

TURNING POINTS AND STARTING POINTS: BRENNER, LEFT TURBULENCE AND CLASS POLITICS

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Robert Brenner's recent attempt to get a handle on the 'global turbulence' of capitalism's past half-century was soon followed by a more localized turbulence: a highly agitated response from the Marxist left.¹ The hype injected by Brenner's editors at *New Left Review* ('Marx's enterprise has certainly found its successor') may carry some responsibility for the reaction, but great blurbs have rarely aroused Marxists.² Brenner's amply justified reputation, and his impressive integration of a mass of economic data, no doubt contributed to the intense interest in his essay but this too falls short of explaining the tempest. His central argument, that the key to the 'turning point' in post-war profits is to be found in the relationship amongst capitalists rather than in the class conflict between capital and labour, is certainly controversial but in itself only resurrects a discussion that seemed to have exhausted itself in the seventies.³ And his addition to that earlier debate—that the high fixed costs of incumbent firms limited their exit from the world market, leading to excess capacity and pressures on profits—is, as others have emphasized, not entirely novel nor convincing. Why then such attention to, and controversy around, this essay?

The uproar seems to be as much about the political implications of Brenner's work as with the analysis itself; it may be that misgivings over where Brenner's narrative ultimately takes us have led to such a querulous contestation of his starting point. Consider two particularly provocative outcomes of his analysis: the role of the working class and the contradictions of competition. It was one thing to argue in the seventies that workers were not to blame for the downturn. At that time such a position was not generally questioning the

relevance of class, but only its role in crises; people who argued then that the crisis was not caused by working-class action were often trying to be supportive (even if misguided) of working-class struggles. But in the context of today's relatively demoralized left, to argue that working-class militancy was not particularly relevant even in the sixties, when it was at its peak and expressed some promise, makes a quite different impact. Today—and this isn't about Brenner's intention but the prevailing mood—it seems to reinforce a general inclination to write off the transformative potential of the working class. Since this has always been a question of their capacity for having a direct strategic impact on the economy, not the degree of their victimization, denying the economic relevance of the working class in the dynamics of capitalism seems also to deny their potential political relevance.⁴

As for competition, the conclusion that capitalist competition has system-threatening internal contradictions that are independent of relative class strength may suggest a measure of hope. Yet in the absence of a class that is an integral part of those contradictions, that hope has nowhere to go. Rather, it implicitly tends to leave us with two unpalatable options: either wait passively for capitalism's self-inflicted collapse, or depend—naively and as a diversion from domestic struggles—on the development of an international super-state to stabilize competition.⁵

This 'retreat from class' to the contradictions of competition is part of a deeper sub-text that does exist in Brenner's article: an analytic retreat from historical materialism to a left-economism. This is not to deny Brenner's obvious commitment to labour or his antagonism to capital, or to ignore his use of categories central to the Marxist tradition—class, property relations, competition, the state, hegemony, and so on. The problem lies in the way he uses these categories, and especially in how he addresses their interrelationships. This in itself does not, of course, mean that Brenner is wrong; that remains to be shown. But if he is right, he has done more than reinterpret the present era of capitalism; he has challenged how Marxists understand capitalism more generally, and this can't help but carry implications for how we approach working-class politics.

Brenner's concept of competition and his notion of high fixed costs are, I will argue, too narrow a base to carry the explanatory burden he places on them. Moreover, as important as it is to get a better understanding of profit trends, this too is not enough.⁶ Behind Brenner's long upturn and long downturn lies a more profound *social transition*. That transition involved a historic shift in the overall balance of class forces against labour as well as a shift internal to the capitalist class; the emergence of qualitatively new productive forces; changes in the internal structures and role of states as well as their relationship to markets; and the development of a new kind of imperialism. When these elements are brought properly into view the 'turning point' of our era looks very different than the one identified by Brenner, and implies a different 'starting point' for Left politics.

In saying this, I want to acknowledge the crucial importance of the debate Brenner has generated. Perhaps the real meaning of the reaction to his work is that it reflects a new attitude within the socialist left towards *itself*. For some time now our response to the right's interpretation of the world, and to social democracy's fatalistic adoption of the right's basic framework, has tended to be defensive and moralistic. Perhaps the latest 'Brenner Debate' signals—finally—a return to a focus on our own analytical weaknesses and to the opening up a new period of creative, if stormy, internal debate.

COMPETITION AND CLASS

The centrality of competition has always been a major preoccupation of Robert Brenner. His impressive contribution to Marxism through this emphasis is not in dispute.⁷ What is in question, however, is whether, in expecting too much of competition—and an inadequate notion of competition at that—he undermines some of his own otherwise valuable arguments while ignoring or underestimating some of the most important changes in capitalism. In this and the following section, I will concentrate on two specific problems with his notion of competition: the broader problems caused by separating competition from class and the problems caused by seeing competition as being between 'nationally specific groups'.

Brenner sees competition and class as operating in two separate spheres, with competition being privileged a priori in explaining crises and the long-term trajectory of capitalism. As he concludes in one of his replies to critics, '... where the ... direct producers [are] subject to competition, the law of accumulation will prevail, even if wage labour is absent'.⁸ While this may at some level be true, the issue at hand is not 'the law of accumulation' in the abstract, but the law of *capitalist accumulation*. The latter cannot exclude the process of creating the surplus to be accumulated; workers can never be 'absent' from this.

The point is not to replace an explanation based on competition with one based on class and resistance: it is that posing the question in such terms runs counter to the strength of a Marxist understanding of the world. Capitalist dynamics are about the intersection of competition *and* class, how each—through the economy, culture, and the state—influences, permeates, and is limited by the other.⁹ Even the high fixed costs that Brenner emphasizes so strongly are only understandable as a means of controlling and substituting labour in response to both competitive pressures *and* class resistance.¹⁰ The reduction of the role of class to a secondary one cannot help but also lead to a narrowing and distortion of the significance of the class-based state; it thereby tends to build an economic bias into the theory.

The priority Brenner gives to competition is rooted in his historical argument that the emergence of generalized wage-labour was not a cause, but result of the dynamics of early capitalism. Yet even if, for the sake of argument, we accept that Brenner has accurately captured the essence of how capitalism first emerged, is it not ahistorical to argue, as Ellen Wood has also done in defending

Brenner's current analysis, that the nature of capitalism in its earliest stage remains the same *after* a full-fledged working class has entered history?¹¹ Why, once *both* competition and class (and the modern state) have arrived, should we continue to privilege one over the other, rather than investigate how they mutually determine each other?

While Brenner does not himself develop the further implications of his analysis along these lines, Wood does.¹² Moreover, sensitive to left arguments that Brenner seems to push the class struggle to the sidelines, Wood has tried to put a radical spin on his analysis: since crises can only occur because of events in the sphere of competition, the class struggle can be conducted without fear that it will undermine itself by *causing* any crisis.¹³ This has an obvious and seductive appeal, especially if it is in defence of workers facing wage restraint (as in South Africa, for example), or addressed to a working class whose militancy and confidence has been especially shaken (as in the US). Yet this position, because it implies a too-narrow interpretation of capitalism, runs the danger of promoting a politics (which actually seems uncharacteristic of Wood) that combines adventurist militancy with an abstract call for socialism.

It is one thing to argue that concessions by workers will not solve their problems; it is quite another to argue that workers can ignore the competitive constraints on their actions. Militancy without a context risks isolating workers from communities and, in the aftermath of failed leadership, alienating workers from their organizations.¹⁴ Militancy, even if accompanied by externally-generated socialist ideas, cannot lead to socialism because the problem is not to combine militancy and frustration with a radical discourse, but to develop, through structured struggles, workers' confidence and capacities to move beyond the present. It is through such struggles that workers learn that competitive constraints are real, that they must be addressed, and that addressing them calls for higher levels of collective action—lessons absolutely crucial to politicizing workers (even if that politicization remains far from being socialist).

The tendency to separate the spheres of competition and class shows its strains in linear explanations of specific events and especially in thinking about broader turning points. For example, when Brenner asserts—in defense of his argument that competition and not wage pressures limited profits—that 'aggregate profitability [was] squeezed by reduced prices in the face of downwardly inflexible costs', it is certainly fair to ask why costs, and especially wage costs, were 'inflexible'.¹⁵ That is, were workers too strong relative to the situation capital faced? Isn't the question of labour strength *always* relative to the context? Contrast the post-war and current responses to labour. At the end of the war, a major concern of capital was to turn working-class organizations away from socialist sympathies and work-place militancy to a manageable economism. By the early seventies even that very economism was more than the system could tolerate as the state considered wage demands enough of a potential threat to the recovery of profits to introduce wage controls. What

were previously measures of success—decent wages, social programmes, and security—were redefined as barriers to progress.

Brenner's marginalization of class is especially problematic when we look at major social shifts. The very nature of such shifts—they are after all *social* and involve questions of control, of preserving and/or rearranging class relationships—necessitates a more expansive panorama than the contradictions of competition. Something was in fact 'blowin' in the wind' in the late sixties, but the responses of capital cannot be understood by *only* looking at profits, wages, inflation, the accumulated outflow of American capital to Europe, the first American trade deficit in the century, a threatened run on the dollar, or any other economic factors. The impending sense of chaos in elite circles—the spectre of losing control abroad and legitimacy at home—can only be explained if the economic factors are combined with the social resistance and turmoil that came to symbolize the sixties.

This includes the role of labour. In the rebellious context of the late sixties, Brenner's argument that working-class struggles were too localized to have a system-wide impact doesn't wash. Generalized actions were not an unconditional necessity—sporadic actions in a few key countries could and did create a nervousness amongst the ruling classes that went beyond the immediate effect on the class distribution of income. The class momentum of an older generation of American workers may have faded, but a new generation was making it harder for the establishment to sleep peacefully. *Fortune* magazine popularized the phrase 'Blue Collar Blues' as it spotlighted the young militants challenging shopfloor authority structures with wildcat strikes and the turfing out of local officials—both of which said more about what was happening or might happen than trends in real wages and unit labour costs.¹⁶ *Business Week*, sensing that the youth rebellion was not an isolated campus phenomenon, warned that the actions and attitudes of the student movement '... certainly bode ill for industrial discipline [because] if this kind of irrationality spread to industry, the result would be disastrous'.¹⁷

That social context, affecting the expectations of both workers and corporations, also contributed to the actual lag between the slow-down in productivity growth and the slow-down in wages, thereby increasing unit labour costs and prolonging the profitability crisis. And, as Brenner does acknowledge but fails to integrate into his analysis, whatever the actual explanation of the onset of a serious crisis, the capitalist search for a solution will *always* involve some form of an attack on labour's capacity to influence accumulation. In the aftermath of the sixties, the target was workers' organizational capacities. In Europe this took some time to achieve, but by the eighties rates of unionization were declining throughout the advanced capitalist world. Even in the United States, where unionization had been falling right through the 'golden age', capital felt compelled (and able) to respond in a qualitatively different way. For the first time since the Depression, *reduced* wages and benefits became common among organized workers. In the few sectors where

workers had achieved a respectable level of unionization, de-unionization occurred through the movement of jobs to the American south, as in auto parts, or to new domestic competitors, as with smaller mills in steel. And unions themselves accepted, under pressure, the more decentralized structures and inferior contracts that better reflected 'what the market could bear'.

COMPETITION AND THE STATE

Brenner's analysis of competition in the post-war period collapses the distinction between the *units* of competition (independent capitalists), and the set of institutions that frame the *conditions* for competition (national states), into 'nationally specific' groups of capitalists.¹⁸ The image of competition Brenner puts forth is akin to an Olympic-style race between separate teams of runners identified by the flags on their backs (the Americans were once far in the lead but at a particular turn—the late sixties—the others closed in). The problem is that this goes both too far and not far enough.

By passing over what happens at the level of units of capital, Brenner skips over one of the most important developments in the post-war period: the extension of corporate strategies from trade to direct international investment which, together with the financial flows that followed and eventually went beyond that investment, were popularly identified as 'globalization'.¹⁹ With this direct and mutual interpenetration of capital, the flags on the backs of the runners in Brenner's paradigm become blurred; it is no longer clear who is wearing what flag (is Daimler-Chrysler German or American? Which state, American or German—or both—does it depend on? What happens to the notion of a 'national' bourgeoisie?). Moreover, competition occurring by way of direct investment contradicts the core of Brenner's argument. Brenner's case rests on the combination of new entrants (generally via trade) and limited exit (because of high fixed costs) leading to excess capacity and therefore a lowering of average profits. But if a defining element of this period is the overall *mobility* of capital—that is, the increased ability of capital to come *and go*—then, as Carchedi has emphasized, an already weak argument about inadequate exit is further invalidated.²⁰

When we turn to setting the conditions for competition, the notion of 'nationally specific' factors—in which Brenner includes the state as only one particular element—underplays the especially significant role of states. It is not only in parts of South-east Asia that we find allegedly strong states directly shaping competition. The European and Japanese states were always more supply-side oriented than Keynesian, and when it came to the erosion of the competitive advantages of its own capital, no state acted more decisively to shape competition than the United States.

In the two decades after 1975 the American state put all its imperial power behind the pressures that led to the doubling of the relative value of the German Mark and tripling that of the Yen. When competition intensified at the end of the sixties and 'the market' implied that a large share of America's

productive capacity should be cast aside because it was relatively uncompetitive, who could really have expected the United States to accept that judgement? The American state, partly responding to domestic pressures from capital and labour, acted on a conviction that American global responsibilities were linked to maintaining its strong industrial base; it used its power to limit the competitive destruction of American capacity. Nor was it all that surprising that other states also countered, to the extent they could, to limit the damage on capital—both domestic and foreign—within their own territories. The overall logic of competition was, of course, not challenged, but free competition was attenuated and the boundaries of its impact were, in a sense, negotiated among states.

Brenner's analysis did correctly move from the intensification of competition to the systemic *limit* on competition that was at the centre of the late sixties crisis, but he misplaced its locale and source. In addressing fixed costs, he did return to individual firms (the units of capital) but the actual limit on competition wasn't generated at the level of the firm but at the level of the state, and not because of 'fixed costs' but because of the socio-political determinants of state policy. Whatever the advantages the old state intervention had for short-term domestic stability, its attenuation of competition had, as Brenner emphasizes, a cost in terms of the longer-term dynamics of capitalism. But this was recognized by the American state as well. Neoliberalism emerged as the corrective, restoring and extending the creative winds of capitalist competition. It was—and this is crucial—a *class* response rather than a result of the responses of individual capitalists.

Amongst other things, this involved particular changes in the internal structures and role of the state. The changes in the state's role, as others have emphasized, did not cede state power to markets.²¹ The influence of markets increased but this occurred in tandem with equally important changes in the structures of states and with the expansion of (some) technocratic bureaucracies. Restrictions on capital markets were more completely lifted and credit creation was privatized, but only in conjunction with an increase in the power of unaccountable central bankers. Trade and investment were more completely liberalized, but this came with an extension of international property and patent rights and complicated rules made and enforced by distant bureaucrats. The Third World got greater market access to international credit, but the security of the lenders 'necessitated' oppressive, non-market intervention to shape and limit the boundaries on any strategies Third World states pursued. Welfare entitlements were eroded and replaced by the more market-consistent alternative of workfare; but, as if to highlight more clearly the contrast between market freedoms and other freedoms, the new programmes included direct state intervention to legally exclude unionization and to criminalize non-market alternatives such as 'squeegee kids' working to survive on the streets of Toronto and New York.

The operative relationship between markets and state policy, with the

national goal of 'competition' expressing the class goal of profits and accumulation, was bluntly summarized by a prominent Canadian banker (who has since relocated to Britain):

We must resolve to make international competitiveness the key driving force for all our decisions. ... From now on we must answer a very fundamental question: Is this economic proposal or that social programme, or this business initiative or that labour demand more or less likely to improve our competitive position in the world. If the answer is that it is likely to worsen it, we should not do it. Period.²²

Brenner's underestimation of the general role of states is directly linked to his particular underestimation of the role of the American imperial state. What is so significant about the race which Brenner describes in so much detail is that the Americans were not just leading the race, the American state *was setting the rules*. The specifics of the competitive challenge to American economic hegemony cannot be understood unless—as I'll later elaborate—they are clearly located within the larger story of the changing nature of American imperialism.

UNIVERSALIZING CAPITALISM

The problem with Brenner's characterization of the postwar period lies not just in his theoretical framework, but also in his interpretation of the data. A closer consideration of this era suggests a quite different view of capitalism's trajectory: in place of the contradictions of competition sustaining a long downturn, we see the development—unevenly and with its own contradictions of course—of a re-energized capitalism.

For Brenner '[t]he origins of the long downturn in the advanced capitalist world are to be found in the US economy after 1965. Between 1965 and 1973, the rates of profits in the manufacturing and private business sectors fell by 40.9% and 29.3%'.²³ But such numbers are misleading. What Brenner is actually capturing here is a return to trend from a short-term bulge in the early-sixties.²⁴ The decline in the rate of profits after 1965 didn't signal a new direction, but was—as is clear even from the trend lines in Brenner's own tables—part of a longer-term decline in profits that began in the early-fifties and continued to the early-eighties.²⁵ Measured by profit trends, the 'golden age' seems confined to the short-lived profit boom after the recession of the late-fifties.²⁶ After falling for three decades (two, if we exclude the temporary period of getting Europe and Japan back on their feet), the American rate of profit subsequently started its slow but steady ascent in the early-eighties. The post-war trajectory of profits therefore followed—contrary to the imagery of a rainbow (up then down)—that of a valley (down then up).²⁷

This raises quite different questions from Brenner's about what is to be explained. For example, what accounts for that long decline in the rate of profit *during* the golden age 'upturn'? If there was a turning point in the late-sixties, does it not demand a broader explanation than profit trends? If profits are the

measure, why wasn't the turning point later—in the early eighties when profits began their slow but steady recovery? What is the actual relationship between lower—but still positive—profits and crises?²⁸

In periodizing the post-war era, Bretton Woods commonly serves as the institutional moment separating the long upturn from the long downturn, but in light of the above there is good reason to see Bretton Woods in more limited terms. In those first post-war years, the American state came to accept—after some contestation by the financial wing of American capital—certain accommodations to facilitate the rapid reconstruction and further industrialization of what was, at that time, a still relatively agrarian Europe and Japan. This included allowing Europe and Japan the economic, social, and political space for development. While Europe and Japan had open access to US markets and credit, American capital and the American state tolerated their restrictions on imports of US goods, and on capital flows and direct investment. Bretton Woods was the formal dimension of this and, with the benefit of hindsight, should be seen as a temporary regime for recovery, rather than part of a more permanent 'new order'.²⁹

By the end of the fifties, this first stage of the post-war period was over and the question shifted to how the US would manage the relationship to a revived Europe and Japan while containing domestic and Third World expectations. At the time, no technical or social fix seemed at hand to resolve the evolving conflict between the US state's imperial and domestic responsibilities, and one measure of that impasse was that profits continued to slide. The eventual solution, along with the reversal of the profit slide, took some two decades to evolve. During that transition, the US dithered between ignoring the need for change in its global role in the early-sixties, refusing to accept economic discipline and limits on its own actions from the late-sixties through the mid-seventies, followed by a period of uncertainty, experimentation and self-conscious debate that finally led to a coherent strategy emerging as the seventies came to an end.

The lack of response in the early-sixties was not surprising; with the left generally subdued after the fifties and the European and Japanese economies experiencing steady growth, there was no pressing urgency for a new direction. Europe and Japan were content to focus on access to the large American market and American technology to close their still extremely large productivity gaps with the US (at the beginning of the sixties, the GDP per capita of Europe-Japan still ranged from one-third to two-thirds of that in the US). At the same time the American state, while increasingly uncomfortable with its growing international economic imbalances, looked to short-term adjustments and could fall back on the leeway provided by the international role of the US dollar.³⁰ The social rebellions of the late-sixties, combined with the deterioration in economic indicators and the run on the dollar, forced the American state into some kind of response. Its reaction—to retain its domestic autonomy and change the international rules in its favour when necessary—effectively ended

Bretton Woods, but it hardly qualified as the basis of a new regime. On the one hand, this in itself provided no adequate solution to the slowdown in American growth; on the other, any new international order needed *some* semblance of universally applied rules, not least because arbitrariness left even US manufacturing and financial capital nervous.

That American response wasn't just a matter of inertia and arrogance, although these played their part. There was also uncertainty over what was to be done and constraints on what *could* be done; it is only in retrospect that the contingencies that make up historical developments can be read in their ultimate tidiness.³¹ The very social forces that had spurred the American elite into action limited its response. A conscious economic slowdown to correct America's domestic and international imbalances was at that point unthinkable.³² Taxes couldn't be raised to pay for an expensive but unpopular war; housing, welfare and social programmes couldn't be cut while American cities (including sections of the nation's capital) were burning. The American state couldn't cut off the outflow of American capital without aggravating instability in the Third World. Nor was a full-scale trade war with Europe and Japan in the cards, given how internationalized American capital had itself become.

In the decade between the end of Bretton Woods and the resolute move to crush inflation at the end of the decade, Keynesianism was praised (Nixon declaring 'we are all Keynesians now') and then challenged (as monetarist ideas took hold). Freer trade was called for (open up new markets), and then restricted (imposition of 10% surcharge on imports). Free markets were encouraged (let the market set exchange rates) and then undermined (wage controls). But the conditions for a solution were emerging. As the failure of existing alternatives was confirmed and the strength and confidence of finance grew, as the war in Vietnam receded from everyday consciousness and the sixties protests faded, and as the militant wave within the working class came to be seen as a last hurrah rather than a rebirth with broader oppositional potentials, the American state regained a degree of freedom for acting domestically and—especially with the rise of finance—faced both new pressures and new options.³³ A more coherent response began to take shape.

Three interrelated developments stamped the eventual solution. One was the initially slow and then accelerating emergence of a set of new productive forces. This counteracted the apparent exhaustion in capital productivity that was increasingly evident after the mid-sixties.³⁴ A second was the arrival of neoliberalism as a concerted economic, political and institutional drive to further distance the process of accumulation from that of democracy. That distancing wasn't aimed just at labour's share in accumulation, but involved a direct assault on workers' organizational capacities and the extension of markets alongside, rather than in opposition to, changes in the role of the state.³⁵ Finance in particular translated this extension of markets and distancing from democracy into the language of capitalist discipline as it came to provide the leadership needed to revive a class in disarray.³⁶ The third development was the recognition, on the

part of American capital and the American state, that its own dynamism and the universalization of American-led capitalism required that they themselves accept the discipline of capitalist markets and internalize neoliberalism. This acceptance—signalled by the imposition of sky-high interest rates and the identification of inflation as enemy number one—was a step that was previously unimaginable, even if it was still qualified and still left the American state with its ‘structural power’ intact.³⁷

As important as the new technologies are, it is the marriage of neoliberalism and American imperialism that defines our times. That marriage has led to an international capitalism under the aegis of an American imperialism that is uniquely powerful in the discipline it imposes. And it is particularly effective in hiding and de-politicizing that discipline behind impersonal market-based rules. Where the crisis of Keynesianism represented the failure of capitalism with a human face, neoliberal imperialism hoped to succeed through hiding behind a capitalism with no face at all (like the Cheshire cat in *Alice in Wonderland*, it revealed only a floating smile).³⁸

Capitalism, Marx had pointed out, is a process; it is always incomplete. The ‘pure form’ exists only in theory while ‘in reality there exists only approximation [and] this approximation is the greater, the more developed the capitalist mode of production ...’.³⁹ Some events (downturns, recoveries, upturns) reproduce capitalism as it was, while others raise it to a new stage. By virtue of its impact on minimizing democratically-imposed boundaries to accumulation and on universalizing this relationship across an expanding domain, neoliberal-imperialism represents such a ‘more developed’ stage of capitalism.

THE NEW IMPERIALISM⁴⁰

Just as competition cannot be understood without class, capitalism cannot be understood without addressing imperialism. In the immediate post-war period, two distinct forms of American imperialism co-existed. In the less-developed countries, colonialism gave way to neo-colonialism as countries whose ties to the international economy had eroded during the Depression and the war were reintegrated. In the advanced capitalist countries (‘advanced’ in the sense of the stage of development of their internal capitalist institutions and relations), the American state created the space for rapid recovery and economic development. The resulting international division of labour marginalized the less developed countries economically and also in terms of their influence on the evolution of global capitalism. The principal dynamic of imperialism came to depend on America’s relationship to the other advanced capitalist countries. That is, the evolution of post-war international institutions, the integration of global manufacturing, the rise of global finance, and the reconstitution of imperialism in its neoliberal form, rested first and foremost on the relationship between the US, Europe and Japan.⁴¹

This shift in emphasis to the imperialist relationship within the *advanced* capitalist countries, where coherent capitalist institutions already existed and could

act as a transmission belt for internalizing imperialist values, structures, and politics, opened the door to an imperialism with a different smell, taste, and colour. This First-World imperialism represented, as Panitch emphasizes (with due credit to Poulantzas),

... a new type of non-territorial imperialism which was implanted and maintained not through direct rule by the metropolis, nor even through political subordination of a neo-colonial type, but rather through [what Poulantzas described as] the 'induced reproduction of the form of the dominant imperial power within each national formation and its state'.⁴²

Although the old imperialism was far from gone in Europe after the war, that 'induced reproduction' was already emerging.⁴³ With Marshall Aid came American advisers and 'exchanges' to the United States to 'see how the Americans did it'. This influenced (though it did not completely determine) the technologies used, the forms of work organization, the labour-relations systems, the socializing of unions. Access to American markets affected consumption patterns and values back home, and internalized a dependency on continued access to the US market. The legacy of the accommodation made by the US in the early post-war years had left some space for Europe to modify its integration into global capitalism with nationally-specific variations of the welfare state. But the flow of direct American investment into Europe through the sixties, followed by financial capital, considerably reinforced the trends to 'induced reproduction'. This set in motion the conditions for undermining the national room for a response meaningfully different than that dictated by the American model.

Competition from Europe and Japan certainly pressured American capital into institutional adjustment, and as such was part of the dynamic of the period. But the competitive maturation of Europe and Japan never implied the imminent demise of the United States as an imperial power; the challenge from Europe and Japan was rather an inherent aspect of America's eventual *assertion* of its imperial power. Those earlier economic challenges to the United States were part of a process—often uneven and not always predictable—that integrated Japan and Europe into a world order which reproduced America's *overall* dominance and Americanized its rivals.

Consider, for example, the advent of the 'Japanese model'. In the almost two decades following the energy crisis of the early-seventies, it threatened US economic leadership with a productive system based on decentralized enterprise unionism, in-plant units organized around teams, lean production (internally and *vis-à-vis* suppliers), the promise of jobs-for-life for core workers, and a supportive banking system. Of these factors, the practice of enterprise unionism or company unionism was not at all new; it was in fact the preference of American capital back in the 1920s and never really lost its appeal. What blocked it in the United States was the working-class's achievement of industrial unionism, and what made it possible in Japan was the post-war destruction

of Japan's independent labour movement—with the active support of the American post-war administration then posted in Japan. Team production was likewise no more than American Taylorism geared to capturing the synergies (and self-discipline) of group co-ordination. Just-in-time and lean production did include innovative institutional mechanisms for limiting waste; they were soon happily imitated by American producers because they fit so well (and further justified) existing tendencies to rationalize production relations. In spite of the earlier hysteria about corporate America being taken over by the land of the rising sun, at the end of the nineties Nissan's own jobs-for-life policy had given way to an American-style downsizing of some 20,000 workers, the Japanese elite was struggling with how to reform the Japanese banking system along American lines, and long gone were the pilgrimages to discover the secrets of Japanese economic supremacy.

Similarly, Daimler-Benz's highly symbolic take-over of Chrysler, coinciding with the Euro beginning its new life, was at the time commonly cited as another example of the gradual loss of American hegemony. But once we are beyond identifying companies by the nationality of their ownership and focus instead on their role in the international order, things look quite different. The takeover was, in an immediate sense, about getting quick access to the US market and—via the Chrysler name—getting accepted by American consumers as an essentially American company. This included Daimler gaining, in addition to its relationship to the German state, a degree of access to the American state. Equally important, however, was the role of this takeover in reinforcing the introduction into Germany of American production and labour relation methods. Daimler was not bringing back just aspects of Chrysler's technical methods, but also social relationships such as greater corporate expectations of flexibility from its work-force. For this to be successfully transplanted into Germany, modifications in German labour legislation were required. That is, this German 'takeover' of a major segment of American capital tended to Americanize both German capital and the German state.

More generally, while the evolution towards a united Europe was a response to American hegemony, it never contested American power. Playing the game by American rules led, if anything, to the sinking of deeper American social and political roots within Europe. As a recent editorial in *The Economist* trenchantly noted,

It cannot have escaped notice that, in economics and economic policy, the European model which seems in retreat is giving way to none other than the American kind, with leftist parties narrowing the gap between themselves and America's New Democrats ... Put it this way: what is the point of 'Europe', if Europe is turning out to be just another United States?⁴⁴

Contrast this description with the imperial tensions America faced in the sixties. Between the early-sixties and the early-eighties, the 'space' the US had

left open for Europe and Japan, led to a fall in the US share of world manufacturing from over 40% to under 30%,⁴⁵ with a consequent impact on American profits and the American economy. At the same time, the war in Vietnam—waged by the US on behalf of global capitalism—proved far more costly than anyone had expected. Trade deficits threatened a run on the dollar; the American unilateral rejection of Bretton Woods, concerned with defending its own domestic autonomy, alienated American allies; and if inter-imperialist rivalry wasn't in the cards, it seemed that only the exigencies of the cold war stood in the way. Today, on the other hand, the US has managed to construct a world order with both more and stronger competitors than ever *and* strong profits; the trade deficit is higher than ever, yet this is not only tolerated but even welcomed abroad; when the American Treasury intervened to bail out a private speculative fund, at a time when the global watchword for others was 'financial discipline' and avoiding 'moral hazard', there were few accusations of hypocrisy; and though the cold war is over, the likelihood of inter-imperialist rivalry is as remote as ever. What accounts for this sharp difference in the two periods?

The problem for capital in the earlier period wasn't so much the absence of possible solutions, as the existence of social constraints—domestically and abroad—that limited the freedom of capital to develop and apply possible solutions. The neoliberal project, led by the American state, was precisely about addressing those constraints and out of that a new strength emerged. With regard to other states, the particular form American imperialism has taken in this era has not just compromised their capacity to fundamentally challenge the US, but also undermined any ambition to do so—success in reproducing American structures and ideology within other social formations has translated into success in limiting the likelihood of a new paradigm.⁴⁶ Moreover, the very practical lessons learned over the past period—that global leadership is essential and only the American state can provide it—mean that while the US might occasionally be challenged, there is no stomach for risking the implications of defeating it. Domestically, as neoliberalism disciplined labour (and also contributed to disciplining the American state to balance its budget),⁴⁷ profits could be restored even with competition being greater than ever before, and American economic leaders were confident that the US could—in contrast to the earlier period—comfortably attract all the capital it needed to offset the trade deficit.⁴⁸

HAS CAPITALISM LOST ITS DYNAMISM?

The assessment of political possibilities is clearly tied to our assessment of the strength and stability of capitalism. For Brenner like many others on the left (including some of his critics), the long downturn is not really over;⁴⁹ today's respite is temporary, a lull that obscures '[T]he Looming Crisis of World Capitalism'.⁵⁰ As Brenner puts it, 'things are not going smoothly for capitalism'.⁵¹ Finance, for example, has grown in power through the sixties and especially after the collapse of Bretton Woods; the fact that it is capturing a

greater share of the overall surplus means, it is argued, that it is diverting funds from productive investment and therefore harming productivity, growth, and ultimately capitalism's overall strength.

Given the nature of finance, its new power of necessity brings new potential instabilities. Yet we should not be too sanguine about an impending breakdown. What are the dynamic implications of this change in capitalism? What does finance do with its larger share of resources? Do we really understand this? Does their share of profits go into conspicuous consumption or conspicuous investment? And if so, what makes this any different from the waste of potential capital that occurs in other sectors? Are none of its profits recycled into the real economy? Do its services—improved by institutional innovation and technology—not contribute indirectly to the efficiencies of other branches of capital much like efficiencies in transportation? Doesn't its commodification of risk facilitate real world activities in an otherwise overly unpredictable world?⁵² Hasn't the increased liquidity created by the deregulation and privatization of finance offset competitive austerity and the dangers of a world depression inherent in neoliberalism? And has financial discipline not pushed the real economy to accumulate more and better, justifying to a significant degree its leadership role?

It is that position of class *leadership* that is so crucial here. The ascension of finance to leadership came with remarkably little internal conflict within the capitalist class. This in itself should lead us to question any too easy notions of fundamental contradictions between productive and financial capital. Capital's general acquiescence to that shift in leadership rested on the loss of momentum on the part of manufacturing as the previous leading sector and, in the ensuing vacuum, on finance's more promising solutions. It wasn't that finance 'invented' those solutions but that finance was, by its very nature, best suited to lead in realizing them.

Finance was the ideal instrument for neoliberalism and American imperialism because of its potential—once it had grabbed and/or been given control over credit and freed from capital restrictions—to act as the enforcer of capitalist discipline.⁵³ Whereas in the previous era capital had been forced into concessions (social programmes, acceptance of unions) that slowed the process of commodification, financial capital could use the threats implied in its new freedom to move to get things back on track. Where the state had turned to fiscal policy and public debt to support growth and the realization of the surplus, finance offered the alternative of stimulus through the expansion of *private* credit—supporting individual rather than collective consumption and reinforcing rather than moderating existing inequalities. Where that same fiscal stimulus had softened short-term competitive discipline and therefore sacrificed longer-term dynamism—reflecting the more general anxiety of individual capitals (especially smaller capitals) about the impact of what they considered excess competition—financial capital would act in the longer-term interest of capital in general. Being 'indifferent to specific employments' because it is, as

Marx said ‘external to production’, finance would represent the total ‘social capital’ and enforce policies that intensified global competition.⁵⁴

When Doug Henwood, in a recent exchange with Brenner, questioned whether capitalism had in fact lost its dynamism, Brenner indignantly replied: ‘I am mystified as to how Doug can call an economy “dynamic” which, for nearly a quarter of a century, has been incapable of raising living standards because [it is] unable to raise productivity’.⁵⁵ But has capitalism in fact lost its dynamism? To begin with, the measure of capitalism’s success is not fairness and ‘raising living standards’—unless that affects capitalism’s on-going capacity to expand the conditions for, and remove the barriers to, accumulation. To the extent that stagnating incomes reflect working-class defeats, they are hardly a measure of capitalism’s weakness. Similarly, any particular crisis in productivity may also be an integral part of a more profound Schumpeterian creative destruction.⁵⁶ In the absence of a political movement to challenge the root cause of the crisis—tendencies of the past quarter-century, apparent failures in the economy have only acted as signals for, and been crucial instruments of, capitalism’s successful restructuring.

Moreover, and in spite of common perceptions, material living standards in the US as measured by real per capita consumption have actually *doubled* over the past thirty years.⁵⁷ There are, of course, well-known and crucial qualifications to this (the quality and distribution of income, the family stress involved in keeping up with consumption, the impact of corporate restructuring on life in the work-place), but its ideological and political importance should not be underestimated. Capitalism has managed to contain wage costs while allowing for the integrative effect of higher private consumption.

The key has been reinforcing the earlier organizational assault on unions with an ‘alternative’ that shifts the terrain on which workers improve their living standards. Not only has there been a shift from public to private consumption, but private consumption has itself come to depend less on solidaristic struggles for wages and more on private efforts and private credit. This is seen in the growth of overtime and moonlighting, more family members in the work-force and the gradual increase in the working hours of ‘secondary’ earners, stunning increases in personal debt, greater reliance on the growth of stock market-related assets to compensate for the expected loss of public pensions, and looking to tax breaks to offset stagnant wages. Even where unions have countered social cutbacks with collectively-bargained protections for their own members, this inadvertently contributes to balkanizing and privatizing the welfare state and consequently dividing the relatively stronger and weaker sections of the working class.

As for the ‘inability to raise productivity’, Brenner himself notes that manufacturing productivity—the focus of his analysis—has generally continued merrily along:

It remains the case that, during this extended period ... manufacturing labour productivity growth actually improved very markedly ... Between 1979 and 1990 it averaged 2.9% per annum, just about its

average for the years 1950–73. Between 1990 and 1996, it further increased its momentum ...⁵⁸

That momentum has continued. The Left has downplayed the significance of the new digitized productive forces, pointing to their relatively small share of production and reacting against suggestions that it has created anew era of high growth and stability. But one does not have to accept the Panglossian ‘new economy’ argument to appreciate the very real impact the new informational technologies have had throughout the economy. The rapid rate of growth in the investment in information processing equipment and software may have been misleading in the eighties when its base was so low. But since 1993 it has grown by an astonishing 19% per year in the US and has been driving the overall growth in US private investment in equipment. The latter has increased from 6% of GDP in the early-nineties to 11% at the end of the decade and approximately 80% of that change is due to information-processing equipment and software.⁵⁹

What is special about this technology is its ability to co-ordinate other technologies and its capacity for centralizing control while decentralizing certain functions. It has consequently and significantly also found a place within ‘old’ sectors. In auto, for example, it took some time for corporations to learn how the new information technology could be modified and applied to facilitate restructuring. Eventually, its integration into the overall production-distribution systems changed both the work-place and broader supplier and client relations—reinforcing and extending lean production, just-in-time delivery, outsourcing of components, and the modular outsourcing of entire subsystems. That outsourcing or decentralization of production represented an exit from certain functions (in contrast to Brenner’s arguments on the rigidity of such fixed costs)⁶⁰ and the ‘fit’ between the new technology and neoliberalism raised work-place productivity, stimulated additional and specialized competencies among suppliers, and introduced additional corporate opportunities for de-unionization.⁶¹

To the extent there *was* an earlier productivity problem in the United States it also reflected the dynamism and strength of American capital. The dramatic outflow of capital that occurred through the sixties into the early-seventies may have negatively impacted the American economy, but it was a key element in maintaining and expanding the hegemony of American capital and the American state.⁶² The shift of capital out of the crowded manufacturing sector and into low-productivity private services did lower the overall average growth in productivity, but it also demonstrated the capacity of American capital to find (and then ‘rationalize’) new sources of capital accumulation.⁶³

There is something profoundly disingenuous about cataloguing capitalism’s weaknesses without also noting its stunning (and frightening) ongoing proficiency in reshaping labour markets, revolutionizing the forces of production and communication, integrating the world spatially, and generally commodi-

fyng every aspect of daily life. There is something too comforting in repeated citations of capitalism's 'contradictions' after almost three decades of experiencing capitalism's powerful (if ominous) capacity to lower the expectations of its citizens to a degree we ourselves never thought possible, and to contain democratic opposition even as capital subordinates the liberal state still more tightly to the priorities of accumulation. Can we really deny the remarkable (if objectionable) dynamism of a system which has—with ourselves as grudging witnesses—so successfully restructured the world, 'after its own image'?⁶⁴

The point is not that any of this has ended the social conflicts and instabilities inherent in capitalism. The stock market will eventually crash, crises will recur, the imposed restructuring and narrowing of people's lives may open new strategic possibilities for the Left. There will be more Seattles. We will have our moments. But what must absolutely be avoided is the analytical and political danger Brenner himself has raised, then just as quickly dismissed: a tempting but false optimism based on underestimating capitalism's persistent structural power, capacity for rejuvenation, and therefore continuing vitality.

Marxist economists are famous for having accurately predicted seven out of the last one international economic crisis. Perhaps for that reason, many in recent times have been unusually cautious about once again 'crying wolf', even as the evidence of international economic dislocation has mounted around them. ... Today, however, prediction is no longer necessary. The international economy, outside of the United States and Europe—perhaps 50% of the world—is already experiencing an economic downturn that is worse than any that has occurred since the 1930s. To make matters worse, the US economy, which has provided the main motor for the nascent international cyclical upturn, is in serious trouble.⁶⁵

Brenner's essay opened by observing that the triumphalism of economists and the OECD in the late-sixties 'could hardly have been more ill-timed'.⁶⁶ Yet even though Brenner offers us a richer analysis, it seems that his own starting point of imminent collapse is equally 'ill-timed'. Capital, as one major player recently put it, remains as '... convinced as ever that the coming years will be a disappointing time for pessimists'.⁶⁷ In retrospect, the relevant 'long downturn' and 'deep crises' of our times seem more applicable to a description of our own politics than to capitalism's dynamism. Capitalism has entered the new century with a smile on its face.

CONCLUSION: WIPING THEIR SMILE AWAY

For Brenner, the golden age of capitalism ended some three decades ago and we are living through an age of capitalism in crisis. The reading in this essay suggests, in contrast, that from the perspective of capital the golden age is *now*. In Brenner, capital's self-assurance will collapse under the contradictory logic of competition; in this essay's alternative reading, only a movement directed at

challenging the essence of capitalism at its peak can erase the smile on capital's face. The particular form capitalism's dynamism exhibits in its current phase—economic strength alongside extreme unevenness and overbearing commodification—suggests the potential both for revived economic militancy and for building new movements to challenge capitalism's capacity to meet human needs.

What is so exciting about the post-Seattle politics is not just the energy and creativity that signals a new generation of activists, but that this movement has grasped capitalism as a totality and has dared to question its legitimacy. The issue is not this or that inequality, failure, or abuse, but the amorality of capitalism, its narrow commodification of humanity and nature and therefore negation of our collective potential, its centralization of economic, social, and political power—nationally and internationally—and consequent corruption of any meaningful popular democracy. And yet the very breadth of such anti-capitalist sentiments has its inherent limits. To sustain its momentum and to move beyond protest towards one day implementing an alternative vision, this new politics will have to move beyond symbolic attacks on global capitalism. It will have to develop its oppositional foundation locally without narrowing its goals, and its strategies will need to combine the spectacle of 'events' with the more mundane self-education that reaches to understand the full implications of what we are up against. What is now an anti-capitalist movement will, in other words, have to struggle afresh with the same questions and issues the socialist movement has always had to address.

This demands a link with the working class—a link that doesn't romanticize the current potentials within the labour movement. Without the resources of labour and its strategic clout (the police can organize to protect conferences; they cannot defend against massive refusals to provide the services that keep society functioning) the new movement cannot be sustained. At the same time, when the bubble in the stock market does burst (and depending on the effect that has on the rest of the economy), the question is whether working people will limit their sights on restoring the 1990s or join the challenge to capitalism's legitimacy. The struggle to establish such connections between the new activism and labour is therefore part of collectively figuring out how to relate immediate demands to ultimate goals, how to join the global and cultural to the local and economic, and how to address all the difficult questions of developing our capacities to organize, educate, communicate, and act at a level that matches capitalism's universalism with a universalism of our own. The question of taking state power remains distant; what we must place on the agenda is how, in Ariel Dorfman's beautiful phrase, we can '... build a second and invisible country' in the midst of their turbulent and dynamic capitalist world.⁶⁸

NOTES

1. Robert Brenner, 'The Economics of Global Turbulence', *New Left Review*, May–June, 1998.
2. Editorial introduction, *New Left Review*, p. v.
3. Ben Fine, et al., referred to the latest Brenner debate as an 'exercise in nostalgia' ('Addressing the World Economy: Two Steps Back', *Capital & Class*, Spring, 1999).
4. 'Those who are ideologically disposed to blaming the working class for inflation will do so with or without benefit of our analysis, while Marxists will see the crisis from the perspective of the underlying conflictual basis of the capitalist system itself. The fundamental point is that we locate class conflict not only as a potentially revolutionary force, but as the basis for understanding the past and present.' Leo Panitch, 'Profits and Politics: Labour and the Crisis of British Capitalism' (1977) in *Working Class Politics in Crisis, Essays on Labour and the State*, London: Verso, 1986, p. 90.
5. As Mike Lebowitz puts it, '... in so far as Brenner's analysis of the slump is essentially that of a market failure, another direction is already implicit in that description—to substitute for the anarchy of capital a way to co-ordinate the actions of capital ... on a world scale.' ('In Brenner, Everything is Reversed', *Historical Materialism*, Summer, 1999 p. 127).
6. On both these points see Fine, et al., as well as various responses to Brenner in the Summer, 1999 issue of *Historical Materialism*.
7. Fine, et al., note that Brenner has, over the past three decades, managed to insert himself into the eye of the most significant storms in Marxism (ibid, pp. 73–4). The same may be said of Ellen Wood, whose defence of Brenner will be taken up below. In addition to the controversies over the origins of capitalism, they have been at the centre of polemics around monopoly capital, structuralism, regulation theory, post-modernism, and now the interpretation of the late-sixties 'turning point'. In each case, the concept of competition played a prominent if not central part. The polemical context of this and previous debates has perhaps been a factor in their one-sided exaggerations of the role of competition.
8. Brenner, 'Competition and Class: A Reply to Foster and McNally', *Monthly Review*, Dec, 1999, p. 43. See also Wood, 'The Politics of Capitalism', *Monthly Review*, Sept, 1999, p. 22–24.
9. Orthodox Marxism—in contradistinction to Brenner—tends to brush competition aside, arguing it only determines the distribution of the surplus. On this point, I'm sympathetic to Brenner's emphasis on the relevance of competition in affecting the overall surplus. For example, if—as I'll argue later—states (especially hegemonic states) respond to competition in a way that affects class relations, intensified competition *may* affect the surplus. Or such intervention may affect the realization of the surplus (and hence investment and future profits) through either the negative impact of competitive austerity or a dramatic increase in liquidity following the ascension of a new financial regime.
10. David McNally, 'Turbulence in the World Economy', *Monthly Review*, June, 1999, p. 43.
11. Wood argues that even if class is removed and replaced by worker-co-ops, as long as competition remains the driving force we do not have a socialism worthy of the name. True, but this hardly proves the pre-eminence of competition over class. Wood would surely make the same ultimate judgement about a 'socialism' that

- ended competition by merging all companies into a central plan but put bureaucrats in control rather than the working class. Limiting the discussion to maintaining or ending competition, with no reference to class, is simply inadequate. Wood, 'The Politics', pp. 22–24.
12. Ellen Wood, *ibid.*, pp. 24–26 (originally an address to workers in South Africa).
 13. Wood's point is actually contradicted by Brenner, since he argues that localized or sectoral squeezes on profit caused by worker struggles can't be sustained because they will ultimately bring about 'compensatory economic, political, and social mechanisms that are set off, more or less automatically, precisely as a consequence of a squeeze by labour or the citizenry on profits'. Brenner, *New Left Review*, p.23.
 14. Martijn Konings, 'Globalization and Class Politics: Preparing the Ground for an Argument', p. 24, unpublished, York University, Political Science.
 15. Brenner, *New Left Review*, p.24.
 16. *Fortune*, January, 1969. *Life Magazine* had already devoted a special issue (August 26, 1966) to the impact of the US strike-wave in the growing public sector.
 17. *Business Week*, 3 May 1969.
 18. 'I make no apology for attempting to bring out the ways in which *nationally specific* [author's italics] conditions including labour markets and movements, exchange rates, financial institutions, forms of government intervention, trade protection and the like influenced competitiveness', Brenner, *Monthly Review*, p.38.
 19. Fine, et al, *ibid.*, pp. 67–73.
 20. Carchedi, 'A Missed Opportunity: Orthodox versus Marxist Theories of Crises', in *Historical Materialism*, *ibid.*, p. 53. For other persuasive critiques of Brenner's argument on fixed costs see Fine, et al., as well as Simon Clarke, 'Capitalist Competition and the Tendency to Overproduction: Comments on Brenner's "Uneven Development and the Long Downturn"' *Historical Materialism*, *ibid.*, p. 70.
 21. Greg Albo, David Langille, Leo Panitch, *A Different Kind of State: Popular Power and Democratic Administration*, Toronto: Oxford University Press, 1993; see also Stephen K. Vogel, *Freer Markets More Rules*, New York: Cornell, 1996.
 22. Matthew Barrett, then CEO Bank of Montreal, *The Globe and Mail*, April 9, 1992.
 23. Brenner, *New Left Review*, p. 95.
 24. Gerard Dumenil and Dominique Levy, 'Brenner on Distribution' in *Historical Materialism*, Summer, 1999, p. 83.
 25. Brenner, *New Left Review*, p. 7 (figure 3), p. 8 (figure 4), p. 103 (figure 8), p. 186 (figure 11).
 26. Weber and Rigby see the 'golden age' in the US as extending slightly longer but still limit it to the years 1958–65. (*The Golden Age Illusion*, New York: Guilford, 1996, p. 19.).
 27. Brenner has argued that for the G-7 as a whole, 'Between 1970 and 1990, the manufacturing rate of profit...was, on average, about 40% lower than between 1950 and 1970'. This creates the false impression that the break was in 1970, whereas such numbers are also consistent with a *steady* decline from the early fifties to the early eighties—as was the case for profit rates in both the US and Germany (i.e., if profits are falling, any average for a group of earlier years will necessarily be higher than for a later group of years). Japan does conform to a break in the early-seventies but it is the clear exception in his chart. See Brenner, *New Left Review*, p. 7, text and Figure 3.
 28. Fine, et al., (*ibid.*, p. 56) make the point that there is no reason for lower profits to

- cause a crisis. Note that during the slide in profits, investment as a share of GDP continued to rise through the seventies.
29. 'It was a naïve illusion of the crafters of the post-war regime that the goals of expanding international trade, restoring currency convertibility and fostering foreign direct investment could be realized without the eventual resurgence of international finance, restrained only by the weak capital controls permitted under Bretton Woods.' Leo Panitch, 'The New Imperial State', *New Left Review*, 2, March–April, 2000, p. 11.
 30. The boom in the early-sixties was the result of monetary and fiscal stimulus combined with a new corporate aggressiveness against labour. See Brenner, *New Left Review*, p. 49.
 31. A credible case for a more 'conspiratorial' reading of this period is made by Peter Gowan in *The Global Gamble*, London, Verso, 1999.
 32. '... such a course would mean stumbling into recession and slack, losing precious billions of dollars of output, suffering rising unemployment, with growing distress and unrest. It would be a prescription for social disaster as well as for unconscionable waste.' *Economic Report to the President, 1969*, Washington, January, 1969, p.10.
 33. For a discussion of the ascent of finance, see Randall Germaine, *The Internationalization of Credit*, Cambridge: Cambridge University Press, 1997, pp. 118–136.
 34. While labour productivity was doing fine, relatively more capital was needed to sustain that success. See Dumenil and Levy, *Historical Materialism*, p. 83.
 35. Brenner does address the 'powerful across-the-board-assault on [American] workers and their institutions' which resulted in a 'fundamental shift in the balance of class forces' (p. 58). But he dates this a decade earlier than the attack on labour I've emphasized. My quarrel is not with the importance of that earlier attack; what marks the assault I'm addressing is that: (a) the general rollbacks of past gains after the mid-seventies represented something qualitatively different than anything previously seen in the US; (b) it was part of a specific response to the militancy of the late sixties; (c) it was part of a broader process of economic and political change (neoliberalism and the new imperialism); and (d) it was international in scope, with the status of US labour affecting, if not driving, the pressures on labour elsewhere.
 36. Dumenil and Levy place this on a larger historical canvass in 'Costs and Benefits of Neoliberalism: A Class Analysis' MODEM-CNRS and CEPREMAP-CNRS, September, 1999. They put finance at the centre of their analysis, defining neoliberalism as '... the ideological expression of the reassertion of the power of finance' (p. 1). My argument, while agreeing that finance is crucial, places finance in the broader context of neoliberal imperialism (see below). The overall work of Dumenil and Levy, impressively combining theoretical clarity, empirical rigour, and an historical-institutional context is a must for anyone interested in any of the issues raised by Brenner's essay; it is available through the Internet at www.cepremap.cnrs.fr.
 37. Susan Strange, *States and Markets*, Oxford: Blackwell, 1988, pp. 24–25. America's structural power rested on the size of its market, the strength of its economic base especially in higher-tech sectors, the dominance of its financial institutions, the role of the American dollar, and its special status as a safe haven for capital when the system itself is threatened (all backed by its pre-eminent military position).
 38. Capital's attempt to constitutionalize its achievements through international agree-

- ments has, as we saw in the campaign against the MAI and then in Seattle, made neoliberalism more visible and therefore re-politicized the changes going on.
39. Karl Marx, *Capital, Volume 3*, London: Penguin, 1981, p. 275.
 40. The section draws heavily on Leo Panitch's important essay, 'The New Imperial State', pp. 5–20.
 41. A recent newspaper headline captured the coexistence in some of the developing countries of aspects of both the new imperialism and the old: 'A War Vets Return to Offer Vietnam Capitalist Skills', *Globe and Mail*, 25 April, 2000.
 42. Leo Panitch, 'The New Imperial State', p. 9. The new imperialism, whatever its ultimate meaning, could not be defined in terms of such standard categories as the outflow of value and surplus or measured in trade, capital flows, and growth—the US had sustained periods of both trade surpluses and trade deficits with Europe and Japan; it went from being a creditor to a debtor; and it generally grew at a slower rate than they did.
 43. In Germany and Japan the US remained an essentially occupying force in the early post-war years and directly influenced the shape of the labour movements. In France and Italy the US blocked the participation of Communists in government in spite of their widespread working-class support.
 44. Editorial, *The Economist*, 12 February, 2000.
 45. Weber and Rigby, *The Golden Age Illusion*, p. 43.
 46. Panitch, *New Left Review*, pp. 8, 20. The interaction of US and domestic capital within the same territory may not erase an identifiable Japanese, German, or European bourgeoisie. But it certainly erodes, as Panitch argues, their coherence as a distinctly nationalist force with any inclinations to a radical anti-American challenge. This also fundamentally questions the viability of strategies based on any cross-class nationalist alliances.
 47. The difference between a budget deficit and a trade deficit is class-based and tied to the perspective on globalization. The former is associated with the public sphere and the social wage. It is therefore defined as 'bad' because it indicates a lack of capitalist class control. To the extent a trade deficit 'only' reflects the global allocation of production it can be tolerated as long as, in capitalist eyes, there is confidence in the ability to pay (i.e., it becomes, to some degree, comparable to the trade deficit between California and Texas).
 48. Ironically, if we imagine a serious threat to American stability, funds may be as likely to come in as leave. The reasoning might be that if the US economy collapses, the global economy will be expected to be not too far behind; amidst the chaos, the US might consequently be the safest place to be because of the strength of the American state and weakness of oppositional forces (talk about 'moral hazard!'). That this didn't happen in 1929 reflects, in part, the inability or unwillingness of the US state to play the role of imperial power at that time.
 49. For example, Callinicos (and he is not alone) refers to 'the extent to which, despite the massive restructuring of the past two decades, the most powerful capitalism in the world has failed to overcome its structural problems'. Alex Callinicos, 'Capitalism, Competition, and Profits: A Critique of Brenner's Theory of Crisis', *Historical Materialism*, 4, p. 21.
 50. Robert Brenner, 'The Looming Crisis of World Capitalism: From Neoliberalism to Depression?', *Against the Current*, October, 1998. p. 1.
 51. Brenner, *New Left Review*, p. 235.

52. Corporations cannot get rid of the overall level of risk in global operations (all the more so in the context of floating exchange rates). What they can however do is pay others to carry the risk. A market for risk therefore includes a degree of 'functional speculation' on the part of those buying the risk. This inevitably opens the door to a degree of wilder, 'unproductive speculation' (the distinction between the two dimensions of speculation is, of course, not always easy to discern).
53. For a very rich Marxist overview of the role of finance see David Harvey, *The Limits to Capital*, London: Verso, 1999, Chapters 9 and 10.
54. Marx, *Capital*, Vol. 3, p. 490.
55. Unpublished e-mail from Brenner in response to Henwood's comments in *Left Business Observer*, September 27, 1998.
56. As Simon Clarke noted in his critique of Brenner, '... the dynamism and the crisis-tendencies of capitalist accumulation are necessarily two sides of the same coin', 'Capitalist Competition', p. 70. Mike Lebowitz similarly emphasizes the need for a more nuanced sense of capital's strength by not mistaking the apparent weakness of capital at the national level with its actual dynamism overall. See his 'Trade and Class: Labour Strategies in a World of Strong Capital', *Studies in Political Economy*, 27, 1988, pp. 137–148.
57. Source: *Economic Report to the President*, February, 2000, Appendix B, Table B-29.
58. Brenner, *New Left Review*, p.199, Brenner's emphasis. In fact, productivity in durable goods and especially in machinery (industrial and electrical) has grown very much faster between 1979 and the mid-nineties than during the long boom.
59. Source: *Economic Report to the President*, p. 29 and Appendix B, Table B-16.
60. The outsourcing and restructuring led to a massive exit of capacity during the late-seventies' recession which continued through the nineties. Over this period, for example, UAW members at the American operations of General Motors fell from 450,000 to under 150,000 (and are expected to fall to 100,000 in the next few years).
61. Sectoral unionization might increase exit by blocking weak firms from surviving by way of lowering wages. As unionization falls, overcapacity might therefore be expected. (I tend, however, to think that the issue of capacity is dominated by other factors.)
62. In the decade before 1973 an amazing 20%–30% of manufacturing investment by American capital went abroad. See Brenner, *New Left Review*, p. 55, Figure 5.
63. McDonald's wages and its treatment of its workers are desultory, but that is not inconsistent with its 'dynamism' in terms of marketing innovations or removal of barriers to global growth. At a meeting discussing the future of General Motors, one executive raised '... continuing concerns and problems with [GM's] dealerships' and used McDonald's as an example of the ability 'to implement high standards of achievement in customer satisfaction areas'. ('A Report to the GM Team', February, 1992, transcripts, p. 15).
64. Karl Marx, *The Communist Manifesto*, London, Merlin Press, 1998, p. 5.
65. Brenner, *Against The Current*, p. 1.
66. Brenner, *New Left Review*, p. 2.
67. Merrill Lynch advertisement in *The Economist*, 24 October, 1998.
68. Ariel Dorfman, 'Matter of Time', *Rethinking Marxism*, Spring 1990, p. 12.