

Chapter 1: Class Formation on an Atlantic Scale

1. Determinants of Class Formation

The concrete process of class formation¹ in the North Atlantic area can be broken down into several separate dynamics of class conflict, each of which may be situated on a distinct level of analysis. In terms of the method offered by Marx in *Capital*, the industrial bourgeoisie primarily constitutes itself as a class in struggle with the working class and landed interests, but the actual process of its formation must be adduced at successive levels of decreasing abstraction.

(1) In the *labour process*, industrial capital faces the task of subordinating living labour-power to the requirements of the valorization of capital. Here, different modalities of the exploitation relation yield corresponding varieties of the capital-labour relationship in class terms: *Absolute* surplus-value production, in which the rate of exploitation varies with the length of the working day and the flat speed of work, tends to produce a rigid polarization of the employed and the employers. *Relative* surplus-value production, on the other hand, which is obtained by reducing the reproduction costs of labour-power in relation to aggregate capital outlay, fosters flexibility in the relations between capitalists and workers on account of an apparently common interest in rising productivity. This illusion of an identity of interests is part of the shift from the *formal* to the *real* subordination of labour to capital.

The absolute (in the sense of general and abstract) unity of the bourgeoisie *vis-à-vis* the working class therefore dissolves into concrete differentiations as soon as the real relation with the workers is taken into consideration. Lenin referred to this differentiation in his 1910 pamphlet, *Differences in the European Labour Movement*. On the side of the bourgeoisie, he distinguished between the method of 'liberalism' (in the sense of flexibility) and the method of force; on the side of the working class these are matched by reformism and anarcho-syndicalism, respectively.

These different modes of reproduction of the basic class antagonism, based on absolute or relative surplus-value production, were pertinent at various points in the overall process of Atlantic class formation. In continental Europe, the low living standards at the turn of the century helped to preordain the incapacity of the European bourgeoisie to maintain a flexible format of labour relations in the 1930s. Since in the Old World the prospect of mass consumption of durable manufactures did not exist, 'Fordism' in all its aspects (productivity, social wage, further subordination of labour) was not feasible and the rate of exploitation could only be sustained by gearing to absolute surplus-value production. Hence, whereas the crisis of the 1930s in the United States saw 'liberalism' (in Lenin's sense) survive through the generalization of Fordism in the New Deal and its insertion into a strategy of internationalization, in continental Europe authoritarianism and Fascism prevailed. The distinctions between absolute and relative surplus-value production, and between fractions of the bourgeoisie grouped around a concept of force and those advocating concessions, are crucial to understanding what happened in Europe at this juncture, and in fact have been chosen as a point of departure by several influential Marxist analyses of the nature of bourgeois class support for Hitler's rise to power in Germany.

These determinants of bourgeois class formation on the level of the labour process, however fundamental, are not sufficient to analyse the various ideological tendencies within the bourgeoisie. Although labour-process differentiations may help to elucidate the broad differences between, for example, the New Deal and German National Socialism, they fail to account for such trajectories as the French Popular Front, where a united working-class movement, partly of Fordist inspiration, was able to ward off the threat of Fascism but failed to realize a positive programme comparable to the New Deal.

(2) To arrive at a more complete picture, we have to proceed to the next level of abstraction: that of *circulation relations* between various categories of capitalists, or fractions of social capital. Such fractions are bank, commercial, or industrial capital. In France at the time of the Popular Front, the working class joined forces with the liberal wing of the bourgeoisie, but within the capitalist class, this 'productive' alliance did not succeed in subordinating the interests of the financial world. Since it could not move forward to full-fledged Fordism, which would have included the partial expropriation (or as Keynes called it, 'euthanasia') of the rentier segment in the capitalist class, Leon Blum's Lilliput New Deal was doomed to be rolled back as a consequence of the dynamics of circulation relations.

(3) A further dimension of the concrete fractionation of the bourgeoisie resides in the *profit-distribution process*, which, in the spirit of Volume Three of *Capital*, should be theorized as the third level of the determination of class formation. In the overall distribution of metamorphosed surplus-value between capitals, fractions of capital, landed interests and even a segment of the working class (those paid out of the mass of surplus-value without contributing to it directly), specific class fractions crystallize, enter into alliances, and press their particular strategic concepts. Moreover, the hegemony of particular fractions in this profit-distribution pattern may help to explain a specific political climate: e.g. the prevalence of laissez-faire concepts in the United States during the late 1950s when the profit-distribution process was temporarily skewed towards the financial and rentier sphere; or the Keynesian activism of the

Kennedy Administration during a subsequent period as the resurgence of industrial capital.

Of course the three levels of abstraction on which class formation may be theorized as taking place, i.e., the labour process, circulation relations, and the profit-distribution process, are in reality only moments of a dynamic totality. This totality also encompasses sedimented layers of older social relations, forms of ethnic and sexual oppression, as well as the survival of elements of pre-capitalist modes of production. And although it is the accumulation of capital which primarily articulates and incessantly revolutionizes it, the concrete social formation derives its external appearance in large part from these autochthonous characteristics. Thus the internationalization of capital, and concomitantly of class formation, in the North Atlantic area included the mobilization of the legacies of anti-semitism, Anglo-Saxon chauvinism and national messianism. At the same time the actual structures of absolute and relative surplus-value production tended to be built upon pre-existing racial, sexual and national differentiations amongst the workers. In this fashion the modern world struggles between the imperialist states, and their subsequent alliances against socialism, have absorbed the 'dead weight' of the past.

Yet despite the multi-layered complexity of the political alliances involved, a characteristic inner logic can be observed in the class strategies evolved by the Atlantic bourgeoisies. Time and again, an *offensive*, 'liberal-flexible' way of dealing with the working class or other challenges has alternated with a *defensive* 'method of force'. These strategic options have loosely corresponded with, respectively, relative and absolute surplus-value extraction, and have been linked up internationally (in the sense of functioning as determinants of class formation) through specific patterns of circulation relations in which particular fractions of capital and their ideal-typical concepts were prominent. The *money-capital* and the *productive-capital* concepts constitute such functional ideal-types, and we shall therefore briefly review the distinctions from which they may be theoretically reconstructed.

Capital Fractions in Marxist Theory

The notion of fractions of total capital (i.e., units other than individual capitals related to particular functions in the reproduction of capital) provides an important clue to differentiations within the bourgeoisie which are ideologically pertinent. The concept was developed by Marx in Volumes Two and Three of *Capital*. The basic functional differentiation of capital is presented in Volume Two. Discussing the forms that capital assumes in the course of its reproduction cycle, Marx distinguishes between *productive capital* and the two forms belonging to the stage of circulation, *money capital* and *commodity capital*, in the sense of capital in money and commodity form respectively.

Apart from the three functional forms, we therefore have the distinction between the stage of circulation and the stage of production, a distinction which is equally important for all further specification and concretization. The stage, or sphere, of circulation comprises capital in money and commodity form; the stage or sphere of production, productive capital. The criterion for this bifurcation is the fact that whereas all forms of capital represent modes of appropriation of surplus-value, only the productive form is engaged in its creation through the subsumption of living labour-

power. As will be demonstrated below, this distinction is particularly important when it comes to reconstructing the ideological propensities of the functionaries of productive capital.

This also goes for another distinction Marx deploys in Volumes Two and Three the one between capital engaged in the production of means of production and capital engaged in the production of consumer goods: Departments I and II. Since Fordism in the era of Atlantic integration rested on the dynamic articulation of relative surplus-value production in the consumer-durables sector and a concomitant reorientation of key 'Department I' industries towards supplying this sector with semi-finished products (notably steel), the departmental division is relevant in this light as well. For the moment, however, we shall proceed from the money- commodity-productive triad.

In Volume Three, Marx again considers the basic differentiation into functional forms of capital. This time the level of abstraction has been reached where 'the embodiments of capital. . . stepwise approximate the form in which they operate at the surface of society, in the action of the different capitals upon each other, competition; and in everyday consciousness of the agents of production'.⁴ Accordingly, the three functions analysed in Volume Two are raised to a more concrete level. Beginning with the functional form of commodity capital, Marx writes that 'to the degree that this function of capital operative in the circulation process is autonomized into a special function of a special capital at all, and crystallizes as a function assigned by the division of labour to a particular kind of capitalist, commodity capital becomes commodity-dealing capital or commercial capital'.

The commodities in which commercial capital deals are use-values or money, but money only to the degree it is used for the exchange of goods. Commercial capital therefore can be sub-divided again into commodity-dealing and money-dealing capital. The crucial element in the definition of both is the separation from the production process. In practical terms, because of its institutional form as bank capital, money-dealing capital may be difficult to isolate from its counterpart, interest-bearing capital (credit), which is also handled by banks. Although different national banking systems sometimes, and to various extents, reflect the functional differentiation (say, in commercial and investment banking), some forms of credit are by themselves hybrid in this respect, like commercial credit. In the distinction between money markets and capital markets, the two functions are separated however.

The notion of *fictitious capital* transcends the distinction between money-dealing capital and interest-bearing capital. Fictitious capital is considered by Marx as the comprehensive counterpart of all real economic activity under capitalist conditions. As such, it brings a unity to these activities which turns it into the nearest equivalent of total social capital. "To the degree that it appears on the market", Marx writes, 'money capital is not represented by single capitalists, by the owner of this or that particle of capital present in the market, but it appears as a concentrated, organized mass, which, entirely unlike real production, is subject to the control of bankers representing social capital'.

As an aggregate fraction, therefore, bankers, and their quasi-banker counterparts inside integrated companies, in a sense represent a single collective capitalist due to their joint control of fictitious capital. In capitalist reality, this social dimension remains a

form, behind which the competition among private capitals proceeds unabated. Yet, the special position of bank capital in this respect is brought out by its twofold presence in the political economy: as a sector among others, and as part of the overarching economic state apparatus.

Summarizing the main distinctions introduced so far (circulation/ production, real and fictitious capital, as well as the three functional forms of capital and their concrete embodiments), we arrive at the following figure.

FIGURE ONE

Apart from landed property, which represents a relation of distribution rather than one of production, these are the fractions of social capital analysed by Marx in *Capital*. Hilferding's concept of 'finance capital' was developed to capture the twin phenomena of the institutional interpenetration of bank and industrial capital, and of the relative separation of a distinct oligarchical fraction of finance capitalists from the 'simple' bankers and industrialists. Widely popularized by Lenin's adoption of the concept in *Imperialism, the Highest Stage of Capitalism*, the reality it conveys about the new empirical structure of capital does not obliterate the need for distinguishing the functional, 'original' fractions. For even in a situation where the financial oligarchy is no longer effectively challenged by a sub-ordinate, 'non-monopolistic' bourgeoisie, certain conflicts within the capitalist class remain traceable to the different fractions persisting in the context of an apparent fusion.⁷

The conflicts of interest and allegiance which lead to class formation cannot be reduced to their functional determinants. In order to be effective, fractional interests have to be transcended by a formula of reconciliation or compromise on which a temporary truce may be built allowing the ruling classes to stay in power, or rather, allowing the basic social conditions of the mode of production to be preserved and, if possible, reinforced.

The economic interest associated with a dominant fraction of capital requires a complementary formula of reconciliation of that interest with that of other fractions in order to be an effective vector of class formation. By itself, the political impact of a single fraction remains within the confines of pressure-group politics, or what Domhoff calls the 'special-interest process'. In his study of the fractionation of the Dutch bourgeoisie in the inter-war years, Ries Bode introduces the category of *comprehensive concepts of control* to capture the transcendent formulation of class interest aggregating such special interests and subordinating others.⁸ A concept of control represents a bid for hegemony: a project for the conduct of public affairs and social control that aspires to be a legitimate approximation of the general interest in the eyes of the ruling class and, at the same time, the majority of the population, for at least a specific period. It evolves through a series of compromises in which the fractional, 'special' interests are arbitrated and synthesized.

The objectivity, and the potential 'general' relevance of a concept of control, reside in the timeliness of the main elements in its programme, combining momentarily feasible and desired - if hardly ever mutually compatible - strategies of labour relations,

competition, and domestic and international politics. The compromises underlying the feasibility of these various strategies are reached (in the sense of a subjective elaboration of an objective process) by concrete compensations for the special interests involved through the profit-distribution process, complemented by symbolic rewards.

Comprehensive concepts of control develop in the course of capital accumulation and class struggle as they evolve over the decades. They can be defined from certain ideal-types related to the functional perspective of specific capital fractions. As indicated above, the process of class formation develops as a concrete totality through pre-existing and simultaneously reproduced cultural and political patterns. Besides representing particular functions in the circuit of capital, concepts of control therefore are also reflections in social consciousness of the circumstances in which these functions passed through a mutation in terms of these contingent, extra-economic patterns.

The historical setting may help to explain why other capitalists, or other classes, subscribe to the concept of control developed from a 'special interest' vantage-point which strictly speaking is not their own. For instance, one need not develop a cosmopolitan outlook from being engaged, as an industrial entrepreneur, in producing textiles. Yet, the fact that this industry's original prominence coincided with the heyday of international free trade makes it plausible that the textile capitalists of the day developed a set of equations in their world outlook which by and large corresponded to the liberal-internationalist ideology espoused by hegemonic commercial capital.

At the same time, the stability of 'textile liberalism' could not be expected to be the same as that of the mainstream liberalism of the commercial capitalists. In the 1930s, for instance, the impact of the world economic crisis undermined the community of interests and outlook between the two fractions, as the textile industrialists adjusted or even led the way to protectionism. In the postwar situation, however, the readiness of the European natural textile producers to accept American tutelage because of the liberal-internationalist arrangements in the economic field which were part of the Pax Americana, showed that, as soon as circumstances allowed it, their original preference for free trade, which had been reproduced through family, company, regional and political traditions, was promptly reactivated.

2. Hegemonic Concepts of Control

Prior to the actual era of Atlantic integration, the international articulation of bourgeois hegemony in the North Atlantic area in the twentieth century developed essentially in terms of two ideal-typical frames of reference: the *money-capital concept* and the *productive-capital concept*. These two concepts capture the common denominators in the antinomial positions from which capitalists, actively or passively, were engaged in the international circulation of capital: either as agents in the process of circulation itself, or as productive capitalists; either as functionaries of fictitious capital or as managers of real capital. As ideal-types, the money-capital and productive-capital concepts constituted the vantage-points from which historically specific, and increasingly synthetic, strategies for adjusting bourgeois rule and international relations to the ongoing process of internationalization were developed.

The money-capital concept underlay the *liberal internationalism* of the early twentieth century. It rose to prominence with the internationalization of the circuit of money capital, which generalized a rentier ideology among the bourgeoisie, both in

Europe and in the United States. The productive-capital concept, on the other hand, provided the frame of reference for ruling-class hegemony when the Atlantic economy subsequently became compartmentalized into spheres-of-influence due to the pressures generated by the introduction of mass production (or large-scale industrial production generally), in a context of acute imperialist rivalry and nationalism.

The challenge to cosmopolitan liberalism posed by the new industrial nationalism was captured by Polanyi in *The Great Transformation*. In this book, conceived and written between 1940 and 1943 in the United States, Polanyi still saw the countermovement against liberalism in terms of a pervasive reaction of 'society' against the ravages wrought by the stubborn adherence to the liberal concept of a self-regulating market. Against this liberalism, he posed the principle of social protection, 'aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market - primarily, but not exclusively, the working and landed classes - and using protective legislation, restrictive associations, and other instruments of intervention as its methods.'

The vanguard leading this countermovement, which we shall call the *state-monopoly tendency* in but the impact of the concept of control they espoused likewise extended far beyond the confines of their actual social implantation. At this juncture (the interwar years and World War Two), these forces notably were to be found in new market-dominating industries like electrical engineering and chemicals, while crisis and war propelled the state into the foreground as organizer of the macro-economy.

Eventually, a synthetic concept, *corporate liberalism*, would crystallize in the United States in the context of American control of the Atlantic circuit of money capital and the generalization of Fordism as a productivist class compromise. This corporate-liberal synthesis between internationalism, a flexible format of labour relations, and state intervention was eventually extrapolated to Western Europe where it served as the vantage-point from which successive concepts of Atlantic unity were developed, and to which the entire Atlantic ruling class would in due course adhere.

Before considering the rise of corporate liberalism, however, let US look briefly at the ideal-typical money and productive capital concepts which guided the historical fractionation of the Atlantic bourgeoisie and which retain much of their original relevance in explaining bourgeois politics today.

The Money-Capital Concept

The principle of economic liberalism, as Polanyi calls it, aims at 'the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods.' These 'trading classes' - i.e., capitalists related to surplus-value production only through circulation, like merchants, rentiers, colonial entrepreneurs, and others not directly engaged in exploiting the domestic working class in production - may be considered the natural supporters of a concept of control in which the free flow of their merchandise, dividends, or cash crops is guaranteed by a set of conditions including free trade, unhampered competition, and cosmopolitanism.

Historically, the concept of control subscribed to by capitalists engaged in circulation could not but have a strong international aspect, reflecting the birth-mark of

commercial capitalism. The social passivity inherent in regular mercantile activity indeed sometimes seems to have produced a cosmopolitan aloofness from power politics. This was particularly noticeable in Dutch foreign policy traditions since the seventeenth century, highlighted by the international legal tradition established by Grotius. Dutch legalism and pacifism, fed by commercial considerations first of all, were dictated by the balance of power and did not extend to the Dutch colonies, where exploitation retained all the connotations of violence and oppression.

In some respects, British imperialism copied the political tradition of commercial capital established by the Dutch. World-wide commercial interests, a maritime outlook, as well as the physical separation from the continent and from continental power politics, all worked to reproduce this tendency. The absence of a standing army contributed to this complex, explaining the absence from the dominant concept of control of a distinct militarism with a social basis of its own.

Much more than the Dutch, however, the British had to defend industrial interests, which in turn tended to work against a truly passive stand. Accordingly, the elements of laissez faire and aloofness from power politics which British foreign policy inherited from Dutch experience by the end of the nineteenth century gave way to active diplomacy and balance-of-power politics, culminating in the jingoism and imperialist aggression of the Boer War. This shift of emphasis coincided with the new importance of foreign portfolio investment (notably railway construction in the New World), the returns on which by 1870 surpassed those on shipping and foreign trade. From below the surface of the original commercial liberalism, the forces associated with foreign investment and the corollary railway expansion gradually emerged to match the standards of the crudest of chauvinist ideologies operative among the new contestants for imperialist supremacy. For all their free-trade ideology and contempt for the brutalities of German imperialists, E.C. Black concludes, 'the British liberals may have been just as crude, but masked their acquisitive self-interest with sanctimonious avowals of principles of freedom.'

Still, the 'sanctimonious avowals' reflected a balance of forces in the struggle between different tendencies in the British imperialist bourgeoisie which allowed the liberal-internationalist tendency to block the way to a further emulation of the continental pattern of imperialism in 1906. Rejecting the protectionism demanded by the Industrial interests supporting Joseph Chamberlain, and thus blocking the way to the further militarization of British foreign policy it implied, the liberals at the time were able to restore the peaceful and conciliatory image they had traditionally cultivated -- something which would turn out to be of momentous consequence for the further development of the class struggle in Britain.

In a more general sense, the transformation of the free-trade Pax Britannica into a system of rival imperialism in the last quarter of the nineteenth century did not terminate the basic internationalism of the previous era. The bankers (who in this period became the embodiment of cosmopolitanism) did, however, transform the previous liberalism into a comprehensive concept explicitly allowing for an industrial interest as well. As a prototypical concept capable of defining the social reign of finance capital, the money-capital concept rather than a primordial commercial concept exerted its relevance in the context of subsequent developments.

The idea of industry implicit in the money-capital concept reflected the prevailing mode of accumulation of the nineteenth century, when the organic composition of capital tended to be low and its concentration was still in its infancy. With respect to the labour market, liberalism rested on the assumption that labour-power is always available if the market is kept fully competitive. Subordinated by capital only formally, craft workers were able to retain their autonomy as producers to a considerable extent; often controlling the hiring of unskilled hands and effectively deciding the introduction of innovations in the labour process.

Although the rise of money capital at the close of the century contributed to the centralization of capital which eventually would allow the large-scale restructuring of the labour process by which the formal subordination of labour to capital was transformed into real subordination, the money-capital concept of industry retained its original liberal connotation: judging productive investment by essentially rentier criteria rather than viewing it as a social function. Industrial capitalists whose production is characterized by low organic composition and labour-intensity still today tend to reproduce the original liberalism in this sense: highly critical of trade unions and state intervention, and although in fact unable to protect themselves from its impact, staunch advocates of liberal dogma in international trade. In Europe, the small family firm, and in the United States, the industries organized in the National Association of Manufacturers, may be considered the proponents of the money concept in industry.

In functional terms, the money-capital concept of course first of all serves as a frame of reference for bank capital. 'In my travels', Anthony Sampson has recorded, 'I have found bankers the most international profession. . . No profession looks back to the gay old days before the First World War with more evident nostalgia than the bankers: and their style and cosmopolitanism still seem to belong to that age.' The study of Sutton and his associates of the *American Business Creed* confirms this assessment. Bankers do show a marked tendency to adhere to the classical liberal doctrine of how the capitalist economy should function. If for the small industrialists, the market still may bring disaster (which at times may convert them to economic heretics, as in the case of the textile capitalists during the Depression); to the owners of fictitious capital and holders of monetary assets, who want a sound currency undiluted by uneconomical social expenditure, its beneficial workings are truly dogma. Bank capital, combining these two functions, generally has been its firm defender.

From their various vantage-points, the other fractions of capital engaged in circulation contribute ideological propensities which further ramify the overarching liberal concept. The 'internationalism' of commercial capital, the social passivity of landed property, and the aggressive laissez faire sometimes espoused by small shopkeepers and farmers, but notably by those entrepreneurs whose enrichment proceeds faster than their social ascendancy (the new rich) - all contribute specific accents and nuances to a liberal concept basically reflecting the frame of reference of money capital per se (banks, foreign investors, rentiers).

The Pre-Capitalist Critique

The limits to the legitimacy of a particular concept of control, and to the actual hegemony of its proponents, are not only posed by the competition of alternative universal concepts (as in the 'productive' versus 'money' capital cases), but also may

partly arise from the intervention of minor class fractions and their ideologies. Moreover the most 'modern' forms of capitalist interest representation may draw their hegemonic power from the incorporation of seemingly atavistic and retrograde elements. Such was the case in the rise of the 'productive-capital' ideology which charged new-fangled notions of capitalist technocracy with the emotive associations of the pre-capitalist critique of money capital.

Below, we shall discuss the critique of money capital from the vantage-point of industrial capital, as articulated by such diverse tribunes of progress as Ford, Gramsci and Keynes. First, however, it is important to mention the older, agrarian critique of money capital that was such an important precursor of these modern positions, and whose ideological heritage was mobilized as a major factor in the processes of class formation in the industrial era. Indeed the malign popular revival of this pre-capitalist critique during the Depression is a dramatic instance of how apparently fossil forms of human consciousness can suddenly be revived. Thus for large segments of the German middle classes in 1933, the remote symbols of German antiquity, or folk mythology, were felt to correspond more closely to the dead end of their country's development than any of the modern symbols of Weimar democracy. The anti-Semitism of the Nazi movement portrayed the economic crisis as the result of 'German, creative' capital throttled by a rapacious international finance capital personified by the Jews ('schaffendes' versus 'raffendes Kapital'¹⁸) - an imagery that combined ancient prejudices with a distorted sense of Germany's actual subordination in the liberal world economy.

This particular aspect of anti-Semitism, the hatred of money-lenders or *anti-chrematism*, was, in turn, an extreme variety of the primordial antagonism between sedentary producers and the roving, volatile element represented by usurers, robbers and traders. The Church in the Middle Ages had already encoded aspects of this antagonism in its strictures on usury and interest. At the same time, the heavy involvement of the Church's own magnates in money-lending and borrowing precluded a general prescription of the international system of banking houses which lubricated long-distance trade and dynastic ambitions. It was Luther, in criticizing the church's secular corruption, who revived and impassioned the old attack on usury. With the phase of Calvinist Reformation, however, elements of an emergent bourgeois mode of production acquired ideological representation, and interest for the first time gained an integral and legitimate place in a Christian theology. Calvinism 'set the profits of trade and finance. . . on the same level of respectability as the earnings of the landlord'.¹⁹ Still the critique of usury remained functional in subordinating interest-bearing capital to the conditions and requirements of the capitalist mode of production.

Hence, in Roman Catholic countries and regions, as well as those of Lutheran predominance, a critique of money capital from the standpoint of the rural economy, and tinged with parochialism and anti-Semitism, became part of the secular culture. In the early decades of the nineteenth century the Vatican allowed interest to be raised to the legal level, but still as late as 1950, the Pope felt it necessary to officially declare that bankers 'earn their livelihood honestly'. Meanwhile, the Calvinist position which allowed a functional role to money capital and was critical only of usury properly speaking, had emigrated to North America with the puritans. The Church of England

had also early on, in the mid- sixteenth century, adopted a 'Protestant' attitude in this matter when it let the government decide the maximum rate of interest. 22

In the Anglo-Saxon world, liberal interest doctrine merged with rationalism and utilitarian individualism, producing a concept of control highly appropriate to a social fabric from which commercial and small-scale industrial capitalism were removing the feudal shackles tying all men to the land, or to guilded trades. This doctrine, representing the emerging liberalism based on commercial capitalism, was criticized by nineteenth-century German authors as selfish and grasping; below, we shall see how in the German denunciations of the Atlantic creditor states responsible for the Versailles system, the same argument was extrapolated to the international level. Moreover, the same traditional critique of money capital retained a purchase even within the liberal heartlands. In the United States, the anti-Semitism and Anglophobia of the Western Border Populists reflected the farmers' resentment of the deflationary policies of their own East Coast money capitalists.

Passing into the twentieth century, the essentially pre-capitalist critique of money capital remained a potential ideological force to which latter-day productive capital could appeal and from which it could draw additional strength in forging class coalitions of anti- liberal inspiration. Fascism, and in some respects, Gaullism and Christian Democracy as well, for all their differences drew on this source and to the extent they did, deserve their qualification as reactionary. At the same time, these political tendencies included the productive-capital concept properly speaking, as productive capital was the dominant class fraction in the configuration opposing liberal internationalism. Whether industrial capital was able to assert its interests directly, or depended on the mobilization of pre-capitalist populism, hinged on the outcome of class struggles in each concrete situation, especially on the role of the pre-capitalist landed classes. But it is important to emphasize that in no case was the productive -capital concept of control ever completely divested of its pre- capitalist resonance. With this in mind, we now turn to the modern productive-capital concept.

The Productive-Capital Concept

The productive-capital concept of control can be easily derived from the viewpoint of the industrial capitalist. In his subjective perception, entrepreneurial profit appears as the exclusive result of the productive function. The reward accruing to the money capitalist, on the other hand, is seen as a consequence of a legal title only, external to production.²⁵ The volatility of money capital, its propensity to speculate and to shift assets from one form to another, therefore easily excites irritation on the part of the functionary of real capital, who is tied to existing investments of men and machines and accordingly has to develop his concept of control within these limits. From here, the modern critique of money capital has further shaped the concept of control typical of productive capital.

In one of the first comprehensive analyses of imperialism, J .A. Hobson formulated his critique of the phenomenon largely along the lines of the productive-capital concept. Arguing that foreign investment was detrimental to the British economy but yet seemed to completely dominate foreign policy, Hobson warned against 'the financier, the general dealer in investments'. 'In handling large masses of stocks and shares, in floating companies, in manipulating fluctuations of values, the magnates of the Bourse find their gain. These great businesses - banking, broking, bill discounting,

loan floating, company promoting - form the central ganglion of international capitalism. United by the strongest bonds of organization, always in closest and quickest touch with one another, situated in the very heart of the business capital of every State, controlled, so far as Europe is concerned, chiefly by men of a single and peculiar race, who have behind them many centuries of financial experience, they are in a unique position to manipulate the policy of nations'.

As early as 1889, Hobson with A.F. Mummery had published a more general statement of an industry-oriented analysis of capitalism as prone to over-saving and underconsumption entitled *The Physiology of Industry*. Proto-Keynesian in its analysis and prescriptions, the book was praised by Keynes himself as epoch-making and recognized as an early statement of his own theses. 27

Lacking the democratic impulse of Hobson, Keynes in the interwar years worked out a theoretical argument incorporating the same central tenet. Keynes's experience as an insurance director and investor, as well as a government economic adviser, made him, keenly aware of the requirements of the specific capitalist form of production, his critique of pure ownership and the rentier class notwithstanding. 'The class war will find me on the side of the educated bourgeoisie', he declared in a 1925 address.

In his attempt to educate the bourgeoisie in turn, Keynes however was ready to discard with some of its cherished tenets, which contributed greatly to the penetration of his ideas into the Social Democratic movement. A few illustrations will serve to show how he criticized the classical money-capital concept by adopting viewpoints reflecting the requirements of the large industrial firm and, subsequently, of an economy organized around it.

In his book *The End of Laissez-Faire* (1926), Keynes did not yet focus on the state as the key agency for capitalist reform. Instead, he acknowledged the increased socialization of productive forces and capital by contrasting the large corporation with 'individualistic private enterprise'. Qualifying big firms as 'bodies whose criterion of action within their own field is solely the public good as they understand it', Keynes abandoned the 'micro-economic' identification of the owner and the enterprise that was so characteristic of the money-capital concept. Instead, he defined capitalist enterprise in terms of the economy as a whole. In this macro-economic frame of reference, owners and stockholders were to be seen as only one of several client groups, 'served' by the corporations as autonomous bodies.

From this vantage-point, Keynes next developed a definition of capital as a social relation, which although confined to circulation phenomena, lent his theory a cogency extending beyond the capitalist class. 'Capital', he wrote, 'is not a self-subsistent entity existing apart from consumption. On the contrary, every weakening in the propensity to consume regarded as a permanent habit must weaken the demand for capital as well as the demand for consumption'. 30 The *General Theory* (1936) systematically developed the implications of this definition, leaving little room for petty capitalist interests if they ran counter to the 'public good'. Since the rate of profit depends on turnover in the real sphere, Keynes argued that the traditional financial conservatism dictated by the money-capital concept must be replaced by a strategy of capacity utilization. Prudence and a reliance on rapid depreciation only lead to over-saving and prejudice effective demand. Deficit financing (termed 'loan expenditure', but

seen to include government borrowing on the capital market), on the other hand, may . . . enrich the community on balance. 31 In this respect, a new awareness of the level of socialization of the productive forces was combined with the more traditional desire of industrial capital to secure easy access to money capital.

Although this was a logically powerful elucidation of industrial capital's real interest, it was nonetheless prejudiced in bourgeois eyes, by its explicit reliance on the national state, and, even more, by its implicit assumption of a class compromise with the national labour movement. In particular, it was feared that the logic of the "socialization of the productive forces might spill over to the relations of production if, after the recommended 'euthanasia of the rentier', only the managerial element was left to maintain the rate of exploitation. As Kalecki argued in a well-known article of 1943, a democratic full-employment policy would always entail unacceptable consequences for the capitalist class. Keynes, too, was aware that the full realization of his programme risked endangering the capitalist form it intended to save and could only be attempted under emergency or wartime conditions. In a 1940 article, he conceded that 'it seems politically impossible for a capitalist democracy to organize expenditure on the scale necessary to make' the grand experiment which would prove my case - except in war conditions'.

By this time, the class struggles underlying the ascendancy of the productive-capital concept over the previous liberalism had produced highly divergent outcomes in the United States and Europe. In Europe, Fascism, drawing more on the pre-capitalist critique of money capital than on actual Keynesianism, had triumphed. In the United States, on the other hand, the Roosevelt administration was engaged in extrapolating Keynesianism into a strategy of global liberal hegemony. The democratic compromise with the working class basic to the state-supported mass-consumption economy here was narrowed to a corporatist concordat with organized labour. At the same time it was inserted into an Atlantic economy in which American finance capital could shift between different national class configurations rather than becoming bogged down in one. In this sense, Keynesianism was first applied in war conditions and subsequently liberalized, thus sharing the fate of the productive-capital concept as such.

The capacity of the American bourgeoisie to forge a synthesis between the productive-capital concept and the money-capital concept, between state intervention and liberalism, owed much to the influence of that proto-typical ideologue from the real world of American industry: Henry Ford. Categorizing Hobson and Keynes as representatives of the productive-capital concept of control indeed seems justified if we take Ford's statements into account. In his attitude towards the cause of war and foreign involvement, Ford seems to echo Hobson in the denunciation of the role of the speculative financier. 'Sound thinking', he let it be known, 'insists that war will not be abolished until its roots are cut; and one of its main roots is a false money system and the high priests thereof'.

At a time when Keynes was still an adherent of domestic [financial conservatism Ford spelled out the 'Keynesian' argument for inflationary financing by the state. Instead of raising a sum through government bonds and having to pay interest on them to a generation of rentiers, the state should advance the necessary additional Investment funds by punting more currency. The sum thus advanced, he argued, could be recovered from the profits eventually made on the investment, and the extra liquidity could be

withdrawn again. Towards the rentiers the automaker was hardly more charitable than Keynes. Upon acquiring the remainder of outstanding Ford Motor Company shares in 1919, he declared that 'stockholders ought to be only those who are active in the business'.

But 'Fordism' involved far more than the industrialist's scorn for outside owners alone. Ford's contribution to the development of the productive-capital concept had a strong 'systemic' element from the start, as he showed a keen awareness not just of the requirements of automobile production, but of the implications of the socialization of the productive forces under mass- production conditions for class relations in general. (He believed, for instance, that household activities like cooking would in due course be socialized.)

Fordism as a comprehensive conception of advanced capitalism entailed three principal elements. *First*, it assumed the dominance within the technical labour-process of the assembly line and mass production. As compared to the original time-measurement doctrines of F.W. Taylor, Ford proposed the more radical step of eliminating the skilled worker who still was the object of scientific management and replacing him by a semi-skilled operative. The *second* aspect of Fordism was the recognition of wages not only as an incentive, but as a demand component as well. Ford anticipated Keynesian demand-side economic policy by approaching the standardization of the automobile as an example of the integral relationship of mass production and mass consumption.

Thirdly, Fordism extended industrial management to the sphere of reproduction. Ford's company welfare department intervened directly into the household budgets, savings patterns, drinking habits, even sexual mores of his workforce. As Gramsci pointed out, Ford was not content to merely standardize the labour-process, but to standardize the labourer as well. Eventually Ford embraced Prohibition, not just as moral revanchism, but partly as a global strategy for the reproduction of a reliable semi-skilled labour-power capable of withstanding the nervous and physical exhaustion of the assembly-line.

At the same time, Ford's visionary ideas were tinged with elements of considerably older parentage as well. From 1920 his newspaper, the *Dearborn Independent*, crusaded against the 'international Jewish conspiracy'. A compilation entitled *The International Jew* was translated into sixteen languages, with Ford's name on the title page. In Germany alone, between 1920 and 1933 twenty-nine editions were printed under the title *The Eternal Jew*, also with Ford's name on the title page.

3. Strategies of internationalization

The importance of Ford's productive-capital concept for the subsequent development, not just of capitalist economy, but also of American relations with Europe, was first recognized by Gramsci in his essay 'Americanism and Fordism' in the *Prison Notebooks*. In these notes, Gramsci gives a vivid description of Ford's practices and their implications for capitalist relations. He also summarizes and comments upon the writings (dated 1928 and 1929) of the Italian Fascist theoretician, Fovel. Gramsci's conclusions, however, are not confined to presenting the latter's proto-Keynesian argument. Shifting the savings function to the 'productive bloc' of workers and

managers, he writes, would result in 'a more rapid rhythm of capital accumulation within the enterprise rather than through the intermediary of the "producers of savings" who are really nothing other than predators of surplus-value.' Still reconstructing Fovel's argument, Gramsci continues that 'within the industrial-productive bloc, the technical element, management and workers, should be more important than the "capitalistic" element in the petty sense of the word. The alliance of the captains of industry and petit-bourgeois savers should be replaced by a bloc consisting of all the elements which are directly operative in producing and which are the only ones capable of combining in a union and thus constituting the productive corporation'. In Italy, 'the disappearance of the semi-feudal type of rentier is . . . one of the major conditions of an industrial revolution (and in part, the revolution itself)'.³⁷

From the notes, it would appear that Gramsci approved of such a course of development. Indeed, 'if the State were proposing to impose an economic direction by which the production ceased to be a "function" of a parasitic class and became a function of the productive organism itself, such a hypothetical development would be progressive, and could have its part in a vast design of integral rationalization. . . One could thus reduce all income to the status of technico-industrial functional necessities and no longer keep them as the juridical consequences of pure property rights'.

Although rejecting the Fascist exaltation of the state, Gramsci by his appreciative comments on progressive corporatism indicated the common ground shared by the productive-capital concept and contemporary working-class ideology, both arising out of the real subordination of labour to capital characteristic of the Fordist mode of accumulation. The increasing bureaucratic complexity of large-scale industrial production, as well as its scientific management according to the supposedly 'objective laws' of optimal productivity prescribed by Taylor, Ford, and others, tended to obscure or displace consciousness of exploitative relations on the shop floor. Perceiving their situation in terms of a maldistribution of income blocking access to a consumer-durable standard of mass consumption, industrial workers became increasingly receptive to a strategy of supporting the growth of productivity in return for higher wages.³⁹ Subjectively, class struggle thus was transformed from a struggle between independent workers and 'integral' capitalists into a united front of the managers of functioning capital and the organized working class confronting the 'predators of surplus-value': the petty money interest represented by the rentier class. The need to intervene in the self-regulating market dictated by large-scale production, reflected in the shift from 'micro' to 'macro' economics, further enhanced the apparently anti-capitalist, 'socialist' quality of the transformation.

The state in this process became the executor of the euthanasia of the rentier prescribed by Keynes. The subordination of the reformist working class to the state thus amounted to a subordination of the independent working-class interest to capital, since the positive programme of the state remained closely attuned to the requirements of accumulation. Unlike most reformist labour leaders, Gramsci certainly was not blinded by this. Rejecting any democratic pretensions of the Fascist or corporatist state, he wrote that 'the result of these phenomena is that in theory the State appears to have its socio-political base among the ordinary folk and the intellectuals, while in reality its structure remains plutocratic and it is impossible for it to break its links with big finance capital.' Therefore, we shall speak of a *state-monopoly tendency* to denote the class form of the

hegemony of productive capital in its antinomy with money capital, in order to avoid the suggestion that capitalism actually has overcome its liberal basis: a full state monopoly would be equivalent to a planned economy of the Russian type.

In the interwar years, the hegemony of the productive-capital concept over liberalism coincided with the rise of a state-monopoly tendency in the bourgeoisie and the subordination of the working class to a corporatist class compromise. However, the democratic potential of this convergence of interests (consummated only in the United States and, fleetingly, in France) represented a critical challenge to capitalist relations of production which could not be digested within the national framework. In Europe, this challenge was met by Fascism, in which the pre-capitalist critique of money capital was dominant over the modern productive-capital concept, bringing a political reaction which destroyed the organized working class, Social Democrat and Communist alike. In the United States, however, the stalemate between capital and labour which resulted from the course of class struggle in the early New Deal was overcome by inserting state monopolism into a new internationalism which transcended the national constraints. In the resulting *corporate-liberal synthesis*, the labour movement renewed its allegiance to the productive-capital concept and thus developed into a major agent of Atlantic class formation as Fordism, through the channels of American hegemony, spread to Western Europe in the context of Atlantic integration.

European Regionalism

The typical international outlook associated with the productive-capital concept as it developed in the interwar years was the *sphere-of-interest* concept. In its original phase of prominence, the state-monopoly tendency reflected the propensity to curb the excesses of the self-regulating market by carving out exclusive spheres-of-interest; hence the ideal-typical European regionalism of 1920-1940 vintage.

German conservative nationalists after Versailles and British proponents of the productive-capital concept after VE Day faced the similar problem of extricating themselves from the consequences of American hegemony in the international circuits of money and finance capital. By proposing alternative arrangements of a political nature, these forces sought to construct barriers to American economic superiority and protect their national economies from the full impact of competition.

In Germany, a critique of the international circuit of money capital was developed which carried strong connotations of the pre-capitalist critique of money capital. The basis for the adoption of this specific strand in the productive-capital ideology was provided by the presence of a relatively large agricultural sector and landed class bloc in Germany, and by the late entry of German industry into international competition. Indeed, concern for shielding German industry from foreign competition went back to the mid-nineteenth century, when Friedrich List expounded his ideas on a continental customs union from this vantage-point. Imperialist rivalry in the early twentieth century added new elements to the body of ideas developed by List. In a book published in 1910, Gerhard Hildebrand, for instance, argued the need for a continental European class truce allowing the adjustment of industrial development to the requirements of agrarian autarky. Ideas on European unity were widespread in

German Social Democracy and, at this juncture, still were reciprocated by comparable projects put forward by French authors. 42

In their diatribes against cosmopolitan liberalism, the most aggressive elements in German imperialism increasingly mobilized traditional prejudice against trade and money-dealing, to which they opposed honest virtues like industriousness and military prowess. Militarism in a sense reflected the desire to bring German productive capacity into the field directly, as pure power, instead of having it grope its way through the intricate web of international commodity and money circulation, controlled by the perfidious British and, as the more heated fantasies had it, by Jewish financiers plotting secretly with Bolshevism. Here lay the meaning of World War One in the eyes of contemporary German ideologues. As the historian Werner Sombart put it in 1915, the war was nothing less than 'the struggle between the commercial and the heroic world outlooks'.⁴³

Following the draconian terms imposed at Versailles, the consequences of Germany's indebtedness to the Anglo-Saxon empire of high finance could only enhance the contemporary relevance of the pre-capitalist critique of money capital in the eyes of the German population. Faced with the reality of the Bolshevik Revolution and shaped in the conditions of near civil war in Germany itself, German nationalism assumed a markedly reactionary quality. The typical anti-capitalism of German nationalism in this era, subsumed in National-Socialist ideology, was expressed forcefully by Ferdinand Fried in his influential book, *Das Ende des Kapitalismus* (1931).

In Fried's view the West was dominated by three notorious financial and commercial centres: New York, London and Paris. Decadent and weakened, this rentier/creditor cartel coldly insisted on debt service, despite the consequences. 'It can maintain itself only as long as it keeps the rest of the world chained in a complicated, subtle system, inextricable to the eye, called world economy; in reality, the world, by way of this "world economy", is chained to the interest-collecting West'. The indebted part of the world, including the Soviet Union, was in a state of revolt, however, and pushed the creditor states onto the defensive. 'Behind the tariff walls, national autarkies develop; enormous spaces completely extricate themselves from the world economy, possibly associate themselves with other spaces; state planning and state intervention turn into state capitalism or state socialism, to state economy as such. '

Lumping together Soviet Russia and capitalist Germany was not a slip of the pen. Soviet socialism was seen as the ultimate consequence of the emancipation of productive capital as a labour process from its capitalist form. Those who favoured a development in the same direction in capitalist countries were momentarily willing to play down the political differences. As G. Wirsing explained in another well-known tract of the period, Germany and the Soviet Union were both revolting against international capitalism. Moreover, since in his opinion the national-Russian tendency in Moscow already had triumphed over the 'red-Comintern' one, the idea of a crusade against the Soviet Union was naive, fostered only by the Vatican and the oil kings. 45

The notions developed by these authors were elaborated into a pseudo-science (and eventually, adopted by the Nazi leadership) by the Geopolitical School of ex-general Haushofer. Already in the 1920s, Haushofer and his editor, Vowinckel, had

secured the support of the principal German employers' organization. Their *Zeitschrift für Geopolitik* carried articles on the need to expand Germany's 'living space', on economic autarky which German capitalists had come to value during the Allied blockade, and on European unity. Haushofer and his school welcomed the rise of Hitler and the Nazi movement with which they had established an intimate relationship through Haushofer's friendship with Rudolf Hess. 46

The central element linking all these various propositions was the productive-capital concept, the critique of money capital from the vantage-point of real production, whether agrarian or industrial. The pertinence of the productive-capital concept for international relations survived Nazism, however, since it also fitted the requirements of European state monopolism in the face of US financial supremacy. Concepts of regional European unity were discussed widely throughout the war, and Keynes even adopted some of the central concepts of the German Right to devise a plan of his own for international economic relations in the postwar period. Indeed, when asked by a relation in the British Ministry of Information to launch a counterattack against German propaganda about a postwar New Order, Keynes replied that he shared a great deal of the German critique of the gold standard and international financial practices. 'About three quarters of the German broadcasts would be quite excellent if the name of Great Britain were substituted for Germany or the Axis'.

Keynes's proposal for an International Clearing Union was advanced by Whitehall in their discussions with the Treasury Department, where Secretary Morgenthau's adviser, Harry Dexter White, developed a counterpart project in which the liberal element was considerably more pronounced. The British wanted the postwar international monetary order to allow domestic inflationary growth by shifting the burden of monetary adjustment to countries with chronic trade surpluses. The American plan, which eventually was adopted in essence, on the other hand proceeded from a more traditional application of the money-capital concept and required financial conservatism on the part of states applying for credits. It based voting power in the eventual International Monetary Fund on gold holdings, rather than on trade volume, as the Keynes plan had urged. Given the predominance and global aspirations of American capital, there was no need for the US negotiators to create an international structure which by its dispositions went beyond the requirements of American expansion, and these in turn neatly fell within the liberal rules of the game. Keynes, on the other hand, started from a 'strong desire to make world currency arrangements serve the purposes of high domestic demand and employment rather than the other way around'.

The war encouraged a proliferation of new schemes for European regional organization. De Gaulle, for instance, repeatedly voiced the Idea that European unity might be a bulwark against both the Soviet Union and the United States, and comparable arguments were heard in various segments of the German, Italian and Dutch bourgeois Resistances. After the war, separate concepts of European unity emerged which, by and large, corresponded with the liberal-internationalist, state-monopolistic (sphere-of-interest) and corporate-liberal positions, as we have adumbrated them.

Churchill's proposal for a Council of Europe provides probably the best example of the liberal-internationalist concept of European unity. Its inter-governmentalism, respectful of national sovereignty and coupled to Britain's desire to maintain its special

links with the Commonwealth and the United States, reflects the original liberal inspiration. The state-monopolistic variety of European integration, on the other hand, was represented by Spinelli's and Bruggmans's European Federalism, as well as de Gaulle's confederal 'Europe des patries'. Lerner and Gordon have suggested the comprehensive term '*Euronational*' to denote this strategic outlook.⁴⁹ The Euronational concept combined a number of state-monopolistic attributes like a strong emphasis on a 'European' economic policy with a distinct rejection of Atlantic unity.

Only later, when European capitalism had sufficiently caught up with American patterns of capital accumulation and forms of bourgeois hegemony, did the restricted regionalism inherent in these concepts of European integration yield to a more far-reaching corporate-liberal vision. Thus in the early sixties, 'functionalists' so on both sides of the Atlantic embraced the concept of 'Atlantic Partnership' as a framework for the full-scale synchronization of American and European interests.

The Concept of Atlantic Unity

The historic antinomy between liberal internationalism and the state-monopoly tendency was first overcome within the wartime American administration, which increasingly adopted a 'synthetic' perspective that aligned elements of the domestic New Deal with a world-wide 'Open Door' for US exports and investment. In particular, through the re-liberalization of American state monopolism and the projection of 'progressive' economic reforms in Europe, US capital hoped to avoid the spectre of a postwar Depression. American economic statesmen aimed to reconstruct world trade around a more dynamic interdependency between the Atlantic centres; the goal, as Under-Secretary of State and magnate cotton exporter Will Clayton put it in 1947, was 'the continual creation of disequilibrium in comparative costs of production'.⁵¹

This 1940s offensive of American capitalism had, of course, been partly prefigured by Woodrow Wilson's earlier attempt to export the American model of bourgeois democracy, idealized in the famous 'Fourteen Points' of 1917. But Wilson's universalism, explicitly conceived as a bourgeois-reformist alternative to the call of the October Revolution, soon lost its relevance in the interwar years as US economic foreign policy was shaped, first, by Wall Street rentier interests, then, by the state-monopolist pursuit of an American sphere-of-interest. Even at the beginning of US involvement in World War Two, as Roosevelt began his epic wheeling-dealing to pry the economic assets of the British Empire from Churchill, US geopolitical goals continued to be framed within a basically sphere-of-interest concept that took the division of the world market for granted. Thus the Council on Foreign Relations commissioned research to determine the minimal size of the informal empire necessary for the survival of US private capitalism in terms of raw material supplies, domestic employment and export outlets. This informal empire, called the 'Grand Area', was accepted as the sphere-of-interest reserved for liberal capitalism in the event of necessary accommodation with German and Soviet power. The Grand Area was envisioned as including the Western Hemisphere, the British Isles, the Commonwealth and Empire, the Dutch East Indies, China and Japan.⁵² (As we shall see, this concept dovetailed neatly with the 'Atlantic Union' idea propagated in the same period by Clarence Streit on behalf of the British imperialists organized in the Round Table Society.)

After the invasion of the Soviet Union and the full mobilization of the American war economy, however, US ambitions soared to a hegemonic plane, as in 1917-18. The prospect of the unconditional defeat of the Axis was coupled with the fear of a postwar Depression arising from the doubling of the productive capacity of the US economy. Atlantic unity was now subordinated to Roosevelt's and Truman's version of a new American universalism as announced in the United Nations Declaration and the Bretton Woods Agreements (which at this time still included the plan for an International Trade Organization). The 'Atlantic' predicate of Roosevelt's global design, first articulated in the 1941 Atlantic Charter, foresaw the incorporation of both the British Empire and the Soviet Union in an overarching *Pax Americana*.

It was not until the Chinese Revolution that a more realistic awareness of the limits of American power led to a revision of this strategy. By default, the Grand Area once again became the dominant concept, with the Atlantic region, in particular, becoming the essential axis along which the internationalization of US capital, the generalization of its most advanced mode of accumulation, as well as the restructuring of class relations it presumed, took shape. The Marshall Plan gave the United States unprecedented credit and confidence among reformist elements in the bourgeoisie as well as in the working class in Europe. In the face of the Communist challenge, the Americans once again seemed to represent their last resort. Had the United States pushed for formal Atlantic unity, rather than settling for a relatively loose military bond in NATO, European liberals and socialists probably would have accepted it. As the American ambassador to the EEC remarked in retrospect in 1966, 'Whatever chance there was for Atlantic Union existed during the dark postwar years'. 53

Atlantic Union according to Clarence Streit's original 1938 blueprint, or the 'Euratlantic' scenario as Lerner and Gordon call it, accordingly represents the most extensive variety of Atlantic integration in the sense of structural US hegemony over Europe. Covering all Atlantic states and open-ended with respect to the white or white-ruled British Commonwealth member states and Japan, and possibly the underdeveloped countries as well, Atlantic Union was essentially based on an Anglo-Saxon union. Moreover it assumed Britain's role as a broker between the old imperialism of Europe and the new imperialism of America, and hence, the continued world role of a (liberalized) British Commonwealth. Seen from the United States, however, the primary interest lay in the long-term prospects for the new capitalism held out by Atlantic Union: its sheer size as a market, *Fortune* estimated, would enable 'lower automobile prices than even Mr Ford has dreamed of'. 55

In continental Western Europe a finance capital of the degree of concentration and internationalization as in the United States did not exist. Yet, as the concrete equivalent of the previous *Pax Britannica*, Atlantic Union was a logical concept for European liberal internationalists to subscribe to as long as they were dependent both on American protection and on overseas international ventures, notably in the former colonies they had been forced to abandon as exclusive preserves at the insistence of the Americans. The representatives of the state-monopoly fraction in the European bourgeoisie, on the other hand, could not allow their delicate strategy of national corporatism and class compromise to be undermined by the uncontrolled influx of foreign finance capital nor did they want key vestiges of their legitimacy and national independence displaced by outright American supremacy. They believed Europe needed

to develop a sphere-of-interest relation with the United States rather than subordinating its interests to a supposedly Atlantic one under effective American control. This applied both to European federalism and to the Euronational concept already referred to.

Through alternate phases of Atlantic unity, mobilizing the liberals in Europe, and Atlantic rivalry, leaving the terrain to the state monopolists, the growth of Atlantic integration worked both to enhance American expansion and break down classical European imperialism. As Lerner and Gordon emphasize, Atlantic integration for the United States had a universalist aspect from the outset, whereas for Europe, on the contrary, it meant a liquidation of earlier global aspirations. 'On the American side, the regionalist trend coexists with partial and incomplete trends toward globalism in the sense of World Commonwealth. On the European side, globalism in the sense of national empires around the world has diminished to the vanishing point symbolized. . . by Britain's abandonment of their traditional role "East of Suez".' 56

Unavoidably, the Anglo-Saxon 'special relationship' underlying the Atlantic Union concept was the eventual victim of this development. The Suez affair in 1956 and the establishment of the EEC a year later may be seen as the watersheds in the tendential shift in economic power from the traditional colonialist configuration of the European imperialism under Franco-British leadership to the Fordist, corporate-liberal configuration centering on West Germany and the Common Market. As a result, Atlantic unity lost its pseudo-racial 'Anglo-Saxon' connotation and was defined predominantly in terms of economic growth and anti-communism.

The concept of *Atlantic Partnership* proposed by Kennedy in 1961, and anticipated by Jean Monnet (the 'Euramerican' scenario in Lerner and Gordon's terms), registered the adjustment of the Ideology of Atlantic unity to the growing economic power of the EEC. This vision of supposedly harmonious partnership between potentially equal regional power-centres was supported by the reaction in the European bourgeoisie that from an early date had identified the future of European capitalism with the kind of corporate-liberal synthesis exemplified by the internationalized New Deal.

In Figure 2 overleaf, the Atlantic concepts are located in a flow chart depicting the main concepts of control operative in class formation in the Atlantic bourgeoisie.

In this chart, the ideal-typical money-capital and productive-capital concepts are presented as a permanent framework for a tendential synthesis between the extensive mode of accumulation, typified by the early textile industry and metal-workshop production, and subject to the liberal internationalism engendered by the hegemony of cosmopolitan money capital; and the intensive mode, in which a state-monopoly tendency in the bourgeoisie crystallized parallel to the rise of large-scale industry (steel and the new industries of the 1920s). The outcome of this synthesis, which also coincided with the rise of finance capital (without obliterating the money/productive bifurcation as an ideological frame of reference), is the progressive mode of accumulation, typified by the American automobile industry and combining relative surplus-value production with an intra-company international division of labour. The corresponding concept of control is corporate liberalism: essentially a synthesis between internationalism and state intervention.

In the shaded area, the international concepts corresponding with liberal internationalism, the state-monopoly tendency, and corporate liberalism are printed in

capitals. The Atlantic unity concepts are located such as to indicate their nature as Free World alternatives to the One World envisaged in universalism: (1) the Atlantic Union (Euratlantic) concept striking a compromise with the unreconstructed liberal internationalism, now reactionary liberalism, persisting in the context of backward modes of accumulation and/or specific commercial and financial activities and indicated by the shaded arrow on the left; (2) the Atlantic Partnership (Euramerican) concept representing the compromise with the persisting state-monopoly tendency expressing itself in postwar Europe in the Euronational scenario espoused by the Gaullists.

Conclusions

In terms of our ladder of abstraction, class strategies on the part of the bourgeoisie are determined, first, by the relation to the working class in the labour process, and secondly, by functional positions in the process of circulation of capital. A concept of control, serving as the rallying point for a fraction of the ruling class and capable of attracting a mass following, is potentially hegemonic if it combines mutually compatible blueprints for both the conduct of labour relations and for the handling of relations between the various fractions of capital. These blueprints in turn are reflections of trends in the development of real relations in either sphere, which may be reconstructed in terms of primordial ideal-types. Of these, the liberal money-capital concept and the productive-capital concept are the major alternatives, from which more concrete concepts are derived.

Historically, the predominance of a particular outlook emanating from a particular capital fraction also tended to imbue the other fractions, without obliterating the inter-fraction lines of division. Hence, a concept of control, as far as the intra-bourgeois divisions are concerned, may be related to the predominance of a money-capital or a productive-capital class configuration in two ways: *functionally*, because it is held by a banker or an industrialist, and reflects an objective position in the reproduction of capital; or, *historically*, because it was held by capitalists in the context of a stage of internationalization in which, irrespective of their own activity, either a money-capital or a productive-capital concept was dominant. 5

At the same time, the adoption of either concept entailed a recognition of the basic tenets of the other. The money-capital concept cannot restrict itself to applying deflation; the productive-capital concept cannot neglect the rate of profit. The fact that the totality of the capitalist production process, comprising both the labour process and the valorization of capital, remains the frame of reference from which neither concept can escape 'guarantees' that the inherent contradictoriness and instability of capital accumulation is reflected in the application of either the money-capital or the productive-capital concept.

Given their contradictory combination in reality, no sustained, exclusive application of the recipes inherent in the money-capital or productive-capital concepts of control is possible, even disregarding the fact that interests of subordinate fractions in each concrete case dilute the ideal-type already. In reality, there is a typical 'political business cycle' implying a recurrent process of short-term mobilization and countermobilization of interests from either vantage-point (and within the limits posed by the long-term exhaustion of the reserve army of labour under a given mode of accumulation). Accordingly, the success of a particular class strategy depends on the

degree to which it succeeds in realigning the existing configuration of forces on the basis of a keen assessment of the objective trends in the sphere of capital accumulation. Of course, a thorough realignment of forces will involve the disorganization of some classes or class-fractions. This may be temporary, as with the rentier class following the Keynesian 'revolution', or definitively, as with the bourgeoisie in the wake of a socialist revolution, although Mao Tse-tung was not so sure of that.

The two ideal-typical concepts of control analysed in this chapter each represent an ideological synthesis grasping social capital from the vantage-point of one of its basic aspects. As organized expressions of class consciousness, the ideal-types analysed here, like all other forms of social consciousness, necessarily relate to current practical activity and derive their degree of apparently neutral, technical 'realism' from that connection. This in fact is the crux of Marxist theory of class consciousness. The Althusserian image of ideology being reproduced by way of its own 'apparatuses' - an approach which has stimulated the investigation of the self-organization of distinct social spheres (the juridical, the psychological, the educational, etc.) - in its search for essences - other than that of concrete totality obscures the actual process of class formation. Class relations crystallize because the contradiction between the development of the productive forces and the relations of production makes itself felt, and is responded to, in specific 'local' forms, which again become part of a whole in a sequence and a pattern dictated by the concrete configuration of these 'local' contexts. Some of these, for all their apparent particularity, are closer to the overall, 'systemic' requirements of the mode of production, and thus are propelled into the foreground as microcosmic prototypes of the configuration towards which the entire mode of production should move.

Taking the money-capital concept as an example, we would argue that this concept, reflecting and in turn cementing the objective money-capital configuration already making itself felt in the crisis of its opposite number, 'presents itself as the obvious, rational solution. Directly congruent with their immediate interests, it would be most eagerly responded to by bankers and the owners of the non-bank mass of fictitious capital. Subsequently, they are supported in their enthusiasm by increasingly diverse elements from other corners of society. Not because all capitalists and other classes are that impressed by the arguments from the financial world - although they very well may be, since these now are propounded with particular conviction and with new pride in their 'orthodoxy' - but because of a more or less general awareness that society is in a particular condition, and that it is in need of a 'bankers' solution', because the situation elicits 'bankers' arguments'.

It is this correspondence between the objective state of capitalist society and the particular solution proposed by a single class-fraction (in this case, the bankers and owners), which allows the rest of capitalist society a view of the whole which under other circumstances only bankers have; hence, which makes for bankers' class consciousness to crystallize and gain the upper hand.

In this sense, social consciousness in the North Atlantic area in the course of the early twentieth century was transformed from the set of concepts centring on the money-capital concept to a complex revolving around the productive-capital concept. In the United States, the successive stages of the New Deal produced a synthesis between the two, which in important respect was pioneered already by Woodrow Wilson in 1917-19.

