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Globalisation, Neo-Gramscianism and Open Marxism

Abstract

This Paper is a discussion of the Neo-Gramscian and Open Marxism approaches to the issue of globalisation. It poses the fundamental assertions of globalisation theory and contests the claims of Andreas Bieler & Adam Morton that Neo-Gramscianism has theoretical & methodological similarities with the Open Marxian approach. Instead it posits that Neo-Gramscian theory shares more in common with neo-institutional approaches, despite its emphasis on agency and class. The paper takes up the issue of neo-Gramscianism's notion of structural mediation and argues that this renders the theory unable to explain political and economic change and, furthermore, obliges it to forward highly unsustainable 'ideal types' such as the notion of national capitalism. The paper concludes with an analysis of the post-war German political economy in the era of Keynesianism and argues that the neo-Gramscian approach is unable to grasp the 'global' nature of its existence.

Introduction

Within the social sciences the dominant explanation of contemporary political and economic change is the notion of globalisation. Constructed upon an highly idealised interpretation of the post-war world as one in which economies were strictly 'national' in form, globalisation theory contests that since the 1970s/80s a global economy has emerged beyond the control of national policy-makers and, as such, rendered them unable to pursue policies of national protectionism and welfare. In creating one 'world price' for virtually every commodity, including the price of labour, the globalised economy is seen to have empowered the power of capital over the national state and labour to the extent that policy makers are left with little alternative but to impose policies of austerity so as to render their 'economies' competitive in the global struggle for the attraction and retention of globally mobile capital. In this way, the globalised state is seen as a 'free-market' neo-liberal state as opposed to in the past (the post-war to the 1970s) when it was characterised as a national Keynesian/social democratic state. (Reich 1991; Strange 1996; Hirsch 1997; Gray 1998; Mahnkopf 1999; Held & McGrew 2002)

This approach has unsurprisingly attracted much criticism. Within mainstream positive analysis there is a large body of work broadly labelled as neo-institutionalism which seeks to re-affirm the power of the state amidst what it sees as an overtly 'economistic' interpretation of globalisation. Drawing upon the concept of market failure, this approach seeks to draw attention to the positive economic outcomes brought about by state 'interventions' and so-called 'non-market' institutions. Although neo-institutional approaches do not disagree with the fundamental assertion of globalisation (essentially the imposition of neo-liberal restructuring), it takes issue with the claim that this will necessary take a so-called 'free-market' form in the image of the UK and US economies. For the neo institutionalists, certain national institutions of negotiation and the welfare state, within specific national economies, can provide

an 'orderly' implementation of neo-liberal reform and aid national competitiveness. Along this reading then, globalisation will see a continuation of more 'statist' economies as certain national economies 'play to their strengths' and adapt to globalisation in a path dependent manner. (Crouch & Streeck 1997; Weiss 1998; Esping-Anderson 1999; Hall & Soskice 2001; Scharpf & Schmidt 2000; Pierson 2001)

From within critical theory, the 'conventional' globalisation thesis has been forcefully and consistently criticised by the neo-Gramscian/critical approach and a body of work often referred to as open Marxism. As regards to neo-Gramscianism, the problem with popular globalisation approaches is that they neglect the fundamental question of agency. For neo-Gramscianism, mainstream theory naturalises the state and economy and sees their relationship as 'external' with globalisation seen as a victory of an autonomous economy over and above the state. The outcome of this is a theory which propagates the misconception of a 'closed' or 'top-down' world in which societies and their political representatives have little option but to bow to the objective laws of global markets. Contrary to this approach, neo-Gramscian theory affords the spheres of the economy and state a social content and analyse how social forces, engendered by the social relations of production, attain hegemony¹ and go on to create distinctively unified and stable periods of capitalist organisation. It is, in other words, an approach that is specifically concerned with identifying what it terms as 'historical blocs' and/or 'historic hegemonic world orders' and how these blocs or world orders are, or are failed to be, constructed and then transformed. (Bieler & Morton 2006a p.14-15) Following on from this 'periodising' of capitalism approach, neo-Gramscianism contests that since the 1970s the previous hegemonic world order of Keynesianism/Fordism has been eroded by the transnationalisation of production and capital and that this has engendered new social forces engaged in the on-going process of restructuring both national and global political structures. Although neo-Gramscian theorists appear reluctant to suggest that this represents a new *bona fide* hegemonic world order, the points they seek to make is that processes of globalisation have led to a restructuring, not erosion, of political structures such as the state and that these processes are not natural, but have a human content; that is, the (transnational) social forces that constitute this new global regime of accumulation and regulation. Thus, within neo-Gramscian theory, there exists the possibility of an alternative to globalisation and, in turn, a more humane capitalism or a move away from capitalism altogether. There, in other words, exists the possibility of constructing a 'counter' hegemonic project to displace the prevailing order and, as such, one of the analytical priorities of their approach is to establish these sources of resistance and potential agency for, one presumes, socialist transformation. (Bieler & Morton 2006c p.204-6)

¹ Hegemony is defined as 'an expression of broadly based consent, manifested in the acceptance of ideas and supported by material resources and institutions, which is initially established by social forces occupying a leading role within a state, but is then projected outwards on a world scale.' (Bieler & Morton 2006a p.10) Hegemony can attain at a world level 'based on a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality.' (Cox 1981 p.139)

Open Marxism and Globalisation

As regards the open Marxism approach, the notion of globalisation, in the sense of a move from a national to global form of capitalism, is rejected out of hand. In placing analytical priority on the social constitution of capital and viewing seemingly 'self-existing' categories such as the state and economy as forms of the capital relation that exist within and through each other, the open Marxism approach strongly criticises the endemic separation that permeates globalisation theory. (Bonefeld, Brown & Burnham 1995; Holloway 1995b; Burnham 2000; Bonefeld 2006a) In emphasising the global nature of capitalism through Marx's identification of how the world market 'is both the presupposition and result of the reproduction of capitalist social relations', open Marxian accounts argue that analysis cannot proceed from an idealised notion of a sequestered national economy/society. (Bonefeld 2006a p.50) For the open Marxian approach, the separation of labour from the means of production and subsistence and the commodification of labour itself means that the capital relation is, at its very core, an aspatial social relation.² (see Holloway 1995b p.122) Indeed, capital is not realised through personal dependence and force but through the reduction of all labour to abstract labour and, at the same time, its measurement in terms of money (wage-labour).

It is within these conditions that surplus-value, the substance of capital, is abstracted and it is also here that the iron-law of the equalisation of the rate of profit derives. (ibid.) For in conditions of competition, itself a presupposition of the capitalist mode of production, the capitalist is compelled, by the threat of survival, to ensure that his 'returns' are equivalent of (what appears as) the 'market-rate'. He cannot rest on his laurels. He must constantly compare his cost-prices with competitors both domestically and abroad and strive to keep-up and race-ahead. (Bonefeld 2006a p.59) It is here that capital's contradictory and crisis-ridden dependency on labour comes to the fore in its most obvious form. The pressure of competition faces the capitalist as the necessity to increase productivity. In meeting this demand he is driven to constantly (re) invest in new machinery/production methods to improve productivity and increase output. In other words, he is compelled to increase his outlay of constant capital relative to his outlay of variable capital – that is, labour power. (ibid. p.60) However, capital depends exclusively on living labour as the source of surplus value. Capital, in other words, denies the source of its own existence, namely, living labour and surplus value. Thus, increasing the organic composition of capital tends towards a decrease in the rate of profit. Although capitalists may initially experience an increase of profits due to the relative cheapness of his commodities relative to his competitors in that industry, eventually there will be a decrease in the value of all commodities (in that industry) as his competitors catch-up and even 'overtake' him. (see Clarke 1988;

² As Holloway notes, 'Capital, by its nature, knows no spatial bounds....When serfs freed themselves from feudal bondage, they became free to wander wherever they would in search of a means of survival: no longer tied to a particular place of exploitation, they could be exploited wherever they chose, providing they could find an exploiter willing to accept them. By the same token, the lord was no longer tied to exploiting serfs he had inherited, but could convert his into money and use the money as capital to benefit from the exploitation of workers in any part of the world. The freeing of the worker from a particular exploiter, the freeing of the exploiter from a particular group of workers, implied the establishment of social relations in which geographical location was absolutely contingent, in which capital could, and did, flow all over the world. The destruction of personal bondage was also the destruction of geographical constraint.' (Holloway 1995b p.123)

De Angelis 2000; Bonefeld 2006a) What Marx referred to as the ‘law of the tendential fall in the rate of profit’ within capitalism.³ (Marx 1981 ch.13)

For Marx, over-accumulation and the tendency of the rate of profit to fall is a product of the fact that ‘beyond a certain point, the development of the powers of production becomes a barrier for capital; hence the capital relation a barrier for the development of the productive powers of labour.’ (Marx 1973 p.749) Thus, labour is the barrier capital faces in the quest for ever-expanding accumulation. Although it is the source of value, it is also, at the same time, the obstacle to limitless expanding value. Labour appears to capital as *the* ‘problem’ and, as such, labour exists within capitalism as a ‘mode of being denied’ (see Gunn 1992). It is constantly, and contradictorily, forced out of the production process. However, despite the fact that this is not in the long-term interests of capital, the law-like rule of competition compels capitals to ‘squeeze’ labour if they are to secure a share of the profits and maintain their existence as capitalists. Thus, the propensity towards over-accumulation is inherent within capitalism’s contradictory existence. In an attempt to overcome this, capital, in conjunction with above, creates ‘ever more and more points of exchange and to develop the world market further’ (Bonefeld 2006a p.61), reduces the wages of its workforce and/or moves to other more cheaper and supine workers abroad. In addition to this, capital has also attempted to overcome declining profits through the money-form; that is, fleeing the sphere of production, converting into money, and both offering itself as interest-bearing credit and/or engaging within speculative activities.⁴ (see Bonefeld 1995b p.190-193) The fundamental problem, however, at the heart of this seeming solution to capital’s predicament is that the money-form of capital, as representing a store of value and the ability to express all other commodities as values, necessarily demands, as alluded to above, command over abstract labour. In other words, the existence of money-capital *is* the imposer of work. (ibid. 1995; Marazzi 1995) Although money-credit can maintain the process of capitalist production in conditions of capital shortage, it only exists as money-capital if it can effectively exploit labour and create surplus value.⁵ In this way, money-credit is essentially a ‘mortgage’ on the future exploitation of labour. If effective exploitation is achieved then the risk of borrowing/lending was worthwhile. However, if it is not, then there exists the real possibility of the destruction of the money-form itself, (through some form of devaluation) and with it the capitalist mode of production. (ibid.) Money cannot expand value independently of labour. It does not have an existence separate from the commodity. Despite this, however, money appears to possess the qualities of creating wealth autonomously – an ideal but fictitious situation. The monetisation and financialisation of capital appears to offer an escape from the fraught world of production – of labour – but no escape is possible.

³ The tendency within capitalism for the rate of profit to fall essentially resides within capital’s propensity to reduce social necessary labour time (the general amount of labour taken to produce the goods necessary for societies reproduction) and expand surplus labour (labour that produces surplus value). However, the value of every commodity is determined not by the necessary labour time contained in it, but by the social labour-time required for its re-production. (Callinicos 1983 p.139) In short, the compulsion to eliminate necessary labour undermines the existence of capital as existing in and through labour.

⁴ The demand for credit has, in turn, increased as capital engaged in production seek to overcome declining profits, and, also, by workers seeking to maintain lifestyles amidst conditions of stagnant/declining wages and unemployment.

⁵ It can only exist as money-capital if it can both secure enough of a return to both pay interest and deliver a profit.

Money-capital, in search of higher returns, spills out across the globe creating a burgeoning of global financial markets, speculative bubbles and consumption booms as money feeds off money and, in the end, a mountain of debt and financial turmoil/crises. A situation occurs where too much capital exists that can make a claim on the future exploitation of labour. (ibid; Cleaver 1995: Hampton 2003) The more credit expands with a relative decline in surplus value produced, the more it becomes impossible to maintain the fictitious basis upon which accumulation is taking place. A flood of money becomes a drought of money as debtors default on payments, bankruptcies rise and creditors collapse as the false illusion of money-capital as self-expanding value reveals itself in its most intense form.

Thus, phenomena such as expanding global financial markets, new technologies/production methods, the transnationalisation of production, the 'squeezing' of labour and the decline of production – that which globalisation theory claims as representing a move from a national to a global economy – is viewed by open Marxism as deriving from the contradictory relationship between capital and labour. (Holloway 1995b; Marazzi 1995; Bonefeld 2000; Burnham 2000) It, in other words, views all these processes as forms of struggle, capital's struggle to overcome its contradictory existence; that is, its dependency on labour. In addition to this, such processes are not seen as the outcome of a move from a form of state capitalism to a form of global free-market capitalism. Or, that somehow, capital is now more of a dominant force than it was in the past. In viewing the seemingly isolated categories of social life – commodity, money, the state – as complementary forms of the fundamental class relation that constitutes them, open Marxism negates all notions of autonomy and, in turn, determinism. (Burnham 1995 p.95-6) Along this reading, the national state form is conceived of as political mode of existence of the class struggle between capital and labour. For Marx, the modern state embodies the abstract separation of the political and economic or the state from civil society.⁶ The capitalist state's (abstract) separation from civil society draws the 'violence' and 'dominance' from the class relation from which it is constituted. Through enforcing universal abstract rights of equivalence (via the rule of law and money) the state 'de-politicises' the exploitative class relation between capital and labour. The state then is not seen as having an existence separate from the economy and vice-versa, but, rather, the relationship is seen to be 'internal' and 'necessary'. (Bonefeld, Brown, Burnham 1995 p.11)

The state, however, does not just confine itself to this. Like capital, the capitalist state exists within and perpetuates conditions of global competition and crisis. Although nations undoubtedly cooperate in order to attempt to improve global conditions for exploitation, they ultimately have to compete with each other in allowing for the exploitation of labour within their borders to realise profits above the global rate of profit. (ibid.) Indeed, this tension between cooperation and competition is an expression of the contradictory existence of the national state. Capitalist states after all derive their revenues, and ultimately their power, from capital and failure to attract their share of the global mass of surplus value will result in pressure on the exchange rate, balance of payments, shrinking revenues and capital flight with all the social tension that this provokes. Thus, states have historically formulated and incorporated

⁶ A separation that, as alluded to above, emerged from the social struggles against personal dependence and the directly 'political/dominant' nature of feudal social relations.

different strategies such as Keynesianism, corporatism, monetarism, neo-liberalism and new-growth approaches. The strategies of Keynesianism and corporatism were essentially an attempt to overcome the global crises of the 1920s and 1930s (culminating in the slaughter of the Second World War) through an expansion of money and a greater institutionalisation of the capital/labour bargaining process. (Holloway 1995a p.12-21) Institutionalised, at the global level, through the Bretton Woods agreements, so-called Keynesianism sought to overturn primarily what it saw as a lack of demand within capitalism – a manifestation of over-accumulation. Near fixed exchange rates to the US dollar permitted governments to expand the circulation of money, whilst attempting to insulate economies from speculative pressure. This expansion of money, it was hoped, would stimulate productive investment and pacify working class resistance through greater material consumption. (ibid.p.22-3) From the mid 1960s, however, the Keynesian strategy was faltering. In conditions of declining profits after the end of the post-war boom, capital began to flee into speculative channels and credit-markets for which there was increasing demand from both ailing capitals in production and national states (suffering from declining revenues). The sphere of production became increasingly fraught for capital as the conduit through which the (disruptive) power of labour was contained – the bargaining relation – appeared to be the blockage for expanding accumulation. (ibid; Clarke 1994 p.336)

The monetarist/neo-liberal response was to ‘squeeze’ labour and to reduce state expenditure. To, in other words, re-connect wages and services to effective exploitation – to surplus value and profit. (Bonefeld 1995a) However, this re-connection was not achieved. Amidst severe recession and various debt crises in the early 1980s, capital continued to its flight from production and producers continued to borrow heavily from burgeoning financial markets with no advancement in productive accumulation. (ibid. p.50-56) From the early to mid 1980s, the global economy has become increasingly reliant on credit/debt for its existence creating a huge speculative and consumption boom in the mid to late 1980s followed by a severe recession in the late 1980s and early to mid 1990s returning again thereafter to boom until the mid to late 2000s. As the contradiction between ‘squeezing’ labour, and, at the same time, desperately relying on it (labour) to live ‘beyond its means’ expressed it itself in its most obvious form.⁷ Indeed, it was in the period of the recession of the 1990s that the notion of globalisation began to enter into popular parlance. In conditions of high unemployment, record-breaking numbers of bankruptcies, house re-possession, declining/stagnant wages and welfare retrenchment the neo-liberal claim that austerity was the key to prosperity appeared exhausted. How could labour, and more broadly electorates, continue to accept strategies of austerity without noticeable ‘economic’ improvement? The solution was found in the notion of an objectified and fetishised globalised economy whose logics and laws have to be obeyed in order to avoid (further) economic ruin. In other words, neo-liberalism was de-politicised – globalisation leaves us with little option but to render ourselves attractive for exploitation. (Burnham 2000) (Centre) left parties, academics and policy-makers

⁷ Essentially capital’s contradictory requirement to maintain labour within conditions of ‘tight money’ to secure profits, whilst, at the same time, relying on labour to not exist within such conditions (through credit) so as to provide expanding markets to secure profits. A contradiction that cannot be seen if capital is separated into various spheres of existence such as financial and productive capital etc. Capital, in whichever form it appears within the circuit of capital, is reliant and dependent upon living labour, of which, the contradictory argument that austerity is the key to prosperity and the pressing need to increase consumption via credit is an expression.

provide little resistance, but instead offer new institutional and growth theories which seek to highlight how education and welfare etc. can help us in this quest. Capital has to close off any alternative to its own form, it has uphold the rule of money as an imposer of work – as necessary labour and then abstract labour – through poverty, threat of poverty or even denying life itself. If national economies abide by the laws of globalisation and render themselves attractive for exploitation, globally footloose capital will allow them an existence. The mass of money-capital in circulation desperately requires the successful exploitation of labour for its continued existence. (Hampton 2003; Bonefeld 2006b)

Neo-Gramscianism, class and structure

Over recent times, neo-Gramscian theory, in particular in the work of Bieler & Morton, have sought to contest the open Marxism approach to the issue of globalisation. In claiming that open Marxism takes a rather overly theoretical and abstract approach to the subject matter that does not take seriously the issue of different forms of state, the periodisation of capitalism and changes within the social relations of production, neo-Gramscianism accuses open Marxism of propagating ‘an ahistoric conception of capitalism so that capitalism, is capitalism, is capitalism.’ (Bieler & Morton 2006b p.162) In addition to this, Bieler & Morton, somewhat confusingly, accuse open Marxism of being a state-centric approach that fails to grasp both the transnationalisation of production and class struggle. (ibid. p.161) In this way then, neo-Gramscianism’s critique of open Marxism’s negation of globalisation is to re-affirm the concept. This is somewhat surprising given that neo-Gramscian theory is a self-proclaimed ‘critical’ theory and appears to be committed to the negation of the appearance of separation and autonomy. Bieler & Morton note this on the similarities between the neo-Gramscian and Open Marxism approaches.

‘Both reject the positivist separation of subject and object and the distinction between normative enquiry and empirical scientific research in the search for causal relationships. Rather, they understand themselves as critical theory, which questions current world order and power relationships in an effort to contribute to a positive transformation of capitalism. Therefore, they both also reject an ahistoric notion separating the political and economic, the state and market, the domestic and the international. Instead, they take the social relations of production as a starting-point of enquiry and acknowledge that as a result of capitalism being organised around private property and wage labour, these apparent dichotomies are simply different expressions, different forms, of the same configuration of social relations. For example, we would share Werner Bonefeld’s sentiment that ‘under-standing...of the global relations of capital can not go forward through the rationalisation of the strategic calculations of particular transnational banks and multinational companies. It has to go forward through an examination of the relations of exploitation and that *is* through an understanding of the dependence of capital on labour.’ (Bieler & Morton 2006c p.196 – my italics)

Despite this the neo-Gramscian approach is critical of what it sees as Open Marxism’s fixation with the social relations of production and, in turn, the relationship between capital and labour. For Bieler and Morton, there is a clear ambition within open Marxism to project a ‘totalising’ theory that reduces all social phenomena to the ‘developmental logic of capital’. (Bieler & Morton 2006b p.161) As Bob Jessop notes, open Marxism suffers because of ‘the difficulty in plausibly explaining the structuring of social power by the capital relation and in thus providing a coherent account of how the capital relation encompasses once and for all the role of the state.

(Jessop 1990 p.101 in *ibid* p.163) This criticism that neo-Gramscian theory levels at open Marxism is, at the same time, an insistence that the (social) world cannot be comprehended via resort to the capital relation. Social reality is, in short, far too complex to be understood by what is seen as a rather linear analytical approach, and, as such, the failing of open Marxism is precisely that it is unable to adequately comprehend the constitutive outside of capital. It is difficult to understand this criticism when juxtaposed to Bieler & Morton's claimed similarities with open Marxism above. Open Marxism, it is argued, is unable to provide a coherent account of how the capital relation encompasses once and for all the role of the state, but, at the same time, for Andreas Bieler, it does. As he asserts regarding neo-Gramscianism, 'similar to open Marxism, state and market are comprehended as two different forms of the same social relations of production.' (Bieler 2006 p.76) One presumes this social relation is the same one Bieler & Morton refer to when they argue that analysis of global relations of capital must go forward through an examination of the relations of exploitation and that is through an understanding of the dependence of capital on labour. (Bieler & Morton 2006c p.196) Indeed, neo-Gramscianism appears to want to argue for what *is* ostensibly their criticism of open Marxism.

Bieler & Morton's distinction, however, is that neo-Gramscianism, as opposed to open Marxism, analyses how 'exploitation, domination and class struggle...are mediated in and through social forms or specific material social practices, institutions and norms of conduct.' (Bieler & Morton 2006b p.161) This distinction immediately calls into question those very comparisons with open Marxism forwarded by Bieler & Morton above. From being a theory which purports to grant analytical priority to the social relations of production, and then to insist on the mediation of structure upon social relations of production is confusing. In this way, form analysis becomes an exercise in analysing how structures lead to human social relations taking 'real' existing forms, rather than dissolving the phenomena of social reality as forms of the social relations that constitute them. For open Marxism, the capitalist world is a fetishised world and appears in forms that mask its human and social constitution. The task then of critical theory is to negate false appearance, that is, to return the fetishised categories of the social world to essentially relations between humans, and the dominant social relation of capitalism is the contradictory and crisis-ridden relationship between capital and labour. (Bonefeld 2006b) Capital then is not a static analytical category, but an analysis of movement; that is, capital's perpetual attempt(s) to overcome its contradictory existence – its reliance on human labour.

This essentially is the class struggle at the heart of capitalism, the constant struggle to maintain labour within the capital relation and what Holloway, for example, is referring to when he asserts that 'capital *is* class struggle'.⁸ (Holloway 1991) For the open Marxism approach, by not seeing capital in this way one falls into the trap of seeing capital as an autonomous and uncontroversial category. One, in other words, risks taking for granted the world as it appears, that is, by accepting 'real' the appearance of self-existence and determining or mediating external relationships. This, in the end, only leads to unsustainable approaches in which the history of capitalism is seen through the lenses of the playing out of either/or abstract economic laws, state (mis) management of the economy and phases of capitalism – from national to global (globalisation) etc. For the open Marxism approach, the history of

⁸ Holloway's assertion that 'capital is class struggle' is criticised by Bieler & Morton as a mantra that elides how the historical development of capital accumulation is mediated by the institutional forms of the social relations of production and how the state itself is one aspect of this.

capitalism is the movement of class struggle and, furthermore, capitalism's past and present, institutions, different methods of production and structures are expressions or forms of class struggle. In disagreement with Bieler & Morton then, the open Marxism approach does not overlook crucial structural differences that result in a misunderstanding of contemporary changes. Rather, open Marxism forwards a perception of institutions and structure (and, in turn, institutional and structural change) that does not resort to notions of relative autonomy (whether experienced or real). Institutions and structures are seen as modes of class struggle, and, as such, their existence and/or demise or change is the outcome of that struggle. In de-fetishising institutions and structures and dissolving them into relations between humans all notions of separation and determining and mediating relationships are negated. (Bonefeld, Brown & Burnham 1995)

Beiler & Morton, contradictorily, appear to have some agreement with this analytical approach. Indeed, they see class as ultimately deriving from a relation of exploitation – the capital relation. (Bieler & Morton 2006a p.13) If this relation of exploitation prevails across every one of its periodisations of capitalism, then one would presume that that which constitutes these so-called periods of capitalism are different forms assumed by this relation of exploitation. However, this is not the case. Instead, Bieler & Morton assert that neo-Gramscianism is a historical approach, in which, 'categories are always situated within historical circumstances and assessed within the particular context from which they derived, rather than assuming a universal homo-oeconomicus'. (Bieler & Morton 2003 p.481) The problem with this is that neo-Gramscianism denies itself of what appears to be its crucial and critical analytical focus. In invoking a pluralist analytical framework, it ends up promulgating a view of class struggle as static. Indeed, they claim that open Marxism views the capital relation in a static and ahistoric fashion (universal homo-oeconomicus), thus dismissing the notion of capital as movement and instead insist that class is a historical category that should be analytically employed in a heuristic manner. (Bieler & Morton 2006a p.13) However, at the same time, a relation of exploitation presupposes every one of neo-Gramscianism's historical periods of capitalism. The difference, for them, is that the relation of exploitation is mediated by historically changing structural settings into 'real' existing different historical forms. The relation of exploitation then is viewed as 'static' in the sense that its changing historical forms are seen to result from the mediation of structure. The relation of exploitation informs everything, but is not responsible for its 'own' changing historical forms. It is, in other words, a static category. It has no movement independent of supposed structural mediation. The addition that structure derives from social forces engendered by this relation of exploitation does not offer a route out of this problem but merely adds to the confusion. Structure derives from the capital relation, autonomises itself and then determines that from which it derived – the endless circularity of mutual determination. Neo-Gramscianism has a problem in highlighting the uniqueness of each historic period of capitalism, but, at the same time, having to explain that which it is periodising, or that which exists in and through each of *its* periods of existence. The question of the social constitution of this relation of exploitation sits very uneasily with neo-Gramscian theory. For it can only offer partial explanation if it is to maintain its theoretical and methodological assertions. There has to be space for the role of determining or mediating historic institutions and structure.

Neo-Gramscianism, Production and Capital

Within neo-Gramscianism's analysis of capital a distinction is made between capital and labour and the relation is seen to be one of exploitation, in which, surplus value is extracted via the reduction of labour to wage labour. (Bieler & Morton 2006 a p.13) However, at the same time, the sphere of production is seen to exist within a pre-existing structure. Production, as Cox argues, should not be seen in an 'economistic' sense but,

has to be understood in the broadest sense. It is not confined to the production of physical goods used or consumed. It covers the production and reproduction of knowledge and of the social relations, morals and institutions that are *prerequisites* to the production of physical goods. (Cox 1989 p.39 quoted in *ibid.* – my italics)

The sphere of production then is separated and the very act of physical production is distinguished from the production and reproduction of knowledge and of the social relations, morals and institutions that are seen to make possible physical production – its prerequisite. The latter appears as a separate social and/or political structure within which physical production (seen as an economic activity) exists within and is reliant upon. In this way then, the social and/or political is seen as a regulatory framework that is separate from the production of physical goods, but is nevertheless engaged in the process of production by being *the* prerequisite of physical production. Thus, the social relations of production are seen to represent the reciprocal relationship between different actors or social forces, from different spheres of social and economic existence, whose joint activities equally constitute capitalist production. What Bieler & Morton refer to as 'modes of social relations of production' which 'encapsulate configurations of social forces engaged in the process of production.' (Bieler & Morton 2006a p.12) What connects all these separate spheres of activity is the 'decisive nucleus of economic activity'. This is the force that determines the economic function of spheres of activity/existence whose derivation is seen to lie ultimately outside of the sphere of the economy itself. It is in this way, neo-Gramscianism claims to not being an 'economistic' approach. Instead, the economic base determines the political/social structure and vice-versa. The state itself is understood in a similar manner. The state is essentially a regulation state that different social forces, engendered by the social relations of production, struggle to occupy and gain hegemonic status. As social forces constitute the social relations of production then the state itself is seen to be a social relation of production, representing, as it does, dominant social forces. The state it is claimed is not conceived of as a tool of class rule, despite the fact that 'ruling' classes control it. Rather, the state experiences relative autonomy vis-à-vis the classes and class fractions that support it, and is, in turn, afforded the function of imposing certain concessions and sacrifices to achieve a semblance of order and hegemony. (Bieler & Morton 2006 p.169) The state then is seen as a pre-existing structure whose form changes with the rising to dominance of new social forces that derive from changes within the social relations of production. However, the state then goes on to determine and mediate those social relations of production and social forces. (Bieler & Morton 2006 p.161)

The problem with neo-Gramscianism's assertion that capitalism goes through distinctive historical phases and that each of these periods needs to be analysed within the context of that period is its inability to explain changes within capitalism. Its

reliance on a mutual determination approach in which each category points to the other is fundamentally unable to trace the force driving those changes that are so vital to its approach. In other words, it is unable to explain movement. It appears that change derives from the social relations of production. However, in regard to Bieler & Morton, no explanation of why this change takes place is forwarded. Crisis is invoked, regarding the end of Keynesianism and onset of globalisation, but this crisis is not analysed, despite its monumental impact. Instead, analysis begins with the assertion that there have been changes within the social relations of production and that these engender new social forces that force restructuring and these structures go on to determine/mediate the social relations of production and social forces. (Bieler & Morton 2006a p.12-13) Although Bieler & Morton provides an understanding of capital influenced by the opening chapters of Marx's *Capital* Vol.1, it halts its analysis with Marx's identification of surplus value extraction. Capital then is seen as a relation of exploitation, but not one of contradiction and crisis. It ignores the remainder of *Capital*, where Marx identifies capitalism's contradictory existence and how this expresses itself in (global) crises. (see Radice 2008) However, if one ignores this then one does not engage with the novelty of Marx's powerful argument. One is left with a labour theory of value that does not go much beyond that already established prior to Marx's *Capital*. In other words, one is left with an understanding of capital as a crisis-free category. Capital is seen as problematic, but these problems can nevertheless be offset or resolved by the state and/or social structure.

Indeed, it appears that neo-Gramscianism has more similarities with neo-institutional approaches than it does with open Marxism. Both approaches claim to not being 'economistic' theories by (re) affirming the necessity of the separate political/social. They claim that the sphere of the economy requires a regulatory political/social structure with which to function. This political/social regulatory framework provides those various elements that do not derive from the sphere of the economy, but that the economy nevertheless requires. In this way, the focus of analysis becomes institutions and structure as vital components of capitalism. The sphere of the economy exists within these institutions and structures and is, in turn, mediated and formed by them. They, in other words, create a variety of 'real' different models of capitalism that should be understood through their specific (historical) structural and institutional differences such as Keynesianism, globalisation, Anglo-American neo-liberalism or national varieties of capitalism such as the German 'social market' model. Change is then seen through the replacement of one model by or with another, and/or the (partial) incorporation of one into another – 'hybrid' models of capitalism. (see Morton 2006) There are, of course, distinctions between both approaches. Neo-Gramscianism, on the whole, does see capitalism as crisis-ridden and that the regulatory state, in whatever historical form, can only off-set and not resolve these crisis tendencies⁹ – this, it should be noted, is not explicit within Bieler & Morton. In addition, neo-Gramscianism also affords a presence to agency, which tends to be absent within neo-institutionalism, in relation to both the derivation of structures and its transformation. However, at the same time, their insistence on the determination or mediation of institutions and structure upon agency negates the power of this argument. Rather than critiquing determinism, the argument becomes circular. Structure derives from agency, but, at the same time, structure determines agency.

⁹ Jessop & Hirsch (1991), for example, explain capitalism's crises through Marx's argument of the 'tendency of the rate to fall'. (see also Jessop 1985; 1990). For criticism see Bonefeld & Holloway (1991)

This inability to analyse movement, leads both approaches to propagate highly idealised and rigid theories of capitalist change through the lenses of a 'state versus market' dichotomy. Post 1945 the state was in control of so-called 'national' capital and governed in the interest of national welfare, but in the 1970s capital transnationalised production and this global so-called 'foreign' capital (represented by classes and class fractions) is forcing a restructuring of the state. (Robinson 2004) The outcome of which is a characterisation of the contemporary state as a 'transmission-belt' whose function is to render 'their' economies globally competitive, but, also, a state which possess the capacity to 'protect' certain industries and firms from global competition. (Cox 1992)

In the final section of this paper I point towards the so-called post-war (West) German model of capitalism up until the crisis of Keynesianism to argue that the notion of a national form or model of capitalism is a highly unsustainable 'ideal-type' that cannot be called upon to explain contemporary changes of so-called globalisation. The example of the German political economy is of particular interest to this debate as Germany's 'social market economy' appears to encapsulate that which globalisation theory sees as constituting the post-war period of national/Keynesian capitalism. Indeed, it is a political economy that has been regularly caricatured as a model, in which, 'national' capital was embedded within a specific set of non-market institutions that contained its 'power' and imposed certain restraints and concessions upon it for the overall benefit of national welfare. It is, in other words, a model of capitalism that so-called forces of globalisation are seen to stand in direct opposition to.

The Post-War West German Political Economy and the Social Market Economy

If one is to analyse the specific structural organisation of the post-war German political economy, it is essential to understand the unique historical conditions that shaped the re-construction of the nation after 1945 and the pressing requirement to re-establish capitalism amongst a labour force where it appeared inextricably linked to the mass-murder and overt violence of the Third Reich. Indeed, after the fall of the Nazism, there was a groundswell of popular support within the Western occupied zones for some form of socialist state. The close-ties between big business and the Nazi party and the murderous repression of socialists and communists, resulted in a virulent anti-capitalism amongst large sections of German labour. This was articulated, via re-emerging socialist and communist parties, through the powerful and popular demand that if Germany was to insulate itself from a re-emergence of fascism in the future then the means of production would have to be socialised. (Graf 1992 p.12) ¹⁰ Although, initially, the occupying powers themselves took something of anti-capitalist approach to German re-construction, in the sense of restricting Germany's industrial capacity and ability to wage war, the demands for socialisation was a direct threat to the existence of capitalism within a period where its integrity was being questioned on a world-wide basis.

¹⁰ In early 1947, for example, there was a series of strikes in all three western zones of occupation demanding, amongst other things, the socialisation of coal-mines and Germany's large industrial firms. As a result, the three military governments banned all strikes, protest and demonstrations as well as severe restrictions on the printing of communist and socialist literature. (Leaman 1988 p.37)

With relations souring between the western powers and the expanding Soviet Union after 1945/6, anti-Nazism increasingly gave way to a fierce anti-communism amongst the western powers. The expanse of the Soviet Union, both geographically and militarily, in the immediate period after the ending of the war, coupled with the success of communist movements and parties in Greece, Italy and France resulted in the fear of a creeping communist threat. In response, the attitude towards German reconstruction altered radically. The western occupying powers after 1946 pursued a policy of partition where the western zones would become part of a rapidly re-constructed European federation of capitalist economies that would represent a 'bulwark' against communist threat. In achieving this, the US actively aided economic reconstruction within Europe through the Marshall Plan, in which, a portion of the US's capital surplus was directed to European nations and the western zones to improve chronic balance of payments deficits and, in turn, tie the economies of Europe to the (creditor) US – through the purchasing of US commodities and the 'repatriation' of US dollars. (Holloway 1995a p.28-30) The Marshall Plan was thus an attempt to re-establish the world market upon the virtually bankrupt economies of Western Europe and, in turn, provide an expanding market for US capital. (ibid.) Thus, the perception that a 'repressed' capitalist economy within (West) Germany was necessary to preserving global capitalist stability gave way to the notion that a full incorporation of the western zones into an expanding world market was necessary for this very stability. Labour then was to be re-integrated into the capital relation through an expansion of money (the US dollar), which would stimulate productive investment and, at the same time, consumption.

However, incorporating German labour into the capital relation would be no easy task. It would require the re-establishment of that which much of organised labour saw as being directly responsible for their violent repression.¹¹ As part of this reconstruction, the zones of occupation were formed into a 'recognised' national state (the Federal Republic) with a rigid constitution (the 'Basic Law' *Grundgesetz*) that established the right to own and dispose of productive property (Article 14), freedom of movement (Article 11) free choice of occupation (Article 12), freedom of assembly and association (Articles 8 & 9) and equality before the law – including contractual relations (Article 3) (Siebert 2005 p.33) In addition to this, the Basic Law set out strict laws regarding associations and actions that were considered anti-constitutional, thus containing 'radical' expression and organisation. The Basic Law then ensured the right of private property and with it the formal 'freedoms' essential to the capitalist mode of production. However, although the 'Basic Law' assured, through law, the imposition and protection of liberal democracy and, in turn, the de-politicisation of relations of exploitation, acceptance of capitalist rule still had to be enforced upon German labour. This was predominantly done through the promotion of the notion of the 'social market economy'. Emanating from within the so-called Freiburg school¹² and then taken up by the Christian Democratic Union (CDU) after 1945, the idea of

¹¹ Indeed, rapid reconstruction of capitalism within the Western zones was, in part, achieved by the re-installation of much of the Third Reich's economic elites. Almost all of the representatives of 'big business' labelled by the US Kilgore Commission as war criminals were back in their former positions by 1948-9. (Graf 1992 p.15)

¹² The Freiburg school were a group of economists many of whom were at the University of Freiburg during the Weimar Republic and the Third Reich. Ludwig Erhard, the Minister of Economics from the late 1940s to 1963 and Chancellor between 1963 and 1966, and Alfred Muller-Armack, a senior civil servant in the Economics Ministry whom originally coined the phrase 'social market economy' were prominent members. (ibid.)

the social market economy was presented as a radical departure from the Weimar and Nazi eras. The 'formal' principles of the social market economy were price stability, the de-cartelisation of the economy¹³ and as little state economic intervention as possible. (Kaltenthaler 2004 p.353) The role of the state within the social market economy was restricted to establishing 'clear' rules (an order) for the market to function effectively and achieve social justice. As is presented in the public manifesto of the CDU's Dusseldorf principles,

The 'social market economy' is the socially bound constitution of the commercial economy, in which the endeavours of free and able people are set in an order which yields a maximum of economic advantage and social justice for all. This order is created by freedom and obligation, which in the 'social market economy' express themselves through genuine competition and independent control. (quoted in Leaman 1988 p.52)

In reality these principles were not, as they were presented, a radical historical departure. Indeed, they bore many similarities with the constitution and policy of centre (right) parties of the Weimar. However, the significance of presenting capitalism as a social market economy was significant. The 'outward' connection of social freedom/justice and the capitalist market provided something of a cohesive concept that gained popular appeal. It was presented as a 'middle way' or a 'third way' between socialism and capitalism, and, in the historical conditions of a fascist past and a communist neighbour (the now existing Soviet supported DDR), it appeared a concept that avoided the extremities of both sides. Although the Social Democrat Party did not formally agree to the principles of the social market economy until it renounced Marxian principles in the 1950s, the notion of the social market economy, if only rhetorically at least, furthered the legitimacy of capitalist reconstruction within West Germany in the early post-war years. (Deubner 1992 p.43)

However, the social market economy, in reality, was (and is) all market in the sense that there is seen to be no other existence for the 'social' other than through capitalist exploitation. The 'social' in the 'social market economy' does not translate, as some of its advocates would have it, into a wealth-transferring welfare state, but, instead, into a competitive order which would allow for the formation of private social-security funds. Thus, social (re) production would only be permitted through the achievement of successful exploitation. In addition to this, although workers had the right of association and trade unions the right to bargain (formally) independent of the state, the system of industrial relations was highly 'legally' restrictive in the 'actions' organised labour could take both within the bargaining relation and within the firm itself through works councils. (Markovitz 1982 p.166) The social market economy and the notion of co-determination – labour and capital, social and the market – upheld the sanctity of the market over the social. Indeed, this can be seen no more so than in its emphasis on price stability and establishing independence to the *Bundesbank* in 1957 in attempting to achieve this. In instilling in the *Bundesbank* the power, without democratic mandate, to ultimately decide monetary and fiscal policy – under the legal stipulation that it must regulate the quantity of money in circulation

¹³ The presence of cartels and syndicates within the German economy were identified by both the CDU/Freiburg school as one of the fundamental causes of the emergence of Nazism and an essential component of the Nazi economy. Although some tentative moves were made to de-cartelise the German economy after 1945, the damage to German competitiveness in 'breaking up' German industry proved too great a risk.

and of credit supplied to the economy so as to safeguard the currency – the constructors of the social market economy established the subjection of labour within Germany to the power of money as an imposer of work. (Katzenstein 1987 p.62) In making the control of the money supply the central principle of the Federal Republic, its constructors established the rule that social conditions were subject to the market and that improvements in social conditions could only emanate from improvements in effective exploitation. Credit could not lubricate social relations, as it had in the Weimar.

Amidst conditions of restructuring and recovery, the Federal Republic, along with all other capitalist economies, achieved relatively high rates of economic growth within the 1950s to early 1960s. However, the conditions within which West Germany was (re)incorporated into the world market after 1945 saw its growth rates exceed that of other European economies. (Coates 2000 p.5) Although West Germany's internal reconstruction was a far larger task than that of other European nations, the source of West Germany's comparative superior growth owed much to its relatively undervalued currency¹⁴. A product of the Cold War induced aim of creating a 'bulwark' against creeping communism, the *Deutschmark* (at its introduction and replacement of the Allied Mark in 1948) was devalued against the dollar by 20.6% and set at the 1933 value of DM 4.2 to \$1. (Leaman 1988 p.130) When the Bretton Woods system came into full effect in 1958, and full convertibility was established, the *Deutschmark* was maintained at the same rate. (ibid.) The effect of this was to provide German commodities a high-level of competitive advantage on world markets. In conjunction with Marshall Aid, which provided foreign currency for importing vital goods, the Federal Republic experienced significant export success within these favourable conditions and this became the central component of West Germany's recovery and so-called *wirtschaftswunder* (economic miracle) throughout this period¹⁵. Despite these favourable conditions, it appeared as though the 'social market economy' had delivered on its promises. The reconstructed market was delivering employment and (albeit slowly) rising levels of wages, services and consumer goods.

However, by the late 1950s and early 1960s cracks had already begun to appear in this apparent miracle economy. The export success of the German economy increasingly resulted in a burgeoning of currency and gold reserves. (Leaman 1988 p.133) This threatened the social market economy's rigid anti-inflationary stance and the preservation of a stable currency. The two sacred policies upon which the economic miracle was claimed to have been achieved. There was, in short, an over-accumulation of capital. More capital had accumulated than could be realised profitably within the sphere of production. This was made worse as 'hot money' was increasingly attracted to Germany speculating upon the capacity of the *Deutschmark* to maintain its 'undervalued' exchange rate. In March 1961 the *Deutschmark* was re-valued by 4.76% to DM 4.0 to \$1 dollar. (ibid.) This re-valuation was a significant incident within the post-war history of the Federal Republic, not because it was the beginning of the gradual rise in value of the DM, but because it signalled the end of the myth that had surrounded the social market economy. Indeed, it represented proof

¹⁴ In addition to this, German capital could rely on a steady influx of cheap and relatively passive labour as former prisoners of war, often in conditions of abject poverty, were eventually repatriated.

¹⁵ With the result that some of Germany's largest companies became world-leaders in particular in automobiles, electronics and chemicals.

that price stability and control of the money supply could not release the German economy from inflation and currency instability. These outcomes, as shown, emanate from contradictions of capitalism, contradictions that can be temporarily offset through policy and favourable conditions, but not eradicated.¹⁶

As the post-war boom came to an end in the mid 1960s, the integrity of some aspects of the social market economy became increasingly questioned. In a climate where profit and growth rates were declining and industrial conflict rising, the Federal Republic's institutionalised policy of 'tight-money' was appearing to hinder Germany's economic malaise. The response to this was a reversion to a policy of monetary expansion. In 1967, with the economy officially in recession, the CDU-SDP Grand Coalition passed what became known as the 'Stability Law' which broadly allowed the government to pursue Keynesian style stimulation of demand through an increase in Federal spending and tax policy. (Katzenstein 1987) In addition to this, there was an attempt to 'upgrade' the economy through a dual process of raising investment within, and overseeing the restructuring of, the nation's core-export industries and an orderly slimming down of less-competitive industries. To contain the power of labour throughout this process of restructuring, the Federal government instigated a form of selective corporatism containing the unions and firms of the core-export sectors – whereas the victims of restructuring would be contained through the social funds. (Esser & Fach 1986 p.206) It is at this historical juncture that something like the often invoked German model of consensus capitalism existed. In truth though, it was a selective model that sought to contain the power of labour, amidst a huge shedding of labour, through 'buying off' workers within the core-sectors and a massive expansion of the welfare state.

However, the CDU/SDP coalition's attempts to restore a new wave of accumulation through a Keynesian expansion of money and an 'aggressive' restructuring policy failed. In conditions of global over-accumulation, the expansion of the money supply was not accompanied by an effective increase in exploitation. Although increased spending initially created a boom, the economy returned to recession in 1970. In a climate of declining profits, capital increasingly began to replace labour with machinery in an attempt to increase productivity and restore profits and convert itself into money and seek higher returns in speculative activity. Real growth of productive investments declined by 0.9% in 1966; 9.0% in 1967; 0.1% in 1972; rising 2.0% in 1973 but then declining 8.1% in 1974 and 9.6% in 1975. (Leaman 1988. p.204) Within conditions of rising unemployment and class conflict, the increases in government spending, intended to stimulate demand and restore growth, became more and more taken up with containing the social 'fall-out' of the shedding of labour. The outcome of this was stagflation. In 1975, with the economy again in recession, unemployment stood at its highest level for two decades (1.74 million) and inflation stood at 6.0%. (Esser & Fach 1983 p.115) The response to this was a deflationary one as the government reverted back to a policy of 'tight-money' in an attempt to re-impose the power of money upon social relations. However, this did not represent a complete retreat back from the principles of the 'Stability Law'. On the contrary, the state continued with its 'active' restructuring policy with the distinction that strategy had ostensibly shifted from one of attempting to force through an orderly upgrading

¹⁶ Not, that is, without a recomposition of the relation between necessary and surplus labour.

of the economy to one of attempting to manage an 'orderly' process of decline. (Katzenstein 1987 p.158-160)

Although growth was restored after 1975, this had little to do with the government's reversion back to a policy of 'tight-money'. Rather, growth was restored as a result of the adoption of new and more intensified production methods and the reduction of the labour force. The outcome of this, however, was a rising of non-wage labour costs and an explosion of state debt. From DM 167 billion in 1973, the total public debt had risen to DM 435.5 billion in 1980 (Leaman 1988 p.231), whilst contribution rates to the social funds increased from 28.9% to 32.4% between the same period. (Streeck & Trampusch 2005 p.177) Despite the fact Germany had recorded comparatively superior growth rates than most European economies (and the US) throughout this period, and avoided the level of industrial disputes experienced within the UK, it had done so at a substantial cost to the state and capital. The restructuring of its core and most profitable industries undoubtedly assisted its comparative 'success', but the expansion of the welfare state to contain the power of labour amidst such restructuring changed the nature of the social market economy. Indeed, rather than the welfare state being something that was supposed to be paid for by successful exploitation, it increasingly became a vital tool for maintaining the power of labour within the crises of the relation of exploitation. A problem that successive governments would be unable to overcome, in worsening economic conditions, via various neo-liberal and globalisation strategies from the 1980s to present.

Conclusion

The post-war German economy cannot be seen through the lenses of a sequestered national economy or, for that matter, as an economy in which capital was less of a social power than it is today. The German economy was reconstructed within and through the world market. It was neither an economy in which capital was harnessed for the benefit of national welfare, nor was it an economy where capital, production and consumption was ostensibly contained within its borders. It was, rather, a national economy that strictly subjected its labour force to world market rule and then, after the onset of the various global crises after the mid 1960s, sought to pursue competitiveness through an 'active' restructuring of its core-industries and an expansion of its welfare state so as to contain the power of labour amidst such restructuring. These attempts, however, failed to release the German economy from the conditions it existed within and perpetuated – global over-accumulation.

The problem with neo-Gramscian theory is that in order to highlight the novelty of contemporary processes of transnational production, burgeoning financial markets and neo-liberalism, it caricatures the past as representing the direct opposite of this. This only leads to an 'ideal type' that is difficult to sustain. However, in the absence of a critical analysis of the capital relation, neo-Gramscianism has little option but to do this in order to explain the changes that lie at the heart of its periodising approach.

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