production, or between base and superstructure. In my view, Wood a) falsely accuses Cohen of confusing cause and effect, and b) provides no alternative causal account, only gesturing toward 'historical and social determinations', whereas Cohen (even if he is mistaken) provides a clear account of the key explanatory theses of historical materialism in a way that both makes sense of the 'materialist' (as opposed to historically idealist) aspect of the theory and of the fact that there are reciprocal causal relations between the forces and relations of production, on the one hand, and the 'economic base' and 'political, legal and ideological superstructure', on the other.

8—Autonomy of Forces

It is not at all clear what Wood means in referring to Cohen's 'spatial' or 'regional' separation of the material from the social and to his viewing the material and social in 'oppositional' terms. Unfortunately, she provides no clarifications or references for these claims. However, her related claim that in Cohen's formulation material forces have an independent or autonomous (from social) 'logic' of development is in

certain ways misguided. According to Cohen, productive forces do have an *autonomous tendency* to develop. If they did not, it could not be argued that forces have explanatory primacy over social form. However, 'autonomous' here does not mean that forces have a tendency to develop *autonomously*, or independently of social form, as Wood seems to understand it.³⁴⁴ On the contrary, forces develop *precisely* through social relations—social relations 'work' on forces. What is autonomous is the *tendency*, not the development; but this needs explaining.

Here is an analogy from Cohen: A child has an *autonomous tendency* to grow, but the child does not have a tendency to grow *autonomously*.³⁴⁵ The child needs some kind of social and natural environment to grow, but the child's tendency to grow is not tied to any particular family structure or social form. (It is a common and useful practice to abstract, compare and speculate about what social environments are better suited for a child's growth and development and it would be most difficult to do if we insisted that we cannot abstract in this way.) For the purpose of explaining long-term historical directionality, we can 'privilege' forces as an independent variable, over relations as dependent variable. It does not follow, however, that for *all* or even most social scientific purposes, the forces will be the independent variable (and thus have an explanatory or causal primacy). For different questions, variables take on different explanatory roles, just like in other

³⁴⁴ Wood's related claim is that Cohen, like 'bourgeois' economists, conceived production as an independent relation between individuals and nature, which can be understood in some material sense without reference to social form. It is accurate to claim that Cohen identifies the material or technical process of production as *conceptually* distinct from social form (more on this below), but it does not follow that this process is 'independent' of social form. Like Wood, Cohen maintains that in reality or history, production processes are realized through social forms and in that sense are historically determined.

³⁴⁵ *HLF*, 90.

scientific disciplines. Historical materialism does not make ‘essentialist’ or ‘final analysis’ claims about the nature of human society or history. It answers specific questions at a high level of abstraction. If we ask why forces develop rapidly under capitalism—a question at a lower level of abstraction—, our independent variable will be the social form (‘value form’), which would explain *self-sustaining* growth of productivity; the autonomous tendency of forces to develop over time cannot explain *this* growth. Political Marxists provide a superior comparative analysis for *this* question. PM also answers the question why Europe diverged from the Rest of the world better than other schools under consideration here, but it provides no answers to why forces have a tendency to develop throughout history.

Once again, Wood does not challenge the notion that there is such a general tendency, but she argues that Cohen is guilty of conceptualizing this development in Smithian terms, *a la* universal *homo economicus*. Nielsen discussed challenges to the Development Thesis with similar concerns, namely, that it requires a demonstration that *all* humans *always* have the disposition toward development.³⁴⁶ The analogy with the child’s tendency to grow seems to support this critique. However, in this case, a different analogy is more appropriate.

William Shaw—another Marxist philosopher who wrote about Marx’s theory of history—pointed out that when we say that mathematical and scientific knowledge tends to develop we do not need to argue that *all* people have a disposition to develop math and science.³⁴⁷ Depending on social conditions, not only

³⁴⁶ Nielsen, “On Taking Historical Materialism Seriously,” *Dialogue* (1983), 22(2): 319-338, 328-330.

³⁴⁷ William Shaw, “Historical Materialism and the Development Thesis,” *Philosophy of Social Sciences* (1986), 16(2): 197-210, 203. Shaw also points out that the Development Thesis does not presuppose

do math and science develop (or not) differently, but also which members of the society and what proportion of them take on the task differs. Similarly, the Development Thesis does not require or presuppose that *every* human being will strive to improve production, or as Wood puts it that the tendency must be understood as 'inexorable'. There can be a tendency without such literally universal striving. Even under capitalism, not all market participants subscribe to *homo economicus* type of rationality.

Cohen does not deny that development occurs through and depending on class relations—never 'autonomously' or independently in that sense, contrary to Wood's reading of Cohen. He acknowledges the decisive influence of socioeconomic forms on the direct producers' interests, capacities and reasoning. Nevertheless, he argues, there is an 'autonomous' tendency for development—however incremental and slow—even though the proximate causes are to be found in social relations, and the thesis is that some social relations of production are 'selected' rather than others because they are better suited to facilitate this tendency. The 'mechanisms' of selection include, centrally, class struggle over property relations; but class struggle is not, in Cohen's version of historical materialism, an independent variable. We can add that, even during prolonged periods of non-development of the productive forces, the tendency creates destabilizing pressures and *eventually* certain classes find it in their interest and in their power to enhance productivity. Moreover, if the social form does not permit necessary changes to facilitate the development, then it is likely that such a society would experience decline vis-à-vis other societies (as

that the tendency must be consciously pursued just as children grow and develop without consciously deciding to do so (200-1).

suggested by the ‘torch-relay’ conception of historical materialism).³⁴⁸ In other words, the Development and the Primacy Theses explain directionality, fundamental causes of directionality, and point to social class relations for explaining the specifics of the development. Political Marxists simply reduce the scope of the theory, upholding only the latter.

Again, Cohen does not elaborate on ‘mechanisms’ to the extent that many of his critics would like, but he does identify their general nature being tied to class structure, conflict and competition. His formulation is often dismissed on the grounds of this omission of precise ‘mechanisms’ by which relations of production adapt to forces of production and superstructural phenomena adapt to economic structures. In my view, this criticism misses the point. Historical materialism, as a *general theory of history* (or even better, as a *general research hypothesis*), is not intended to answer all questions about ‘mechanisms’. Such questions should be addressed, but Cohen is very clear about why he thought it was unnecessary for him to elucidate a theory on mechanisms; these questions can only be answered by more fine-grained empirical investigation. Rather, what would undermine Cohen’s formulation is a demonstration that there *could be no plausible ‘mechanisms’* or causal processes supporting the functional explanations central to the general theory—in the way, for example, that astrology is discredited as pseudo-science by virtue of there being no plausible mechanisms linking the positions of celestial objects to human events and personality traits; or, alternatively, that the actual

³⁴⁸ Christopher Bertram, “International Competition in Historical Materialism,” 117.

mechanisms of epochal historical change are *incompatible* with the theory. Class struggle is a plausible ‘mechanism’ and it is compatible with the theory.³⁴⁹

If Political Marxists were to show that the origin of capitalism theory or other actual cases of development were incompatible with Cohen’s theory, this would count against the latter.³⁵⁰ What I am arguing is that this has not been done. Much of the problem—I am trying to show—is that Cohen’s formulation of historical materialism has often been caricatured and distorted, so it may be that only a ‘straw man’ has been refuted. This, I think, is the case with much of Wood’s critique, which—let me stress—is not to diminish Wood’s positive contributions to Marxian history and scholarship.

At most, I think, Political Marxists point out cases in which societies experienced prolonged periods of stagnation or when particular classes failed to adopt already existing productivity enhancing technology or organization. Such historical examples do not, however, undermine Cohen’s theory. Cohen himself

³⁴⁹ What has not received sufficient attention in the debate is what other mechanisms should be included in a Mechanisms Thesis. Bertram notes that military power seems a plausible candidate and that for this to be compatible with Cohen’s interpretation, it has to be ‘reducible’ to the economic base (119, footnote 9). I am not sure why it has to be ‘reducible to’ the economic base, or what ‘reduction’ even means here. Surely, however, most Marxists would agree that, for example, the US military machine (perhaps indirectly and with a degree of autonomy) *can* be explained by the social property relations or the economic base and the level of technological development and labour productivity (e.g. military R&D breakthroughs and the US military global policing function in the service of protecting ‘private property rights’). At the same time, it seems plausible to say that more technologically backward regions that are under the sway of the US military machine and its economic power suggests the need for something like a Core-Periphery Thesis that could utilize WSA framework. Here again, it seems a more wide-ranging approach, incorporating elements from AM, PM and WSA, could be useful. It is also worth noting that Cohen himself was skeptical about a global view of historical materialism as he thought this would undermine the claim of correspondence between forces and relations (*HLF*, 29). These are serious questions, but I do not think they lead to a wholesale undermining of historical materialism as a useful general framework for world history; and certainly, as I am arguing here, Wood’s criticisms do not.

³⁵⁰ Bertram also accommodates Political Marxism’s emphasis on the fact that capitalism developed in the ‘periphery’ as opposed to the most developed regions with his ‘global’ reconstruction of Cohen’s historical materialism (“International Competition in Historical Materialism,” 124).

explicitly discusses such cases. As was noted, the scope of PM's historiographical and theoretical subject matter is narrower. To make their case against Smithian development theory, they argue that before capitalism it was not market exchange and individual self-interest (or what C.B. Macpherson called 'possessive individualism'³⁵¹) but agrarian property relations that constituted the foundations of the economy. Class property relations imposed a general logic of slow (or prolonged non-) development. The productivity levels in the agrarian sector set fundamental limits to growth and development in commodity production and market exchange. Trade and artisanal production (predominantly of luxury and military goods) were directly funded by the agrarian surpluses, which were expropriated from direct producers not through economic incentives but through direct coercion. Direct producers were shielded from market incentives and could not develop market 'rationality' because they had direct access to the means of production through political arrangements with the ruling classes, and found it fundamentally against their interest to risk their economic reproduction through unstable markets. This is a powerful challenge and a solid argument against Smithianism in all its incarnations (Marxian and mainstream). However, there is an unnecessary cost to this argument. The Political Marxists leave no theoretical space for including influences of technological and scientific developments unrelated to agricultural sectors—i.e., spill-over effects. Their origins theory excludes developments in production of military and luxury items, dismisses them as having

³⁵¹ C.B. Macpherson, *The Political Theory of Possessive Individualism: Hobbes to Locke*, Oxford University Press: 1962.

no influence on the main (agrarian) sector and on overall trajectories.³⁵² The only theoretically important dynamic, in their rendering, is the agrarian class relations, which frames the origin of capitalism theory as an accidental result of commodification of land.

From a historical perspective, another weakness of this approach is that the scientific revolution, the Enlightenment and political revolutions on the continent on the one hand, and the birth of capitalism in England on the other are treated as two completely disconnected events; one being a manifestation of purely pre-capitalist relations and the other of pure capitalism.³⁵³ Wood goes so far as to reject any idea of capitalism developing from the ‘womb’ of feudalism, arguing that this is tantamount to claiming that capitalism ‘existed’ in embryonic form before it was born. She thinks this is a form of historical ‘teleology’ that presupposes what needs to be explained. However, Wood’s position is itself, arguably, question-begging. If capitalism or any other social form cannot be traced to human practices preceding epochal changes—what Wood calls ‘embryonic’ form—, if we cannot locate the birth-pangs of capitalism from and within feudalism over time, then we are left with the seemingly untenable position that capitalism must have transformed England overnight. While PM convincingly identifies the main root cause of capitalism’s

³⁵² Such disconnect among sectors is unlikely not only before capitalism but even under capitalism. Many of the major technological developments leading to great leaps in productivity growth originated in government funded military research and development projects, not as a result of market imperatives in the private sector—think of computer technology, the internet and GPS. We need a theoretical framework that incorporates inter-sectoral influences in the conditions of multiple economic dynamics of development as well as various class or group interests which fall outside the dominant class or property relations and inter-societal domination, competition and conflict.

³⁵³ Dimmock, *The Origin of Capitalism in England*; Benno Teschke, *The Myth of 1648*, London: Verso, 2003; Hannes Lacher, *Beyond Globalization: Capitalism, Territoriality and the International Relations of Modernity*, 2006, London: Routledge. For Lacher, interstate-ness of modern capitalism can only be explained by the historical legacy of European absolutism. In his view, capitalism by nature is opposed to territorial nation state divisions (*Beyond Globalization*, 60, 148, 159).

origin, there is a limiting simplicity in their thesis; it under-theorizes the wider historical context and complexity of connections among various social and economic phenomena.³⁵⁴

The result is a weakening of the traditionally globalist Marxist approach. PM appears to be on solid grounds when arguing that the horizontal competition of the feudal class dynamic put pressure on the ruling classes to focus on military/political accumulation thus creating a more dynamic but parasitic sector, which placed sharp constraints on agricultural development by leaving no surplus for improvements in labour productivity. In turn, the agricultural non-development (or more accurately, cyclical involutory dynamic) imposed limits on urban growth. It seems to me that the broader framework of Cohen's historical materialism would suggest a more nuanced analysis. It may be fruitful, for example, to analyze the ways in which urban development created tensions or 'contradictions' between the two sectors, leading to social instability; so that agrarian property relations that fettered the development of the forces in the agricultural sector eventually become a concern for ruling elites, not least because of the horizontal class and/or inter-societal conflict and competition. The dynamic of agrarian non-development needs to be analyzed not only endogenously, but also more specifically in comparison with urban sectors of the economy and the wider historical context.

PM argues that the ruling and merchant classes' growing demand for surpluses led to extensive growth, but clearly, some sectors experienced intensive growth—did this not have any influence? Political Marxists oppose such arguments

³⁵⁴ Brenner to his credit does note that the global historical context mattered, but in what way, PM leaves untheorized, even according to Wood in *The Origin of Capitalism*, 63.

on the grounds that this reproduces Smithianism, but is it necessarily so? Cohen's framing of the issue does not explicitly impose any 'market logic' of development on the peasantry; all it suggests is that structural tensions are created when relations fetter the development of the forces. Would Cohen's interpretation not help us to analyze the case of France, for example—and other, earlier trading empires—experiencing chronic crises because some sectors developed more dynamically than others, most crucially because social relations undermined development in agriculture? It seems to me that Cohen's form/content, forces/relations and base/superstructure distinctions do provide a framework that poses questions of correspondence or fettering that lead to a more comprehensive analysis.

For now, let me simply stress that the argument that there are no alternatives to the Smithian model within the technological reading of historical materialism is not as conclusive as PM claims, and that their framework also leaves important questions unanswered. The two questions are: What is the role of the general developmental tendency in the theory of history? And, what are the implications of the disparity between urban technological development and stagnation in the agricultural labour productivity?

Within Cohen's framework, to repeat, there is a greater emphasis on the 'holistic' or dialectical view of causal, structural connections (the base/superstructure metaphor is a tool for expressing the general structure) than within the PM social property relations analysis. As was previously noted, causality is not unidirectional; the relevant economic and superstructural changes influence the development of the material forces, even though forces enjoy explanatory

primacy. What seems to me problematic in the PM model is that superstructural changes and non-agricultural technological and scientific developments are conditioned (limited) by agricultural involutory development but they do not exert influence on it. In effect, there seems to be a puzzling (to say the least) degree of autonomy, separation, and disconnect among developmental tendencies in science, urban production, and agrarian sectors.

In this chapter, we have considered some of Wood's criticisms of Cohen's historical materialism and found them wanting. But there is more to be said about Wood's critique (particularly, of Cohen's 'form-content' and 'base-superstructure' concepts) and her own recommended alternative to Cohen's account. This will be the subject of the next chapter.

Chapter 8

Political Marxism and Historical Materialism: Part Two

1—Setting the Stage: Cohen’s ‘Form/Content’ Distinction versus Wood’s ‘Inseparability’ Thesis

Wood contends that Cohen’s reconstruction of historical materialism is implausible because it relies on concepts that are too abstract, static and ahistorical. She especially attacks his form/content or “*material* and *social* properties of society” distinction.³⁵⁵ Wood believes that her approach is more effective because it allows us to investigate societies as they actually are or as people experience life in reality and historically. Her main argument is that material and social properties of production processes are indistinguishable. For Wood, it is the base/superstructure metaphor that necessitates ‘spatial’ separation between various social phenomena (economic, political, legal, etc.) and that leads to the analysis of ‘society in the abstract’. She argues that separation of political and economic spheres is a historical characteristic of capitalism and, for this reason, abstracting the ‘economy’ from the ‘political’ to analyze pre-capitalist societies is an exercise in bad abstraction (reading history backwards). Wood aims to conceptualize “modes of production not

³⁵⁵ See Cohen, *KMTH*, 88, from the chapter “Material and Social Properties of Society”.

as abstract structures but as they actually confront people who must *act* in relation to them.”³⁵⁶

I want to argue that this line of critique is not well defended and is rather confusing; it only muddies the theoretical waters. Even if Cohen’s technological reading of historical materialism turns out to be implausible, it is not because of his definitions of the central concepts.

On the most basic level, all talk about ‘society’, ‘modes of production’, ‘class’, ‘economy’, ‘politics’, etc., is an exercise in abstraction—none of these categories are directly observable in real life. The real question is which abstractions are more useful for explaining experiences and historical change. Arguably, the utility of abstract categories is a function of the coherency of the theoretical framework in which they are embedded, and by the relative success of explanations when compared to rival explanations. Statements about ‘true’ adherence to ‘real’ history and ‘real’ experience remain empty until it can be shown that empirical evidence and abstract categories are put together into plausible explanations, when it can be shown how concepts and explanations all ‘hang together’.³⁵⁷ Wood’s ‘historicist’ critique of Cohen’s concepts focuses on the ‘economic base’ and the relations between the economic base and superstructure, as well as his structural conception of class. These will be the main topics in this chapter. To begin, let us consider some

³⁵⁶ Wood, *DAC*, Kindle locations 363, 403, 425, 474.

³⁵⁷ This kind of ‘theoretical’ posturing that I am criticizing has become especially pronounced in the works of Samuel Knafo and Benno Teschke, which I will discuss below. See their “Political Marxism and the Rules of Reproduction of Capitalism: A Historicist Critique,” *Historical Materialism*, 27 May 2020.

examples of Wood's opposition to Cohen's form/content or material/social distinction.

2—Useful Abstractions and Metaphors

In "The Separation of the Economic and the Political in Capitalism", Wood contends that Cohen gives us "an argument against a social interpretation of materialism".³⁵⁸ Partly, Wood makes this claim, I think, based on a misrepresentation of Cohen's terminology and arguments. For example, she objects to his conceptualizing of 'economy' and 'modes of production' as material/non-social categories. However, Cohen is clear about what he meant by 'economic base'; for him, as for Wood, the reference is to *social* relations of production. Cohen's innovation is to distinguish the 'material foundation' from the 'economic base', in order to conceptualize it as the material 'content' of social 'form', and to *conceptually* place it 'under' the whole base/superstructure theoretical edifice.³⁵⁹ It is correct that metaphorically, if we were to draw a picture of the theory, Cohen envisions a 'spatial' separation akin to an architectural structural design whereby there is a material foundation or the ground upon which economic base and institutional superstructure stand. Yet Cohen insists that there must be a clear distinction between the structure of an argument and its parts. A good explanation of *why* societies are what they are does not depend on the historical accuracy of the facts alone; it is insufficient to list facts of real historical events, people, and their experiences. A good explanation involves a clear process of choosing which facts are relevant. The difference between the

³⁵⁸ "Separation," 70.

³⁵⁹ Cohen, *KMTH*, 35, note 1.

Californians and PM is not that the Californians are unaware of truly historical facts, but that their process of choosing facts and the process of interpretation is informed by—inferior, as I have argued—theoretical grounds, which leads to less convincing arguments. Even when we argue that the mainstream concept of *homo economicus* is ahistorical and imposes a false universality on human behavior (market rationality, self-interest, possessive individualism, etc.), our argument does not principally draw its strength from pointing out that real historical human beings a thousand years ago did not generally possess *homo economicus* characteristics. Rather, the argument's strength is primarily based on the theoretical framework we use to explain and describe influences on human socioeconomic behavior along with a whole range of various premises about society—especially having to do with structural conditions.

The 'spatial' separation in Cohen's theory should be understood as simply referring to the *structure of the argument*. (It may be better to call it an 'analytical distinction' than a 'spatial separation'.) Such 'spatial' separation is common in science. When biologists point out that the human body is 60% water, for example, they do not claim a spatial separation of water from the human body.

Cohen mostly avoids use of the term of 'modes of production'. He argues that the term is vague and Marx and Marxists use it inconsistently.³⁶⁰ Wood claims that for Cohen, the 'real' base is not 'economy', but 'technical forces of production'. This

³⁶⁰ According to Cohen, in Marx's work, the meaning of 'modes of production' is context dependent—sometimes Marx refers to material aspects of production, the 'ways' things are produced, while in other instances he refers to social forms in which production occurs, and finally at other times he includes both meanings, the material and social 'ways' in which production occurs. See Cohen, *KMTH*, 2000: on 'economic' see pp. 28-37, on 'modes of production' see pp. 79-84. For a good discussion of the confusion around 'modes of production', see Henry Bernstein, "Historical Materialism and Agrarian History," *Journal of Agrarian Change*, April 2013, 13(2): 310-329.

is only partly accurate, and again, misleading, because Cohen is very clear about his definitions and the structure of the base/superstructure argument. His 'base' is comprised of the social relations of production (the economy), contra Wood; and Cohen most definitely does not assign relations of production to 'superstructural' phenomena. Cohen also provides arguments for why he thinks separating the material 'foundation' from the social 'base' is useful for theoretical consistency and clarity.³⁶¹

As was noted above, the 'material' foundation for Cohen can be understood metaphorically as the ground 'under' the economic 'base'. Let us return to the architectural metaphor. The 'ground' is not a constitutive part of the building; it can 'exist' without the building, and it can be used as the foundation for various types of buildings; but how solid the ground is does put constraints on how tall or heavy a building it is possible to erect upon it. Partly productive forces are human powers; clearly in this sense they cannot 'exist' outside of humans. Partly—machines, tools, knowledge, etc.—productive forces do 'exist' outside humans, and can be used by various kinds of societies. Thus, the metaphorical similarity with the 'ground' is close enough: forces explain the nature of the economic base and set material limits on what kinds of social relations of production are possible, just as the ground imposes certain structural requirements for a building. Note, however, that the ground does not 'cause' the building to be of a certain kind or size; just as in historical materialism, there is no such crude over-determinism here. To continue

³⁶¹ "Separation", 70, *DAC*, Kindle Locations 458. Much of the confusion comes from Wood's assumption that there are many similarities between classical political economy, neoclassical economics and Cohen's concepts. She certainly fails to demonstrate this convincingly.

the analogy: human beings or societies decide how tall a building they want or need. However, as is the case in the contemporary world, land shortages would certainly help us to explain the tendency for going higher.

On Marx's 'materialism', Wood writes:

[T]he *first principles of Marx's materialism*: that while human beings work within *definite material limits* not of their own making, including purely physical and ecological factors, *the material world as it exists for them is not simply a natural given; it is a mode of productive activity, a system of social relations, a historical product.*³⁶²

Cohen's 'material foundation' is not different from Wood's '*definite material limits*' that 'include purely physical and ecological factors'. Moreover, Cohen *upholds* the notion that the material world is not a natural given, but also a historical product. However, where Cohen would depart from Wood's formulation is in regard to her claim that the material world *is* a mode or productive activity and a system of social relations. If it were, what is the distinction (a distinction Wood is relying on in her comments) between these concepts?

We can look at it this way. Material forces of production may not actually 'exist' without society because it is humans and their power to produce that constitute material forces. However, we can hypothesize that if a society were to perish from a deadly pandemic, leaving all physical objects of production intact, other human beings could rebuild a similar (if not identical) society if they had the knowledge and skills. Social structures and the level of utilization of material forces would explain similarities and differences between the new and the old society.

³⁶² DAC, Kindle locations 484-487, emphasis added.

According to Marxists, economic structures, or relations of ownership in the means of production, reveal a fundamental characteristic of any society. We can compare to the structure of a building. The type of structure—whether it is a mud hut, wooden or steel skeleton—determines possibilities of use. The structure of the building would be unstable without a proper roof and walls. The structure determines other features and functions of the building, like plumbing, etc.. Roof, walls, etc. are (functionally) explained by the structure; they are there in part to stabilize the structure. These other features represent superstructural phenomena. The building may impose limits to its use; for example, how loud the singing could be without bothering neighbors or if floors are strong enough for dancing, but it does not determine what style of music people choose, just as historical materialism does not explain all social phenomena. Once again, this discussion of the metaphor is simply to provide the general outline of the main arguments of the theory. The point of it is to show that it does not suffer from the problems Wood identifies in terms of ‘spatial’ and ‘regional’ separations. Cohen does not deny that the structure and superstructure are co-present and are equally ‘real’; he gives us no impermissible separation beyond conceptual distinctions, the usefulness of which will be further demonstrated as we proceed.³⁶³

3—Does Cohen’s Formulation Run Contrary to Marx’s, as Wood Contends?

Wood also opposes Cohen’s form/content distinction because she thinks it is a form of unwarranted reductionism, i.e., reductionism of social form to its material content. In a confusing passage, Wood argues:

³⁶³ See Cohen’s *KMTH*, 30-1 and *HLF*, 7. The discussion here is my elaboration of Cohen’s ideas, whatever mistakes there are, they are mine.

The distinction that here concerns Marx is not between ‘material’ and ‘social’ or between a ‘material process of production’ and a ‘social process of production’, but between production ‘as such’ or ‘in general’ and production as it actually exists, as a social process in socially and historically determinate forms. (Indeed, a similar contrast could be formulated between the ‘*social* process of production in general’ and the social process of production in historically determinate forms.) It is not, for example, a question of distinguishing the ‘capitalist form’ from its ‘underlying matter’ but ‘matter’ in capitalist form distinguished from ‘matter’ in the abstract’.³⁶⁴

It is Wood’s contention that the concept of ‘material production’ serves an ideological function of justification of capitalism, and plays no role in Marx’s theory other than the critique of classical political economy. “It is in the nature of capitalism to make such mystifications particularly plausible because the production of the conditions of material life in capitalism is inseparable from the production of capital.” As a demonstration of this point, Wood claims (in her own bit of reductionism) that for Marx under capitalism “all production of use-values is at the same time and *indistinguishably* production of exchange-values.”³⁶⁵

This cannot be true for a number of reasons. In the first place, under capitalism, a significant proportion of use-values are produced directly for use and not for exchange—think of all the unpaid domestic (mostly female) labour that goes into reproducing labour power as a commodity. Marx argued that the value of labour power is determined by the market price of all commodities consumed by workers. But it does not follow that these costs are an accurate reflection of the overall social labour input into the reproduction of labour (of workers themselves), even though it is a reflection of the *exchange value of labour power* as a commodity. If ‘all production of use-values’ were ‘at the same time and *indistinguishably*

³⁶⁴ “Separation”, 71.

³⁶⁵ *Ibid.*, emphasis added.

production of exchange-values', we could not talk about the continual expansion of the 'value form' or privatization and commodification of social labour under capitalism.

For example, according to Marxist analysis, socialized healthcare, state educational and training institutions or infrastructure projects produce use-values, but no exchange-values. These institutions engage social labour to produce material conditions, but do not produce 'capital'. Educated/trained individuals become (variable) 'capital' only when they enter the labour market³⁶⁶ and roads become 'capital' when they are privatized. One may object by arguing that public sectors are not part of capitalism. That is debatable; some Marxists would say they are capitalistic so long as they employ wage labour; and, we could add, public sectors in predominantly capitalist societies remain subordinated to capitalist interests and are subjected to capitalist pressures, operating in a capitalist environment—'under capitalism', as Wood puts it. But, let's assume they are not capitalist. Nevertheless, to make distinctions between capitalist and non-capitalist sectors, we must be able to separate production of use values from exchange values, which we could not do if these were 'indistinguishable'.

Furthermore, *even for capitalist sectors* such a claim would render Marx's labour theory of value and theory of profit incomprehensible. Marx's theory of surplus value depends on the distinction between the use value and exchange value of labour power as a commodity. According to Marx, the use value of labour power as a commodity to capitalists is that workers produce greater exchange value than

³⁶⁶ Exchange value of workers' labour power does not include public investments into their training and health.

the exchange value of their labour power—i.e. the use value of labour power makes it a unique commodity that generates new value under capitalism.³⁶⁷ The labour theory of value also necessitates a distinction between two starkly different use-values identified by Marx: one is the final consumption which ends the cycle of capital, and the other is consumption in production whereby the use-value of constant capital is its ability to transfer value (past labour) into new value (expanded by labour), which continues the circulation of capital.

Third—and perhaps more to the point here—Wood may be mischaracterizing Marx’s position when she claims that he made such distinctions simply to borrow tools from ‘bourgeois’ classical economy in order to unveil “the false appearances of capitalist production by tracing the stages of mystification in the production of capital” and that Marx “*rejects* this procedure on the grounds that any propositions about ‘production in general’ will be rather empty and formal, even ‘trite’ or tautological, since the real *content* of these ‘common elements’ themselves depends precisely on their social determinations.”³⁶⁸ In support of this interpretation, Wood cites Marx’s *Grundrisse*, but the passage aligns with Cohen’s formulation. Marx states:

All production is appropriation of nature on the part of an individual within and through a specific form of society. In this sense it is tautology to say that property (appropriation) is a precondition of production. But it is altogether ridiculous to lead from that to a specific form of property, e.g. private property. (Which further and equally presupposes an antithetical form, *non-property*.) History rather shows common property (e.g. in India, among the Slavs, the early Celts, etc.) to be the more original form, a form

³⁶⁷ Varoufakis *et al.*, 78-85. David Harvey, *A Companion to Marx’s Capital*, chapter 4.

³⁶⁸ “Separation”, 71-2.

which long continues to play a significant role in the shape of communal property.³⁶⁹

Cohen notes that confusion arises from the term 'property' because it may denote both form and content depending on the context. Although it is usually understood as a 'legal' i.e. institutional term, clearly in this passage Marx's use of 'property' conveys both meanings: production as a process of 'appropriation' (material content, i.e. an individual labouring on 'nature'), and production within various institutional *forms* of 'property' (social form). Marx argues that classical political economists naturalized private property, mistakenly (or for ideological reasons) conceiving of production as a process of appropriation that naturally leads to or presupposes private property. He stresses that appropriation is not always a process of creation of private property; in fact, for most of history, appropriation has been communal. A peasant tilling, seeding and harvesting is a process of appropriation—the material process—, and Marx argues that one should not jump to the conclusion that the land is the peasant's private property. He or she may be working on communal or landlord's land. Moreover, in order to arrive at the conclusion that material production is 'empty' without its social form—something with which Cohen would not disagree, and in fact affirmed—it seems to me that one has to adopt something like Cohen's conceptual form/content distinction, which Wood also evidently presupposes when she states that 'content' depends on 'social determinations' (form) in the above citation.

In her own words, Wood's most important position on this topic is that relations of production are

³⁶⁹ *Grundrisse*, Penguin Classics, 1993, 87-88. *Marx-Engels Reader*, 226.

presented in their *political aspect*, that aspect in which they are actually *contested*: as relations of domination, as rights of property, as the power to organize and govern production and appropriation. In other words, the object of this theoretical stance is a *practical* one, to illuminate the terrain of struggle by viewing modes of production not as abstract structures but as they actually confront people who must *act* in relations to them.³⁷⁰

Wood is right that Marx always had a practical, emancipatory goal in mind in his theorizing, and that he insisted on the ‘political’ nature of property relations; but I think so too does Cohen. Cohen does not merely depict the relations of production as a kind of apolitical ‘abstract structure’. In *HLF*, he characterizes the relations of production as “relations of economic power, of the economic power people have or lack over labour power and means of production.” Cohen calls such power ‘economic’ “in virtue of what it is power over, and irrespective of the means of gaining, sustaining, or exercising the power, which need not be economic.” In capitalist societies, “relations of production include the economic power capitalists have over means of production, the economic power workers (unlike slaves) have over their own labour power, and the lack of economic power workers have over means of production.”³⁷¹ What Wood hasn’t shown is that Cohen’s explanations are not geared toward the same socialist political goals as her own. It is worth noting here that Marx was dissatisfied with the work of classical political economists precisely because he believed that they were unable to construct sufficiently thorough explanations of ‘hidden’ causes that go beyond ‘appearances’ or what people routinely without theoretical reflection ‘experience’. Contrary to Wood, Cohen’s use of ‘abstract’, ‘impersonal’ categories is not an indication of lack of

³⁷⁰ “Separation,” 77.

³⁷¹ *HLF*, 5-6.

connection with ‘actually existing’ labour struggles in the workplace and against capital more generally. The whole point is to get a better, more comprehensive grip on the broader context in which they struggle, to help us better see what we are really up against.

To return to the main discussion, Wood argues that to distinguish ‘material’ processes of production from ‘social’ processes of production is to commit a fallacy common to ‘bourgeois’ political economy: namely, to conceive the productive process as ‘solely’ a relation between ‘man and nature’, outside of social relations.³⁷²

In her view:

The distinction between ‘organic’ and ‘*merely reflective*’ connections is especially significant. It suggests that any application of the base/superstructure metaphor that stresses the separation and enclosure of spheres—however much it may insist on the connection of one to the other, even the reflection of one by the other—reproduces the mystifications of bourgeois ideology because it fails to treat the *productive sphere itself as defined by its social determinations* and in effect deals with society ‘in the abstract’. The *basic principle about the primacy of production, the very foundation of historical materialism*, loses its critical edge and is assimilated to bourgeois ideology.³⁷³

Here, once again, Wood insists that the base/superstructure metaphor presupposes unidirectional causal relations (‘merely reflective’ connection), which is not the case for all ‘orthodox’ accounts, as we noted earlier. Therefore, her distinction between ‘organic’ and ‘merely reflective’ connections collapses. Furthermore, in order to analyze connections, we need to define the parts. What constitutes the ‘basic principle about the primacy of production, the very foundation of historical materialism’ and what are the ‘productive sphere’ and the ‘social determinations’

³⁷² “Separation,” 72. Also see *DAC*, 393-9.

³⁷³ *DAC*, Kindle locations 424-429, emphasis added.

that define it? If we wish to speak of ‘organic’ connections, what could this mean apart from ‘dialectical’ (i.e. complex multidirectional) causal relations between base and superstructure and the interdependence of ‘spheres’ that was occluded by classical political economy. But, as we have seen, with Cohen’s construal of the relations in functional terms, this mutual interdependence is compatible with an explanatory asymmetry.

Again, Wood insists that ‘orthodox’ accounts employing the base-superstructure metaphor suffer from the same flaws as classical political economy; the ‘spatial’ separation, she argues, is in effect a matter of ‘accidental’ relationships between production and social institutions. But given Cohen’s functional account of the base-superstructure relation, it is hard to see how this can be construed as a merely ‘accidental’ relation. In addition, as we have seen, Wood’s main argument against abstracting material processes of production from social forms of production is that *in reality* “the productive base itself *exists* in the shape of social, juridical and political *forms*—in particular, forms of property and domination.”³⁷⁴ Again, I think Cohen would respond that ‘Yes, of course production always occurs within and through certain social forms, but that is not a good argument against conceptually distinguishing these features of reality for explanatory purposes.’ Wood cites the “Introduction” to Marx’s *Grundrisse* in support of her argument that Cohen commits similar mistakes to those Marx identified in classical political economy. Marx argued as follows:

In bringing things which are organically related into an accidental relation, into a merely reflective connection, they display their crudity and lack of

³⁷⁴ DAC, Kindle locations 413-414, 423.

conceptual understanding. All the bourgeois economists are aware of is that production can be carried on better under the modern police than e.g. on the principle of might makes right. They forget only that this principle is also a legal relation, and that the right of the stronger prevails in their 'constitutional republics' as well, only in another form.³⁷⁵

Here Marx draws our attention to the fact that formal equality does not equate to any substantive equality, the fact that modern police serves to protect the propertied classes, and that 'constitutional republics' are in reality just a different form of unequal, class society. It seems quite a stretch to saddle Cohen, or his formulation of historical materialism, with the same flawed conceptions as the classical political economists on any of these points. But let's consider some additional points made by Marx.

Marx charged classical political economists for analyzing production, distribution, exchange, and consumption as separate and *structurally unrelated* phenomena, governed by different and unrelated laws. But this is not true of Cohen. Cohen did not formulate historical materialism in a way that leaves production, distribution, exchange and consumption under capitalism as structurally unrelated and as merely 'accidentally' connected. This is how Marx outlines the classical political economists' basic approach to explaining the functions of these spheres:

[D]istribution determines the proportion in which the individual shares in the product; exchange delivers the particular products into which the individual desires to convert the portion which distribution has assigned to him; and finally, in consumption, the products become objects of gratification, of individual appropriation. Production creates the objects which correspond to the given needs; distribution divides them according to social laws; exchange further parcels out the already divided shares in accord with individual needs; and finally, in consumption, the product steps outside

³⁷⁵ *Grundrisse*, 88.

this social movement and becomes a direct object and servant of individual need and satisfies it in being consumed.³⁷⁶

Marx applauded Ricardo for viewing production as a social process in contrast to other 'vulgar' economists. However, Ricardo conceived this process as natural ('production in general'³⁷⁷) not historically determined. By contrast, for Ricardo, distribution—the main object of economic investigation—is determined historically (by 'social laws', i.e. class relations). It is to this disconnect that Marx objected by stressing 'organic' relations of unity and interdependence of production, distribution, exchange and consumption. Marx attacks the idea that 'production in general' is a relation between an individual and nature. Classical political economists and neoclassical economists to this day appeal to Robinson Crusoe as a starting point—the universal *homo economicus*—to express the natural law of *individual* and *asocial* production. In classical and neoclassical traditions, production is 'production in general'; social form does not have explanatory purchase for them, not because they make a conceptual form/content distinction but because there is, for them, no connection. Only demand and the level of technological development determine production. Cohen, however, does not construe either historical materialism or capitalist society in way that renders production and social relations of production 'disconnected' or merely 'accidentally' connected. Nor does he depict the 'material process of production' as an asocial, Crusoe-like process.

³⁷⁶ *Grundrisse*, 89.

³⁷⁷ Marx did not reject the term 'production in general' entirely, contra Wood. When Marx discusses production, he presupposes production by social individuals within a historical context. However, there are certain common characteristics to all societies for which the term is useful. "Production in general is an abstraction, *but a rational abstraction* in so far as it really brings out and fixes the common element and thus saves us repetition" (*Grundrisse*, 85).

Marx argued that class relations are decisive not only in distribution for consumption, but also and most importantly distribution in production. The class nature of property relations is what determines who has access to and control over the means of production. Class interests and capacities determine what is produced and how it is produced. However, Marx also stressed that to conceive distribution as 'preceding' production although necessary is only a first and superficial step, because production—its material or technological aspects—also determines class structure and property ownership relations in fundamental ways; it limits possibilities—for example, it is impossible to have stable, enduring capitalist class relations where the material forces of production are not sufficiently developed to sustain a level of surplus required to maintain such a class structure. The following paragraph from Marx seems to me to square with Cohen's view on the usefulness of distinguishing the material process of production from social form when arguing for primacy of production:

The question of the relation between this production-determining distribution [i.e., the social relations of production—OM], and production, belongs evidently within production itself. If it is said that, since production must begin with a certain distribution of the instruments of production, it follows that distribution at least in this sense precedes and forms the presupposition of production, then the reply must be that production does indeed have its determinants and preconditions, which form its moments. At the very beginning these may appear as spontaneous, natural. But by the process of production itself they are transformed from natural into historic determinants, and if they appear to one epoch as natural presuppositions of production, they were its historic product for another. Within production itself they are constantly being changed. The application of machinery, for example, changed the distribution of instruments of production as well as of products. Modern large scale landed property is itself the product of modern commerce and modern industry, as well as of the application of the latter to agriculture.³⁷⁸

³⁷⁸ *Grundrisse*, 97.

This passage, while perhaps not as clear as one would like, does seem to rely on a distinction between, on the one hand, 'production', and on the other, a 'certain distribution of the instruments of production.' The latter is a feature of the economic structure, the relations of production, while the former is what Cohen calls the 'material content' or process of production. Thus I do not see how Wood has made her case that Cohen's formulation runs contrary to Marx's.

I think it is safe to assert that Wood and Cohen (following Marx) would agree on the following three points: i) production is primary for social and historical analysis; ii) production is appropriation of nature by individuals, whose access to the means of production is determined by social relations (the 'social form'); and, iii) thus we need to classify societies by how production is undertaken within various social forms (that is social property relations, class relations of production, or social determinations assigning group access to and control of the means of production). The point of disagreement is Wood's claim that material production is indistinguishable from social determinations, from how people experience it in terms of political and legal rights, and relations of power. For Wood, the material is social and the social is material.

4—More Clarifications Regarding Economic Structure and Economic/Technological 'Determinism'

It should be noted that in some ways, Wood's objections to the distinction are a repetition of a much earlier and staunchly anti-Marxist work by H. B. Acton, *The*

Illusion of the Epoch.³⁷⁹ Acton argued that the Marxist notion of ‘relations of production’ logically must include the legal and political superstructure and that the relations are directly involved in the productive forces which are supposed to explain it, thus making the theory tautological.³⁸⁰

Regarding the base-superstructure model, Wood, like Acton, thinks the ‘economic base’ cannot be realistically ‘separated’ from the legal, political and ideological ‘superstructure’ as Cohen would have it. For example, the legal system grants property rights, so, Wood thinks, it is part of the property relations. From Cohen’s point of view, Marx presupposed a distinction between ‘effective powers’ and ‘legal rights’. The economic structure, which includes property relations, is *not* synonymous with a legal structure granting property rights.³⁸¹ The economic structure is defined in legal terms as a structure of ownership, but *it is not a legal structure* because there is a difference between an effective power and a right. As Cohen puts it: “Possession of powers does not entail possession of the rights they match, nor does possession of rights entail possession of the powers matching them. Only possession of a *legitimate* power entails possession of the right it matches, and only possession of an *effective* right entails possession of its matching power.”³⁸² Once again, I think this is a clear distinction and that Wood has failed adequately to understand that a conceptual distinction between two items, X and Y, does not entail that X and Y are not causally ‘connected’ in reality or that if X plays a causal role in

³⁷⁹ H.B. Acton, *The Illusion of the Epoch: Marxism-Leninism as a Philosophical Creed*, Indianapolis: Liberty Fund, 2003 (first published 1962).

³⁸⁰ See Cohen’s *KMTH*, 235, and Brown, J. M., John Plamenatz, George Catlin, Kenneth Robinson, F. G. Carnell, and F. P. Chambers. “Book Reviews: *The Illusion of the Epoch: Marxism-Leninism as a Philosophical Creed*,” *Political Studies*, October 1955, 3(3): 277–84.

³⁸¹ Cohen, *KMTH*, 218.

³⁸² *Ibid.*, 219.

solidifying Y, that this may be *precisely why* X exists or persists (as would be the case if X could be functionally explained, without teleology, in terms of its beneficial consequences for Y).

Cohen distinguishes between 'effective' and 'formal' power relations: "The [effective economic] powers we defined are sustained by law, morality, and the state, but they are not legal or moral or political in content."³⁸³ Cohen is saying that the powers that define the relations of production are *sustained* politically, legally, and through what passes for 'morality'. As the Political Marxists maintain, property relations embody the power or control over ownership of the means of production and over labour power. The power distribution determines how production occurs. Serfs till the landlords' land not because land or tools determine the tillers to be serfs, but because the feudal lords historically achieved the power they have to impose the way access to land is socially organized. Thus, serfs tilling landlords' land is a class relation of production, which of course can be seen as a political relation in the sense that it involves relations of unequal power between groups of people. However, political *institutions*, the way lords organize their collective power over serfs are the 'forms' or superstructure, which ensures that their 'effective' economic power is stable and is reproduced. It is a longstanding Marxist thesis that the main function of states is to stabilize *existing* economic power relations.

Similarly, property rights or ownership can be understood in two ways; as 'effective' and 'formal' power over 'things' in relation to other members of society. 'Property' is a legal term, meaning a legal right, but property also has material

³⁸³ *Ibid.*, 235.

‘content’. A claim of ownership is also a power relation among individuals, but this power is not a political (superstructural) institution³⁸⁴; ownership is not, in itself, power over other individuals (excluding slaves), but over objects in relation to other members in the society; an individual property right is a claim to have an effective power to exclude others from use of an object (communal property is a group power claim to exclude others). Robinson Crusoe has an effective power to appropriate (i.e., to produce, working on) any part of the island he found himself on. However, he has no reason for a legal right, ‘form’ or ‘superstructure’, because there are no other humans to establish such a relation with.³⁸⁵ Crusoe has a material power to appropriate but he has no need for legal power or any other social institution outside his imagination.

Crusoe, a fictional character, is of course unrealistic—humans cannot live outside society, but the distinction is still useful. Cohen and Marx note that it is legal rights that make it possible for individuals to claim power of control over objects, but it is material or effective power that makes it possible. Much of the Marxist critique of liberal rights under capitalism is based on the distinction between

³⁸⁴ This is not to deny that power struggle is ‘political’ in a broad sense. In this broad sense, it would be accurate to call the school that makes class struggle the central explanatory concept a ‘political’ Marxism, but class relations do not belong to superstructural political phenomena in Cohen’s construal. Class struggle is a process; it is neither an economic structure, nor a political institution. Class struggle occurs *because* there are power inequalities (economic structures) and political institutions that support them, i.e. class struggle is explained by the economic base and institutional superstructure. Understanding the *terrain* of class struggle also requires a form/content distinction; people may focus on changing institutions of power, i.e. laws or governing institutions (reformist struggle) or focus on expropriation of expropriators, i.e. changing effective power relations resulting from the class structure (revolutionary struggle). Once again, the disagreement between Wood and Cohen is mostly not about substance, but conceptual clarity.

³⁸⁵ The racist portrayal of Friday as an economic being of less consequence, both in the story and in mainstream economics theorizing, notwithstanding. See Matthew Watson, “Crusoe, Friday and the Raced Market Frame of Orthodox Economics Textbooks”, *New Political Economy*, 23:5, 5 January, 2018, 544-559.

'formal' and 'substantive' power over the means of production; something that Wood as a Marxist of course realizes. The argument here is that in order for Wood to make a comprehensive claim about the separation of political and economic spheres under capitalism, as a historical and unique characteristic distinct from the 'political economy' or unity of the two spheres in pre-capitalist societies, she must make a clear distinction between two different types of power: one economic (power over material resources including labour power) and the other political (power over people) for all societies as universal, transhistorical categories. What distinguishes capitalism from feudalism is the 'form' these relations take. Wood is right to note that under feudalism, political and economic powers are fused under one general umbrella of institutions of domination of lords over serfs; their political power (power presented as a birthright of lordship over serf) is also their economic power at the same time (though quite distinguishable); power to extract serfs' surplus product and power over serfs' access to the means of production. Capitalists, on the other hand, do not have a direct claim to *political* power over workers; *formally* workers are just as 'free' from domination as capitalists are, but because capitalists have economic power, the 'effective' power relation is one of domination. The separation is formal, not effective, even under capitalism. The mainstream economists' claim about the autonomy of the economy is an ideological distortion because it hides the fact of effective relations of power inequality. Arguably, Wood's discussion of the differences between feudalism and capitalism would have been much clearer if she were to identify the object as the two respective 'forms' of power

relations in reference to the 'content' or effective power relations, instead of confusingly including form in the content.³⁸⁶

Wood makes it central to her argument against the base-superstructure hypothesis that the way people experience 'production' is inseparably economic, legal and political. These experiences are inseparable, we can deduce, because they are not observable as separate phenomena. That may be true, but this should not prevent us from claiming that these are different phenomena that can be identified through observation and abstracted into categories. For that matter, people generally find their use of language to be 'inseparable' from their working lives, but no one thinks we cannot conceptually distinguish a person's native language from their role in economic production. In any case, there are many contexts in which it may be useful to make a distinction even though two items are often entangled. For example, there may be good reason in some contexts to distinguish between facts and values, even though, in everyday life, we often make both value judgments and factual claims in the same breath (e.g., 'Bolsonaro is a nasty fascist'). In regard to the 'abstract' concept of 'economic structure', consider an analogy from Cohen. He compares 'economic structure' to the concept of divorce rate. We cannot directly

³⁸⁶ Perry Anderson, similar to Wood, also takes issue with applying the base/superstructure metaphor to pre-capitalist societies for similar reasons, arguing that kinship, religion, law and the state must be viewed as constitutive parts of the economic base (See Cohen, *KMTH*, 248). Cohen's response to this: "When critics of historical materialism claim that dimensions other than the [material] mode of production are fundamental, it is no reply to insert those dimensions into the mode of production" (248). In *Provincializing Europe*, Dipesh Chakrabarty took this line of thinking to another level, when he claimed that analysis of relations of production in India cannot utilize the same definitions of classes, because in India production is experienced within the system of spiritual beliefs. I think any Marxist, including Indian Marxists, would respond that this 'problem' in conceptual apparatus arises not because the concepts are inadequate, but because there is confusion on what belongs to the forms and what belongs to the content.

observe divorce rates, but “*what the divorce rate is* can, of course, be determined by observation.”³⁸⁷

Similar comments apply to the economic structure. It is determined by observation, but it is not felicitous to say that it can be observed, since, like a number, it is an abstract entity. And even if its character cannot be observationally determined without concomitant observation of the relationships Acton mentions, that in no way rules out an explanation of those relationships by reference to features of the economic structure. How could the fact that economic and non-economic variables occur together in experience invalidate an attempt to explain the second in terms of the first?

Cohen adds that these “are banal contentions. They are evidenced by the practice of theorists in any developed science. Is molecular biology debarred from explaining biological phenomena in physic-chemical terms when the relevant physical processes are unobservable apart from the biological processes they explain?”³⁸⁸

There is a long history of criticism (and ridicule) of Marxism on the basis of its alleged ‘economic determinism’. This, in my view, functions more as a form of name-calling than a serious analysis of Marxist theory. What Cohen’s formulation of historical materialism implies is that for a broad human emancipation to become a reality, we must finally transform the social relations of production (our economic structures) so that they no longer perpetuate class oppression, as they have for most of human history at least since the rise of settled agriculture—not to mention other forms of oppression that are both reinforced by, and reinforce, class oppression. The whole point of the theory, as I understand it, is to focus our attention on the root causes of many of the world’s ills. Marxism locates a key root cause in the ‘effective’ control (or lack of it) over the means of production; and Marxists of all stripes try to

³⁸⁷ *KMTH*, 235.

³⁸⁸ *Ibid.*, 236.

show how many of the most important dynamics in societies can better be understood through analyzing the way the class interests that accompany these economic structures play out—including in relation to the climate and ecological crises that are threatening humanity. If *that* is to be labeled a form of ‘economic determinism’, so be it; then we should all be ‘economic determinists.’ What is important is that the ‘economic’ sphere in this formulation is to be understood as ‘relations of production’ or ‘economic structure’; or, as Political Marxists call it, ‘social property relations.’³⁸⁹ When Marxism is charged with a crude ‘economic’—or even worse, ‘technological’—determinism, the image the critics seem to have in mind is that for Marxists, somehow non-human and/or non-social forces are operating ‘behind people’s backs’ to determine human behavior and thought in a way that diminishes the value and effectiveness of human agency. But this couldn’t be further from the truth. Analyzing deeper causes of human, social problems—deeper than, say, people’s intentions and their stated, conscious aims—is just what any good social science does, whether or not it is Marxian. None of this is

³⁸⁹ There is, as far as I can see, no substantive difference between Cohen’s ‘economic structure’ and the Political Marxists’ ‘social property relations.’ Cohen does make the following distinction between production relations and property relations: “The economic structure of a society is the whole set of its production relations. Production relations are relations of effective power over persons and productive forces, not relations of legal ownership. But it is convenient to represent production relations as relations of ownership,” *KMTH*, 63).

Again, *effective* property relations, relations of economic power, are not the same thing as legal and political relations. If they were indistinguishable, we would not need social science to explain them or their connections. It is, partly, because effective economic powers differ from their superstructural accompaniments and reinforcers that we need social sciences and analytical distinctions along the lines of Cohen’s form/content distinction (whether we use the terms ‘form’ and ‘content’ or not). So when Wood claims that economic property relations are political at the same time, this of course rings true (since the ‘political’ has to do with power relations) but it becomes misleading when she uses this point to reject the base-superstructure model. Marxist social science is, among other things, about the effective property relations and the way social forms and ‘superstructural’ phenomena function to maintain and or change systematic practices.

incompatible with effective human agency; the understanding a good social scientific theory provides may, in fact, help make it more effective. It is also worth pointing out, if we wish to debunk such critiques, that the 'economic base' in Marxist theory is different from what gets called 'the economy' in mainstream scholarship and political culture, the latter studiously avoiding any 'dangerous' talk of class, class exploitation, or class power and domination. Furthermore, the notion of 'technology' in historical materialism is not to be understood *simply* as dead matter overpowering human will; technology itself is a product of human agency. Nevertheless, if 'economy' and 'technology' are understood in the manner Cohen defines them, I think it would not be entirely unfair to describe historical materialism as being both an 'economic *and* technological determinist' doctrine. However, I take it 'determinism' just means that there are causes for everything, that nothing is uncaused; and in the long march of history, the development of 'technology' (productive forces) and relations of production are particularly important for understanding broad trajectories of historical change. This in no way implies that these are the *only* relevant causes or that human agency, particularly through class struggle, does not also play a central, ineliminable role in world history. And, after all, isn't the point of socialism that human beings will finally be able collectively to take control of history in the sense that their fate will not be so decisively shaped by forces operating 'behind their backs', so to speak?³⁹⁰

³⁹⁰ Much of what I have said in this last paragraph is indebted to the late Marxian anthropologist Marvin Harris's defense of what he called 'cultural materialism'. See, among other works by him, Marvin Harris, *Cultural Materialism: The Struggle for a Science of Culture* (Random House: 1979).

5—Wood vs. Cohen on ‘Material’ and ‘Social’

In defending his material-social distinction, Cohen argues that it is useful to see production not *only* as a social process carried out through social relations of production (that is, through a ‘social form’). He writes:

If you and I carry an object, positioned on either side of it, we set up material connections by virtue of which the carrying occurs. ... The material characteristics of our labour process do not disclose the social roles we occupy *vis-à-vis* one another, or anyone else.... But while material conditions do not include social relations, they do include some relations between men, for not all relations between men are social.³⁹¹

I would say that last claim (‘not all relations between men are social’) is not ‘felicitous’—to use Cohen’s expression; but there is a straightforward way to interpret what Cohen says here that addresses Wood’s concerns. I suggest the following: in human experience (which is inescapably social) labour is undertaken cooperatively within social relations of production. However, we can distinguish between material requirements, or requirements for cooperation arising from the need to apply physical power (it takes two to carry an object, which is too heavy for one) and the requirement of *social allocation of labour power*—deciding which members of society get to carry the object, who makes the decisions, etc.. A need for labour power in the immediate sense originates from technical requirements (the need for two people to carry the object). It is the process and institutions through which allocation of resources (including labour power) occurs that Cohen is calling ‘social’. Cohen’s distinction permits comparative analyses of various social processes of allocation of labour power. Some societies settle on enslaving people to carry out the tasks, while others resort to more humane—or less inhumane—ways.

³⁹¹ *KMTH*, 93.

What choices there are, is determined historically, not only or primarily by social form, but by the general level of technological development; that is, materially determined by the availability of labour power, resources, technology, skills and technical and organizational knowledge.³⁹² So, the social nature of production is a presupposition, but this is compatible with Cohen's distinction between material content and social form.

Cohen gives examples that can be understood as 'material': the availability of iron ore, railways, electricity in use, the proportion of population engaged in agriculture versus urban population. A description of society's material base can be provided without revealing its social form. "It will provide extensive information, detailing the material abilities and needs of persons, the resources and facilities available to them, their scientific knowledge. But ownership patterns, distributions of rights and duties, social roles, will go unremarked."³⁹³ Wood is correct to object to treating such facts as *sufficient* for explaining how the 'economy' *works* without any reference to social relations, as classical political and neoclassical economists tend to do. But that is not what Cohen does. Wood does not show that the very idea of identifying 'material facts' is flawed. Cohen's point is that these are *necessary*, not sufficient, for historical materialism's explanatory project.

³⁹² Political Marxists argue that social property relations and relations of power are primary in determining such choices (strategies for social reproduction, in Brenner's terms), pointing out examples when the ruling classes shy away from more productive technology or forms of organization already available in order to maintain existing power relations. Cohen would not dispute such historical facts, but he would disagree that this undermines his interpretation of historical materialism. Instead, he argues that historical materialism maintains that in the long run such choices would lead to fettering of the developmental tendencies and thus unstable power relations, and that eventually labour saving technology and techniques would be adopted.

³⁹³ *KMTH*, 94.

Wood stresses that for Marx “‘capital is a social relation of production’, that *economic* categories express certain determinate *social* relations”³⁹⁴; money, credit, machines, raw material and labour are ‘capital’ because they are ‘moments’ in the circulation of value. These ‘moments’ of capital’s circulation follow a specific and unique system logic, unique to capitalism. Cohen would agree that this accurately reflects Marx’s idea of ‘capital’. However, it does not follow that economic categories always express *specific* social relations. For example, money is an economic category that exists under various social relations. Some of the characteristics of money are constant while others change depending on the social form. Clearly, in order to say that money, credit, etc. are ‘capital’ only under certain social conditions, we need to have an idea what money, credit, etc., are when such conditions are not present. Under capitalism too, money under the mattress is not capital, but it is still money. Credit is not just money, but also capital when banks issue it. When capital exits the system, it ceases to be capital; money, machines, etc. outside capitalist relations are ‘just’ material resources, for example when they are exported to non-capitalist countries. When the Soviet Union purchased machinery from capitalist countries, it did not import ‘capital’ as a social relation, but as material goods.³⁹⁵

³⁹⁴ DAC, Kindle locations 435.

³⁹⁵ This is not to say that there are no Marxists (or anarchists, for that matter) who would claim that capital was capital even in the Soviet Union. Those who argue that the Soviet Union was a ‘state capitalist’ system because production relied on wage labour would probably not agree with this conceptualization of capital. That issue would require a long debate, and I doubt that there will ever be a consensus on this point. However, I believe such positions are incompatible with PM and AM as both emphasize private ownership in the means of production as one of the defining features of capitalism. I would, along with David Schweickart, consider a system to be ‘capitalist’ to the extent it combines private ownership of the means of production, wage labour, and an extensive market economy. (David Schweickart, *After Capitalism*, 2nd ed. [Rowman & Littlefield, 2011], 24-7). The Soviet Union might not have been a genuinely ‘socialist’ system, with its lack of workers’ control, but I see it as a bit of a stretch to call it a form of capitalism. We already opposed such fluid definitions in

Another point in favor of Cohen's social form/material content distinction is that the introduction of new machinery into a society from outside may require adoption of new ways of engaging labour (techniques of cooperation, skills and knowledge) to operate the new machinery. It does not follow that the labour must be performed under the same kind of social relations from which the machinery was introduced. This is just one of many ways, I have been arguing, that something like Cohen's material-social distinction is made in practice; it seems to me that it is, contrary to Wood, a useful distinction and that without it, such discussions would be unclear. Indeed, for Marxists, *any argument in favor of socialization of the means of production, where this means genuinely social ownership/control, requires such a distinction*—otherwise what are we calling to socialize?

The last point to be addressed in relation to the form/content distinction is Wood's claim that Cohen's "argument turns on the identification of 'material' with 'nature' and 'natural' development in opposition to 'social' and 'historical'", that 'nature' is the content and 'society' is the form."³⁹⁶ To counter this, Wood argues that "the material world as it exists for man is not simply a natural given; it is a mode of productive *activity*, a system of social relations, an *historical* product."³⁹⁷ I would question whether there is any substantive difference between Wood and Cohen in their understanding of 'nature' and 'history'. Here is what Cohen had to say about it:

The material description captures a society's underlying *nature*. In this sense of 'nature', nature is of course *a product of history, changing within and as a result of social forms* [my emphasis]. Humanity in social organization thrusts

the WSA school. However, I do think there is no easy answer to this question. One has to carefully consider the consequences of one's terminology and in this case, as I said, it would be a long debate.

³⁹⁶ "Separation", 71.

³⁹⁷ *Ibid.*, 78.

itself against its environment, altering it and its own human nature, for it develops its own powers and needs in the course of the encounter. The development of the productive forces is expressed in the transformation of nature, and socio-economic structures are the forms in which this development proceeds, its 'forms of development'.³⁹⁸

From this passage, I think we can see that *there is no substantial difference between Wood's and Cohen's understanding of 'nature'*. The only difference is that Cohen separated human productive activity into two categories—material and social—, a distinction I have been defending at length above. Citing Marx, Cohen states: “the purely material process is an ‘abstract conception which does not define any of the actual historical stages of production’. The content cannot exist without form, but that does not diminish its importance.”³⁹⁹

I think we must conclude that Wood does not have a strong case against Cohen's 'technological' reading of historical materialism. To end this chapter, I want now to examine some Political Marxists' criticisms of Cohen's (as well as Brenner's) 'structural' conceptions of class and capitalism.

6—Structure or Process?

Wood rejects the base/superstructure metaphor on two counts: firstly, on the basis of her opposition to any conceptual separation of economic, legal and political spheres, which we have already examined; and secondly, based on her opposition to any 'structural definition of class' that goes along with Cohen's conception of the economic 'base'. On the latter point, Wood argues that class should be understood as a historical *process*.

³⁹⁸ *KMTH*, 96.

³⁹⁹ *Ibid.*, 99, citing *Grundrisse*, 88.

Anti-structural conceptualizations have gained favor with *some* Political Marxists, and this has led to a kind of rift within PM. For example, in “The Rule of Reproduction of Capitalism”, Samuel Knafo and Benno Teschke contend that although Brenner offered an indispensable account of the origin of capitalism, he succumbed to the ‘structural definition of capitalism’, which in their view, diminishes the importance of history and agency.⁴⁰⁰ They argue that Brenner’s concept of capitalism leads to “the conceptual reification, de-historicisation, and de-politicisation of capitalism.” They contend that a “structural model of capitalism can only be derived if all the key parameters are independent from concrete historical settings so that the logic can be translated to various contexts where we find different social institutions.” They see an inherent tension between theory and history and claim that history has its own “theoretical significance”.⁴⁰¹ Knafo and Teschke also argue against understanding capitalism as a type of economy or economic system, because in their view, the concept of economy excludes relations of power and this will result in de-politicized critiques of capitalism. Like Wood, they think that with the base/superstructure model, power relations are relegated

⁴⁰⁰ They write: “PM is today at a crossroad between those advocates who wish to build on a strict structuralism that emphasized the logic of capitalism [citing Brenner, Post, and Chibber] and a second tradition which seeks to accentuate the more historicist tradition following in the work of Wood, who occupies a half-way house between the two, and Comninel, one which is more directly inspired by E. P. Thompson [citing Kennedy, Lapointe, Dufour, Knafo and Teschke]” (24).

⁴⁰¹ Knafo and Teschke, 5. Unfortunately, they do not explain the meaning of the claim that history has a theoretical significance. On the issue of structural explanations, Hudelson writes: “Marx says that a genuinely scientific treatment becomes possible only after these structures have been identified, and that such a scientific treatment proceeds by deductive analysis from such abstract structures to the ‘reproduction’ of the concrete facts of experience. What this suggests is that the priority of social structures in Marxist social science is more an explanatory than an epistemic priority.” (*Marxism and Philosophy in the Twentieth Century*, 221.) This is not to say that ‘deductive’ reasoning is *all* that is involved in ‘scientific’ reasoning. It *also* involves, among other things, *induction*, inference to the best explanation, comparison of rival hypotheses and empirical verification of hypotheses. But deductive reasoning is not something to demonize!

to the superstructure—and like Wood, I would say, they confuse effective power with formal power (political institutions).⁴⁰² We have seen the problematic nature of charges of ‘economic determinism’; here we will consider the alleged tension between structural definitions/explanations, on the one hand, and proper appreciation of history and agency, on the other. I think that in this regard, Cohen once again comes out with the more rational view.

Wood follows E. P. Thompson in defining class as a ‘process’. Thompson’s contribution to Marxist historiography is undeniable, but Cohen is right: this conception of class is incoherent.⁴⁰³ Wood characterizes the disagreement as follows: “Thompson’s critics see structures *as against* processes, or structures that *undergo* processes, Thompson sees structured processes.”⁴⁰⁴ Unfortunately, it is not at all clear what Wood means by ‘structures *as against* process’; it does not seem to square with ‘structures that *undergo* processes’. Cohen accepts the latter, but not the former. For Cohen, class structures undergo processes but it makes little sense to say that classes *are* processes. Moreover, what could ‘structured processes’ possibly mean other than ‘processes that are structured’ or that processes have structural qualities? But this lands us back in Cohen’s conception: if processes can have structural qualities or be structured, then structures also may undergo processes. Once again, the disagreement is not in substance, but in terminological clarity.

⁴⁰² Citing Wood, they state, “the secret of capitalism was a political one: it concerned the nature of power in capitalist social relations” (citing Wood, 1995, 4). In his *The Myth of 1648*, Teschke explains his theoretical position, what he calls his ‘theory of social property relations’: “Changes in property regimes restructure the identity of political communities and their distinct forms of conflict and co-operation.” What is confusing is that Teschke identifies social property relations as politics and classes as political units (see page 7).

⁴⁰³ *KMTH*, 73-77; *DAC*, Kindle locations 1544-1548.

⁴⁰⁴ *Ibid.*, 1562-1563.

Nevertheless, Wood argues that structural definitions of class are unacceptable because they deny or diminish agency and history. She states:

In order to experience things in 'class ways' *people must be 'objectively distributed' into class situations*; but this is the beginning, not the end, of class formation. It is not a small, or theoretically trivial, point to distinguish between the constitution of classes by modes of production and the process of class formation. Nor is it unimportant to suggest that, however completely we may succeed in deductively situating people on a chart of class locations, the problematic question of class formation will remain and may yield answers that are both theoretically and politically more significant. The crucial point is that the main burden of a Marxist theory of class must be less on identifying class 'locations' than on explaining processes of class formation.⁴⁰⁵

Here we can see that Wood distinguishes between structure and process, only in a confusing way. She permits that "people must be 'objectively distributed' into class situations."⁴⁰⁶ But Wood adds that 'class formation' is more important than 'class situations'. This is, to put it mildly, confusing. If we have identifiable class situations, classes must already be 'formed'. Wood is not referring to processes of *creation* of classes; rather, she must be referring to formation of 'class-*consciousness*', which is a *different* process. The process of formation of class-consciousness does not contradict structural definitions of class, as Cohen clearly spelled out, building on Marx's conceptions of 'class-in-itself' and 'class-for-itself'; the *whole point* was to distinguish a structural concept of class from class-consciousness. It follows that what Wood is really saying is that class-consciousness is more important than class structure. This may be true in some instances (depending on context and on what

⁴⁰⁵ DAC, Kindle Locations 1592-1597.

⁴⁰⁶ Cohen's definition: "A person's class is established by nothing but his objective place in the network of ownership relations" (*KMTH*, 73).

we want to explain), but it does not follow that a structural concept of class is flawed or useless.

Furthermore, Wood seems to oppose the structural definition of the working class only. When discussing the capitalist class, nowhere does she propose definitions in terms of 'processes' or formation of class-consciousness. She states that what made an agricultural tenant capitalist "*from the start*" was his "specific relation to the means of production, the conditions in which he had access to land itself." This structural condition, according to her, "*from the outset* subjected him [the capitalist tenant], together with *any wage labourers* he may have employed, to market imperatives."⁴⁰⁷ Wood argues that capitalism was born as an unintended consequence of the establishment of the market in leases. Thus, from the start, a structural condition was imposed on direct producers, a specific class relation to the means of production and a dependence on the market in leases. In other words, *before* anyone could realize or develop a conscious understanding of what took place, tenants *and* landlords became capitalist in the sense that Cohen defines them, that is, they found themselves in specific class locations. As a corollary to this, wage labourers also became a working class in Cohen's structural sense.

Here is more of Wood's reasoning:

The point, then, is to have a conception of class that invites us to discover how *objective class situations* actually *shape social reality* [emphasis added], and not simply to state and restate the tautological proposition that 'class equals relation to the means of production'.

The concept of class as *relationship* and *process* [original emphasis] stresses that *objective relations to the means of production are significant because they establish antagonisms and generate conflicts and struggles; that these conflicts and struggles shape social experience 'in class ways', even when*

⁴⁰⁷ *The Origin of Capitalism*, 54, emphasis added.

they do not express themselves in class consciousness or in clearly visible formations; and that over time we can discern how these relationships impose their logic, their pattern, on social processes [emphasis added]."⁴⁰⁸

Contrary to Wood, the emphasized parts of this passage do not contradict Cohen's formulations; not in the least! However, Wood adds: "Purely 'structural' conceptions of class do not require us to look for the ways in which class actually imposes its logic, since classes are simply there by definition."⁴⁰⁹ In one (utterly trivial) sense, this is true: the structural definition *by itself, in isolation from anything else we know*, does not logically entail what to do with it. But as a reading of Cohen's historical materialism, it is entirely unfair and unwarranted. Recall that Cohen's formulation of historical materialism, and especially the base/superstructure thesis, is intended to help us explain precisely what Wood wants class to explain: relations between class structure, various forms of social and political conflict, the nature of 'superstructural' institutions and phenomena, and some of most noteworthy and important dynamics of history. Wood fails to show that Cohen's structural definition of class is simply 'static', with no explanatory power. It is not clear why structural definitions impose a "theoretical dualism which opposes *structure to history* and identifies the 'structural' explanation of class with the charting of objective, static class locations while reserving the process of class formation for an apparently lesser form of historical and empirical explanation."⁴¹⁰ This seems to me to be reading into Cohen something that is just not there. Cohen certainly agrees that class situations impose specific logics of social reproduction, change and conflict.

⁴⁰⁸ DCA Kindle Locations 1613-1618

⁴⁰⁹ DCA Kindle Locations 1619, emphasis added.

⁴¹⁰ *Ibid.*, 1600-1601.

Once again, Wood fails to provide arguments and evidence to demonstrate the flaws she claims there are in Cohen's work. Moreover, it makes little sense to claim that process is more important than structure, when structure is crucial for understanding processes that are structured.

Knafo and Teschke, building on Wood's opposition to structural definitions in favor of agency/history—a classic false opposition on which much ink has been wasted, in my view—argue that structural perspectives create a serious problem of relegating history and human agency to a secondary role or “a lower level of abstraction”.⁴¹¹ For them, “The primacy given to the idea of a structural capitalist logic implies that the history of capitalism is, in its essence, more or less the same wherever capitalism can be identified.”⁴¹² It is accurate to state that there are different levels of abstraction in Cohen's work and in science more generally. However, hierarchy of abstractions should not be understood as an hierarchy of ‘importance’ of explanations. This is simply a false step. Various levels of abstraction are appropriate for various questions. If we want to know why there is power inequality, Marxists argue we need to look at class structure in the distribution of productive property. If we want to know why class struggles succeed or fail in specific historical settings, we need to analyze formation of class-consciousness and organizing—along with many other factors, probably including the level of development of productive forces and their ‘correspondence’ or lack thereof with the prevailing relations of production.

⁴¹¹ They also think that in structural explanations human agency or class struggle necessarily becomes “passive manifestation of a deeper structural logic” (Knafo & Teschke, 4).

⁴¹² *Ibid.*, 3.

Nevertheless, Knafo and Teschke argue that structural definitions are flawed. They claim that Brenner's origin of capitalism thesis is in conflict with his structural definition of capitalism. This is not a very clear claim, because to oppose Brenner's origins thesis they also must reject his definition of feudalism, which they do not do explicitly. What most seriously undermines their rejection is that they provide no clear alternative; they propose no other way to distinguish feudalism from capitalism other than by the structure of class relations. They make nice-sounding statements about the 'theoretical significance of history and agency', but this does not help to clarify how else to differentiate feudalism from capitalism than by appeal to some structural conceptions of class.

The main problem Knafo and Teschke identify in Brenner's account of the transition to capitalism is that Brenner conceived the transition as an unintended outcome of class struggle between feudal lords and peasants, whereby lords and peasants pursued their interests within limitations imposed by feudal class structures, i.e. 'rules of reproduction'. Historical agents/individuals act within the constraints imposed by their class locations. In other words, historical agency is limited (and also enabled!) by 'class capacities'. Knafo and Teschke think this a bad idea.⁴¹³ They think we need to conceive historical agents as not having limitations imposed by class structure, but as having capacities for 'creativity' and 'innovation' within path-dependent institutional contexts.⁴¹⁴ The obvious question is: What is the difference between 'institutional path-dependent trajectory' and structural

⁴¹³ Yet, they see no irony in the fact that they themselves rely on the idea that specific class structures impose specific 'rules and norms' for reproduction. See Teschke, *The Myth of 1648*, 7.

⁴¹⁴ Knafo & Teschke, 12.

limitations? Brenner's structural definition of feudalism does not run contrary to the importance of agency; indeed, his very argument is that lords found it in their interest to transform social property relations by preferring competitive market in land lease to customary arrangements. Knafo and Teschke, like many others in the social sciences influenced by 'post-structuralism', mistakenly construe structural definitions as necessarily imposing a 'static' conception of society and history. On the contrary, structural concepts help us better to explain and understand why collective action takes the form it does and why history moves in one way rather than another. The opposition between 'structure' and 'agency', voluminously discussed in social science literature, is largely a figment of the anti-or post-structuralists' imagination. It would be interesting to examine why that has been such an inflamed topic.

* * * * *

Conclusion

In this final part of the thesis (Part III, chapters 7 and 8), I have not tried to demonstrate that historical materialism is a well-confirmed theory—though I do not see that it has been disconfirmed. That was not my intention. However, I believe it helps us to explain and understand such phenomena as the rise of classes in Marx’s sense (why there are classes in the first place), the importance of class in history, historical transitions from one mode of production to another, and some of most basic obstacles to human emancipation (not to mention human survival). What I have tried to show is that many of the criticisms of historical materialism—at least of Cohen’s version or some version with a few tweaks to Cohen’s version—, have by and large missed their target. I have also suggested that Political Marxism’s account of the origin of capitalism, and hence of the Great Divergence, is not, contrary to Wood and others, in conflict with historical materialism as a broad empirical theory of history’s trajectory, and that the latter may even fill in some lacunae in the former and provide a useful framework for the writing of world history (I did not say ‘the only’ useful framework). This is not to say that I see no problems in historical materialism. The implication of the theory, that socialism (if we ever get it) will ‘develop the productive forces which capitalism has fettered’ is not without problems when, at this point in history, it very much seems we need to *slow down* in terms of ‘productive growth’. Cohen himself considered this issue in his *History, Labour and Freedom*. One way around it, he suggested, is to view ‘development’ not simply in quantitative terms but in terms of something like ‘the *rational*

development of productive forces.’⁴¹⁵ In any case, my main point in all these conceptual/theoretical discussions (some of them probably boringly repetitive) is to try to bring a little more theoretical clarity to the writing of world history. In my view, ‘orthodox’ historical materialism—if that’s what to call it—may be helpful, and yet it is unfortunately marginalized.

⁴¹⁵ See Cohen’s extended discussion of this and related issues in his chapter, ‘Fettering’, *HLF*, 109-23.

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