

The World Market, 'North-South' Relations, and Neoliberalism

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This article argues that Marx, too, knew more about the future than his present. Indeed, far from being merely a theorist of mid- to late-19th century capitalism, he elaborated the basic mechanisms, tendencies, counter-tendencies, contradictions, and social antagonisms that still shape capital accumulation and bourgeois societalization at the start of the 21st century. While the prophetic nature of his critique of political economy holds for many aspects of his work, here I explore two that have important implications for North-South relations. These comprise his analysis of the world market as the historical presupposition and posit of capital; and, relatedly, its role in generalizing and intensifying the contradictions of capital on a world scale. The continued relevance of Marx's analysis often gets disguised by use of the term 'globalization' to describe the current world economy, with its implication that there is a break between the present economic order and earlier periods of mercantilism, free trade imperialism, and imperialism based on territorial conquest and trade blocs. While mercantilist and imperialist features remain, neo-liberalism and finance-dominated accumulation have radically changed how the world market operates. Accordingly, I consider how the recent wave of neoliberalization has promoted even more forcefully (and, in many cases, forcibly) world market integration under the logic of capital. Indeed, neoliberalization can be considered as a process oriented to the completion of the world market. This does not abolish North-South relations; but it does transform them in complex ways as well as modify relations within the South. This has raised worries about the economic, political, and social risks generated by growing inequalities of wealth, income, and life-chances.

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Mercantilism, Primitive Accumulation and the World Market

The rise of the world market was a major theme in early and classical political economy from the 15th to 19th centuries. It rose in the context of the breakup of feudalism, the spread of a monetary economy, and the expansion of commerce regionally, nationally, and internationally. The world market thematic was elaborated in various doctrines of mercantilism, promoted above all by the representatives of merchant capital, members of the political and administrative elites in trading city-states, and the advisers and bureaucrats of emerging (and often warring) modern dynastic states. It was also linked to a strong commitment to state intervention to secure economic growth, laying the foundations for ‘the other canon’ of economic policy, with its Renaissance economic imaginary, that has long been marginalised in the heartlands of neo-classical economics (Reinert ,2007; cf. Wood, 2003).

Marx and Engels shared the late 18th and early 19th century concern with world society as a horizon of action and reflection, including such themes as world commerce, world constitution, world citizenship, world philanthropy, world peace, world literature, world philosophy, world civilization, and world history. They also criticized successive doctrines in classical political economy related to the mercantile phase of commercial expansion, the transfer of economic leadership to industrial capital, and the development of the world market. While these developments provide the global context in which all the laws of capital accumulation are actualized, Marx and Engels emphasized that this process was subject to leads, lags, and reversals. Thus, in *The German Ideology* (drafted in 1845-1846), they noted that:

“[t]he movement of capital, although considerably accelerated, still remained, however, relatively slow. The splitting up of the world market into separate parts, each of which was exploited by a particular nation, the prevention of competition between the different nations, the clumsiness of production and the fact that finance was only evolving from its early stages, greatly impeded circulation” (Marx and Engels, 1976, 72).

While foreign trade drove the world market in its infancy, its further development is radically reinforced by the growth of large-scale industry based on machinofacture. This ‘universalised competition...established means of communication and the modern world market, subordinated trade to itself,

transformed all capital into industrial capital, and thus produced the rapid circulation (development of the financial system) and the centralization of capital' (Marx and Engels, 1976, 73; see also 1998, 331). Large-scale industry is constantly driven to conquer new markets that have not yet been formally or really subsumed under the logic of capital accumulation. Thus, having initially *driven* accumulation on a world scale, foreign trade later became its product (1998, 235-6; cf. 1989, 58). Thus:

“it is not commerce...which revolutionises industry, but industry that constantly revolutionises commerce. Commercial supremacy itself is now linked with the prevalence to a greater or lesser degree of conditions for a large industry. Compare, for instance, England and Holland. The history of the decline of Holland as the ruling trading nation is the history of the subordination of merchant's capital to industrial capital” (1998, 331-2).

The expanded reproduction of capital demands ‘that countries in which the capitalist mode of production is not developed, should consume and produce at a rate which suits the countries with the capitalist mode of production’ (1998, 256). The capital relation thereby comes to dominate the world market, which includes pre-capitalist, capitalist, and non-capitalist modes of production and/or forms of labour. This is reflected in two tendencies that transform centre-periphery relations at different scales up to and including the world market:

“The *surplus value* produced at one point requires the production of surplus value at *another* point, for which it may be exchanged. ... A condition of production based on capital is therefore *the production of a constantly expanding periphery of circulation*, whether the sphere is directly expanded, or *whether* more points within it *become points of production*” (1986, 334-5).

Indeed, “the more capitalistic production develops, the more it is forced to produce on a scale which has nothing to do with the immediate demand but *depends on the constant expansion of the world market*” (Marx, 1989, 101; emphasis added).

Furthermore, the effective operation of the world market “requires the full development of the credit system and competition on the world market, the latter being the basis and vital element of capitalist production” (Ibid, 1998, 110; cf. 1989, 151). As the limits of the domestic market are, for whatever reason, reached, it is only through the expansion of credit that capital can be employed profitably – by lending capital to other countries, domestic capital can create a market for its commodities. This is illustrated in a passage that anticipates the pathological co-dependence of the US and PRC economies, Marx writes:

“The whole *credit system*, and the over-trading, overspeculation, etc., connected with it, rest upon the necessity to extend the range of, and to overcome the barrier to, circulation and exchange. This appears more colossal, more classical, in the relationship between peoples than in the relationship between individuals. Thus e.g. Englishmen compelled to *lend* to foreign nations to have them as their CUSTOMERS” (1986, 343, italics and capitalization in original).

While the world market is the ultimate horizon of capital accumulation, integration proceeds in an uneven, combined manner that, using a contemporary scientific term, can be described as fractal. For patterns of uneven and combined development occur in self-similar ways on many scales. Thus, while North-South relations can be identified on a global scale (at the level of the world economy), there are similar trends at various geoeconomic scales, whether these involve territories, places, or networked spaces of flows. In this context, Marx explored, for example, differences in the national intensity and productivity of labour, the relative international values and prices of commodities produced in different national contexts, the relative international value of wages and money in social formations with different degrees of labour intensity and productivity, the incidence of surplus profits and unequal exchange, and so on (e.g., Marx, 1996, 317-26).

Colonialism and Imperialism

The preceding analysis may give the impression that the world market emerged mainly through commerce, the development of world money, the extension of the credit system, and the drive of industrial capital to expand its

export markets. This is misleading because, as noted above, for Marx, primitive accumulation was a crucial presupposition of the development and consolidation of the CMP. This connection was already noted in his early work. As Lucia Pradella notes, "Marx's notebooks show that he paid attention to the relationship between capitalism, colonialism and world history from the very beginning of his economic studies" (2017, 157). For example, he wrote:

"Direct slavery is just as much the pivot of bourgeois industry as machinery, credit, etc. Without slavery you have no cotton; without cotton you have no industry. It is slavery that gave the colonies their value; it is the colonies that created world trade, and it is world trade that is the precondition of large-scale industry" (Marx, 1976a, 167).

More generally, primitive accumulation involved the creation of a formally free labour force by transforming slaves, serfs and independent producers into wage labourers, enclosing the commons and dispossessing peasants, accumulating treasure for investment through expropriation, looting, enslavement, conquest, and murder at home and abroad (1996, 741). This process unfolded bloodily in overlapping waves and involved an increasingly refined machinery of expropriation and exploitation. Marx considered that formal and informal colonies were "powerful levers for concentration of capital" (1996, 741) and further observed that:

"The different moments of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the 17th century, they arrive at a systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the State, the concentrated and organised force of society, to hasten, hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition" (1996, 739).

This process had a fractal character, occurring on many scales, and in diverse ways. This is illustrated in Marx's analyses of England's exploitation of Ireland (linked to the flow of the Irish rural poor into English factories and cities), the colonization of India (leading to the First Indian War of Independence), the plunder of Mexico, the failure of the European nations to fully subordinate China because of the close ties between agriculture and manufacturing (leading to the Taiping Rebellion by colonised peoples and the Opium wars), the ruthless exploitation in plantation colonies producing crops exclusively for the export trade (such as the West Indies), the development of colonies on virgin soil in public ownership and settled by free immigrants (such as the United States and Australia) (1996, 741, 751n, 755). These different aspects of what would nowadays be called 'North-South' relations are an essential and revelatory dimension of his analysis of the formation and integration of the world market. Indeed, Marx remarked that "[t]he profound hypocrisy and inherent barbarism of bourgeois civilisation lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked" (1979, 222).²

The Unicity of the World Market and Plurality of States

The discussion of colonialism and imperialism, its various forms and modalities, and the rivalry of different European nations indicates another important feature of the dynamics of the world market. The shape of the emerging world market is related to "the particular pre-existing territorial features of the pre-capitalist system of reproduction and the structure of its administrative apparatus of rule" (von Braunmühl, 1978, 167; cf. Gerstenberger, 2007). Initially the nature of pre-capitalist states was critical for the primitive accumulation of capital (through external conquest, plunder, and colonies as well as dispossession of pre-capitalist classes at home), the creation of a home market, the development of foreign trade, the relation between national monies, international currencies, and an emergent world money, and, finally, the global division of labour. Different modes of insertion into the world market at different stages in its development are associated with quite different forms of capitalism and political regime. For the world market "is not only the domestic

² Cited by Pradella (2017: 153). This section draws more generally on the work of Lucia Pradella, whose MA and PhD theses first drew my attention to the importance of Marx's notebooks for the analysis of the world market.

market in relation to all the FOREIGN MARKETS existing outside it, but at the same time the domestic market of all FOREIGN MARKETS, as, in turn, components of the HOME MARKET” (Marx, 1986, 210, capitalization in original).

As Bonefeld notes, “[t]he establishment of the national state and world market were both products of the same social struggles that revolutionized feudal social relations” (1992, 41). There is nonetheless a crucial difference between these processes. The world market is tendentially unified and integrated through the logic of profit-oriented, market-mediated competition based on trade, financial flows, and (capitalist) commodity production. In contrast, the world political system is marked by a “motley diversity” of states (Marx 1989, 95) that tend to co-exist as hostile rivals, if not as deadly enemies. The world of states also involves centre-periphery and other hierarchical relations. It comprises a plurality of quite varied states of different size, capacities, and ability to defend the interests of their respective capitals and/or the capitals operating within the economic space(s) that they seek to govern. But these states no more exist in isolation from each other than do local, regional, or national markets. The world market and the world of states are therefore subject to different logics that nonetheless interact to shape the emerging dynamic of capital accumulation on a world scale. These aspects are closely interrelated, but one is not reducible to the other, with real scope for disjunctions. In their historical analyses, Marx and Engels provided rich and detailed studies of how this interaction unfolds in specific cases and affects the overall development of the world market.

On North-South Relations, the ‘Third World’ and ‘Global South’

In contrast to Marx’s emphasis on the world market as the framework in which to explore capital accumulation, other approaches focus on the plurality of territorial states and their role in fragmenting the world market. A comment by Jung-en Woo (1991) illustrates what is at stake here. She claimed that different economic and political institutions characterize social formations in the ‘South’ compared with those in the ‘North’ and that this justifies different theoretical objects or lines of investigation. She noted that, in North East Asia and parts of South (East) Asia, the developmental state has attracted attention; in Latin America and, one might add, parts of North and South Africa, an important research focus has been the dependent capitalist state. This is reflected most recently in debates on extractivism and post-extractivism. To her list one might add the rentier state as an important theme in the Middle East and other

resource-rich regions; and, in South Asia, Africa, and East Asia, there is important work on the commonalities and specificities of post-colonial societies. While such analyses reflect the *variegated* nature of statehood, they sometimes assume an ideal-typical Western state form and neglect the variability of state formation and development that also occurs in the North.

While Eurocentrism and a metropolitan bias must be rejected, this does not justify other essentialist forms of analysis such as ‘Southern Theory’, ‘indigenous social science’, ‘epistemologies of the South’ or ‘subaltern studies’ (see for example, Connell, 2007, Joseph 1991, Sousa Santos, 2014, and Spivak, 1987 respectively). These approaches critique the false universalism of the Western canon in the humanities and social sciences and their metrocentric accounts of modernity and elision of non-European worlds and their exploitation by metropolitan centres. In response, they privilege the standpoint of those located in the Global South or subaltern positions as somehow more authentic or valid than metrocentric analyses. While sympathetic to this critique and efforts to establish a distinctive ‘Global South’ theoretical or practical perspective, I consider it is more important to view both ‘North’ and ‘South’ in terms of the world market, the world polity, and world society.

However, just as we must reject an unreflecting metrocentrism, caution is required regarding the ‘Global South’ as a ‘geopolitical imaginary’ with wider connotations. We should ask: why this term, why now, with which forces does it resonate, what material and ideal interests does it serve, can it empower subaltern groups, how is it being translated into academic research and/or policy? The term displaced the ‘Third World’ or ‘Developing World’ from 1969 and really took off during the mid-2000s. Noting this, Tobias Schwarz observes:

“By talking about the Global South, one did not constantly have to stress that we currently experience a world order that grew out of European colonial domination over most of the world from c1880-1914, resulting in today’s unequal distribution of economic and political power on a global scale” (Schwarz, 2015, 11).

However, as Schwarz notes, these radical connotations can readily disappear when the term is integrated into mainstream academic and official discourse – replacing ‘developing countries’. This serves to divert attention from empire, (neo-)colonialism, and (neo-)imperialism as more appropriate entry-points for

exploring 'North-South', 'North-North', or 'South-South' relations. This is important in historical analyses, studies of the path-dependent effects of past imperial or colonial encounters, and research on current relations of economic dependency and dependent states. This is one of the lessons of the Latin American dependency school and its application to other post-colonial regions locked into a dependent economic, political, and socio-cultural relationship between industrialized and peripheral countries. *Dependentistas* examined the diverse national social formations by assessing the historical overlap of capitalist with pre-capitalist modes of production and/or different kinds of dependent insertion into the world market (see Cardoso and Faletto, 1969). However, their approach has been strongly criticized by Enrique Dussel for treating dependency "not as an *international social relation* and a *transfer of surplus-value* between total national capitals of different organic composition, in the framework of competition in the world order, but through its *particular forms* or merely by means of aspects that are secondary phenomena" (1990, 63, italics in original). Dussel then presents an account that draws on the 1861-63 draft manuscript for *Capital* to suggest how dependency can be explained starting from the fundamental categories of his critique of political economy.

Based on these observations, a relevant solution would involve the following steps: (1) avoid core definitions that posit the normality or normative force of European or other 'Northern' cases; (2) develop a conceptual vocabulary that permits stepwise discovery of the overdetermined complexity of cases; and (3) emphasize the contingent variation of cases grounded in their place in progressively larger social configurations with due regard to their diverse spatio-temporalities. I now explore this in terms of variegated capitalism as one way to explore the contrast between capital's inherent tendency to develop the world market and the multiple contingencies that condition its tendential realization.

Variegated Capitalism

Variegation is an important concept for thinking about capital accumulation, political domination, and neoliberalization. It was introduced as a considered response to the risks involved in treating varieties of capitalism in mutual isolation or assuming that there is a single world system with its own master logic that governs the place and mobility of different economic spaces therein. The notion of variegation posits a world market divided into a tangled, unevenly developing hierarchy of local, regional, national, transnational, and supranational markets corresponding to the territories associated with given

states. It further posits that: (1) there is often wide variation across sectors and/or regions within any individual national economy, casting doubt on the national economy as a valid analytical unit; (2) other socio-spatial configurations are important too, such as emerging supranational blocs, global city networks, core-periphery relations, or global commodity chains; (3) the internal coherence of economic spaces and their governance must be combined with research on rivalry, competition, antagonism, complementarity, or co-evolution across models of capitalism in a wider division of labour; (4) in addition to horizontal relations between regions or nations, 'vertical' relations between core and periphery also matter; and (5) different economic spaces and their associated political regimes have unequal capacities to shape the world market and to exploit, displace and/or defer their respective problems, conflicts, and crisis-tendencies. All of this implies that local, regional, or national varieties of capitalism must be linked to the dynamics of the world market and the interstate system taking account of the insertion of economic spaces and states into the hierarchically structured world system.

In short, the approach adopted here assumes an emerging *single, but fractally organized, variegated capitalism*. This is the product of structural coupling, co-evolution, complementarities, rivalries, tensions, and antagonisms among varieties of capitalism. They are coupled not only through their territorial instantiation (i.e., their articulation within a world of states) but also through entanglements at different scales and through networks (i.e., their respective relations to spatial and scalar divisions of labour and spaces of flows). These processes set limits to compossible varieties of capitalism within a given space-time envelope – whether this be local, regional, national, supranational, international, or global.

Some varieties of capitalism in the world market (or lesser scales) cause more problems (or create more 'disharmonies') for other varieties than they can cause for it in the constantly changing, still emerging 'ecological system' that is formed through the interaction of all these varieties. The most influential states are those that shape the parameters of competition – this was the USA in the post-war international order and, presently, we can observe rivalries between the USA, the European Union, and an ascending China. This rivalry is also played out in interesting ways in Latin America. How varieties of capitalism are embedded in variegated capitalism affects how states shape and are shaped by the variegated global order as they seek to govern, guide or adapt to its development.

Overall this forces states at different scales to seek to manage the tension between (1) potentially mobile capital's interests in reducing its place-dependency and/or liberating itself from temporal constraints and (2) the state's interests in fixing (allegedly beneficial) capital in its own territory and rendering capital's temporal horizons and rhythms compatible with statal and/or political routines, temporalities, and crisis-tendencies. One response to such pressures is the rise at different scales of 'competition states'. These not only promote economic competitiveness narrowly conceived but also seek to subordinate many areas previously seen as 'extra-economic' to the currently alleged imperatives of capital accumulation (Jessop, 2002, 95-139). There are different forms of competition state that reflect the different modalities of competitiveness, how they are integrated, if at all, into accumulation strategies and state projects, and states' abilities to promote these strategies and projects. For example, the Listian Workfare National State is oriented to catch-up competitiveness and the horizon for catching-up changes over time. In turn, the Prebischian Populist National State was oriented to counteracting adverse terms of trade between primary exports and industrial imports and sought, frequently with limited success, to enhance national competitiveness through import-substitution industrialization behind tariff walls.

World market integration is a contradictory process. On the one hand, it enhances capital's capacity to defer and/or displace its internal contradictions by increasing the scope of its operations on a global scale, reinforcing its capacities to disembed certain of its operations from local material, social, and spatio-temporal constraints, enabling it to deepen the spatial and scalar divisions of labour, creating more opportunities for moving up, down, and across scales, commodifying and securitizing the future, and re-articulating different time horizons. It also weakens the capacity of organized labour to resist economic exploitation through concerted subaltern action across different fields. On the other hand, these enhanced capacities greatly reinforce tendencies to uneven development as the search continues for new spatio-temporal fixes to move the costs of capitalist contradictions elsewhere and/or into the future to create local zones of stability. It also undermines the power of national states to regulate economic activities within mainly national frameworks. And, insofar as it decreases the power of the working class, it increases inequalities of income and wealth, strengthens the potential for overproduction and weak demand, and, as is now widely recognized in critical political economy, creates the potential for financialization and finance-dominated accumulation as a driving force of even

further – but destabilizing – world market integration. It is important to reject the idea that relatively smooth and harmonious economic growth in some places could ever be generalized throughout the world market. For capital accumulation proceeds through a process of uneven and combined development that creates zones of instability and crisis as both a condition and effect of relatively crisis-free expansion elsewhere. Increasing integration of the world market also undermines the power of national states to regulate economic activities within mainly national frameworks. As the ultimate limit to capital is capital itself, the expansion and integration of a relatively unfettered (or disembedded) world market enhances the scope for its contradictions to be realized as well as for resistance to become global.

Variiegated Neoliberalism: Neoliberalism is also variegated and for similar reasons. Its four main forms arose as reactions to the crisis of post-World War II models of capitalist development: Atlantic Fordism in advanced capitalist economies, import-substitution industrialization in Latin America and sub-Saharan Africa, export-oriented growth in East Asia, and, in a different but related context, state socialism in the Soviet Bloc, China, and Indo-China. The most radical form was *neoliberal system transformation* in the successor states that emerged from the former Soviet Bloc: Russia and Poland are two cases with contrasting outcomes. Next in the continuum of cases come *neoliberal regime shifts*. Breaking with the post-war Atlantic Fordist compromise between capital and labour, these shifts introduced liberalization, deregulation, privatization, market proxies in the public sector, internationalization, and cuts in direct taxation. These policies were intended to modify the balance of forces in favour of capital and have largely succeeded in this regard. Well-known cases are Thatcherism and Reaganism. While identified with right-wing parties, neoliberal regime shifts have also been supported by centre-left parties, often under a ‘Third Way’ label. Moreover, with help from northern friends and/or military dictatorships, many Latin American economies undertook such shifts (albeit in response to crises in the import-substitution industrialization model, notably indebtedness and inflation) from the 1970s to the-1990s.

Whereas the second form is largely rooted in domestic politics, the third comprises economic restructuring processes and regime shifts that were primarily imposed from outside by transnational economic institutions and organizations backed by leading capitalist powers and their local partners. This form typically involves neoliberal policies in line with the ‘Washington Consensus’ as part of a *quid pro quo* for financial and other assistance to crisis-

ridden economies in parts of Eastern and Central Europe, Latin America, Asia and Africa (e.g., Gowan, 1996; Gwynne and Kay, 2000; Robinson, 2008; Sader, 2008; Veltmeyer, Petras and Vieux, 1997). Whether neoliberalism originates mainly in domestic or external political processes and whether its associated policies are pursued through democratic or authoritarian political devices and measures, the policies adopted in the second and third forms of neoliberalism often overlap when they occur outside advanced capitalist economies.

Fourth, there are more pragmatic and potentially reversible neoliberal policy adjustments. These comprise modest changes deemed necessary to maintain alternative economic and social models in the face of internationalization and a global shift in the balance of forces. The Nordic social democracies and Rhenish capitalism provide examples. Despite the fluctuating political fortunes of the parties more favourably included towards them, these adjustments can nonetheless lead to the development of a neoliberal regime through the gradual accumulation of changes that are never (fully) reversed.

Neoliberal system transformation largely failed as a 'grand project'. Neoliberal regime shifts required flanking and supplementing by 'third way' policies, networks, and public-private partnerships. Neoliberal policy adjustments were sometimes reversed, sometimes gradually cumulated. The quack cure of neoliberal structural adjustment often aggravated the underlying disease, leading, in Latin America, to the revival of populist politics and demands that governments distance themselves from the neoliberal excesses. With the waning of the pink wave in Latin America, however, neoliberalism is being rolled out yet again, reinforcing its residual, path-dependent legacies in that region as elsewhere.

Capital's Contradictions and Neoliberalism

The world market is "in which production is posited as a totality and all its moments also, but in which simultaneously *all contradictions are set in motion*" (Marx, 1986, 160, italics added). But what are these contradictions? Marx offers several accounts that are not fully consistent. But we can distinguish two main approaches. The first rests on the general principles of the materialist approach to history and posits a contradiction that takes different forms in different epochs: the emergent contradiction between the development of the forces of production and the social relations of production, such that the latter become a fetter on the further development of the former. In the CMP, this is expressed in the contradiction between the growing socialization of productive

forces through the deepening of the social division of labour on a global scale and the continuing private ownership and control of the forces of production and the appropriation of profit. More important for present purposes, however, are Marx's remarks on the contradictions specific to the capitalist mode of production (CMP) – starting with the contradiction in its economic cell form, namely, the commodity, and related forms in the capital relation.

Central to the commodity form is the contradiction between the use-value and exchange-value aspects. Among analogous contradictions are that: productive capital is both abstract value in motion (notably in the form of realized profits available for reinvestment) and a concrete stock of already invested time- and place-specific assets in the course of being valorized; the worker is both an abstract unit of labour-power substitutable by other such units (or, indeed, other factors of production) and a concrete individual (or member of a concrete collective workforce) with specific skills, knowledge and creativity; wages are both a cost of production and a source of demand; money functions both as an international currency exchangeable against other currencies (ideally in stateless space) and as national money circulating within national societies (or pluri-national monetary blocs) and subject to a measure of state control; land functions both as a form of property (based on the private appropriation of nature) deployed in terms of expected revenues in the form of rent and as a natural resource (modified by past actions) that is more or less renewable and recyclable; knowledge is both the basis of intellectual property rights and a collective resource (the intellectual commons) (for more details, see Jessop, 2002).

Neo-liberalism is significant in the development of the world market and, a fortiori, in generalizing the contradictions of the capital relation. Recalling the argument in *The German Ideology* about the incomplete development of the world market, we might conclude that the world-historical 'achievement' of neo-liberalism is to reduce (without ever eliminating) two of the four obstacles to the development of the world market. These are the frictions and constraints on capital accumulation deriving from states as 'national power containers' and the persistence of 'inefficient' financial markets. Neo-liberalism thereby frees money capital (and its associated forms of credit) as the most abstract expression of the capital relation to move around the world market to maximize its chances for profit. It increases the emphasis on speed, acceleration, and turnover time and thereby strengthens the dominance of exchange-value over use-value in the global economy, reinforces capital's short-term 'indifference' to its natural and

social environment, and changes the extra-economic relations that facilitate the global expansion of capitalism and weaken resistance to these effects.

This helps in turn to emancipate the monetary profit-oriented, market-mediated moment of capital accumulation from extra-economic and spatio-temporal constraints, increases the emphasis on speed, acceleration, and turnover time, and enhances capital's capacity to escape the control of other systems insofar as these are still territorially differentiated and fragmented.

This generalization and intensification of contradictions can be seen in the ways that the extension, deepening, and tendential completion of the world market has been promoted in the shadow of neo-liberalism. The latter has reinforced the exchange-value moments (or, stated subjectively, the profit motive) over the use-value moments (or substantive aspects) of the capital relation. The typical policies of neo-liberalism comprise: liberalization, deregulation, privatization, the use of market proxies in the residual state sector, internationalization, and the lowering of direct taxes. Separately and together these measures privilege value in motion (i.e., liquid capital), the treatment of workers as disposable and substitutable factors of production, the wage – including the social wage – as a cost of (international) production, money as international currency (especially due to the increased importance of derivatives), nature as a commodity, and knowledge as intellectual property.

Moreover, as capital becomes increasingly freed from the constraints of national power containers and increasingly disembedded from other systems, unrestrained competition to lower socially necessary labour-time, socially necessary turnover time, and naturally necessary production time (i.e., the reproduction time of 'nature' as a source of wealth) becomes an ever more powerful driving force in the dynamic of capital accumulation. Supported by an emphasis on shareholder value, this particularly benefits hypermobile financial capital, reinforcing its competitiveness and enhancing its abilities to displace and defer problems onto other economic actors and interests, other systems, and the natural environment. Yet this will also enhance the scope for the contradictions and dilemmas of a relatively unfettered (or disembedded) capitalism to shape the operation of other systems and may thereby undermine crucial extra-economic conditions for accumulation (Jessop, 2007).

The World Market and Crisis

The dominance of neo-liberalism has introduced some interesting new features into the dynamic of the world market that set it apart from earlier

periods of free trade imperialism as well as from more overtly statist periods of capitalist development. In particular, neo-liberal globalization strengthens capital's chances of avoiding the structural constraints of other institutional orders and their control efforts, thereby increasing its 'indifference' to its social environment. The continuing internationalization and globalization, especially of financial capital, are crucial processes in enabling the logic of capital to operate more completely than ever before on a global scale. Whether there is a solution to these problems is discussed in the closing sections of my contribution, which address the nature of world society, global civil society, and questions of institutional design for a better future.

Credit creation has a major role in promoting the profitable expansion of capital. In turn, however, profit fluctuations in the real economy (which is always-already monetary in Marx's analysis) are critical to monetary crises that are directly rooted in industrial and commercial crisis. These crises occur when declining profits lead to a liquidity-driven 'dash for cash' or, alternatively, encourage speculative investments in the financial sector in the search for higher profits. Regarding the rush for hard money, Marx noted that:

“In times of a squeeze, when credit contracts or ceases entirely, money suddenly stands as the only means of payment as the only means of payment and true existence of value in absolute opposition to all other commodities. Hence the universal devaluation of commodities. the difficulty or even impossibility of transforming them into money ... For a few millions in money, many millions in commodities must therefore be sacrificed. This is inevitable under capitalist production ... As long as the social character of labour appears as the *money existence* of commodities, and thus as a *thing* external to actual production, money crises – independent of or as an intensification of actual [in the real economy] crises – are inevitable” (Marx, 1998, 514).

Crises can also arise directly from the circuits of financial capital, especially when capitalist credit relations become uncoupled from the circuits of productive capital due to the expansion of fictitious capital. Marx related this to finance and speculation. An excess of fictitious capital (its oversupply) can lead to the dissociation between changes in fictitious capital and underlying

movements in the real economy. Accordingly, “[a]ll connection with the actual expansion process of capital is thus completely lost, and the conception of capital as something with automatic self-expansion properties is thereby strengthened” (Marx, 1998, 464; cf. 828). Such monetary or financial crises can affect the wider economy through contagion and feedback effects. Once again, then, the contradictions at the heart of the capital relation are expressed in the circuits of capital – this time in the contradictions of the money form and its role in the expanded reproduction of capital. While not fully developed, key elements for a Marxist analysis of these issues are provided in the second and third volumes of *Capital* and *Theories of Surplus Value* (1989: 103-53).

Money Forms, Functions, and Derivatives: One aspect of the rise of neoliberalism is financialization, including the development of securitization and, especially, the rise of derivatives and their massive expansion. For, as Marx anticipated (not only in his remarks on the world market but also in his remarks on fictitious capital and the contradiction between capital as value and capital as property), this generalizes and intensifies competition in relation to means of production, money capital, specific capitals as units of competition, and social capital. Derivatives are the most generalized form of this capacity. They have a growing role in the commensuration of all investment opportunities in the world market (Bryan and Rafferty, 2006). This activates “all the contradictions” of the capital relation (Marx, 1989, 140, 163).

Referring again to *The German Ideology* on the early limits to the development of the world market, we could say that derivatives greatly facilitate its completion. For they tend to:

- overcome the frictions of national boundaries,
- open national economies to foreign competition,
- help to overcome the clumsiness of production,
- enhance the role of finance in promoting competition

Derivatives as forms of financial innovation integrate production on a world scale and, via their role in all the functions of money that Marx identified, they also contribute to market completion in real time. Yet derivatives represent a fetishized form of money as money and money as capital. As more-or-less rarefied forms of fictitious capital, they bear little relation to the movement of real values. Indeed, they reinforce the separation between (1) the general movement of capital based on valorization and the generation of surplus-value

anchored in production and (2) the more superficial real-world appearances of money prices and profit, which nonetheless have consequences for all circuits of capital.

While confidence in the money-form is retained, the credit system can create asset bubbles and fuel self-feeding speculation. This in turn can divert capital from productive investment into short-term speculation oriented towards fluctuations in prices of fictitious capital rather than movements in the real (but still monetary) economy – with increasing volatility and, for those able to exploit volatility, opportunities for superprofits based on hedging, shorting, front-running, and so forth: “Credit...crowds out money and usurps its place. It is faith in the social character of production which allows the money-form of products to assume the aspect of something that is only evanescent and ideal, something merely imaginative” (Marx, 1998, 568).

The destructive impact of financialization is reinforced by the neo-liberal approach to accumulation through dispossession (especially the politically-licensed plundering of public assets and the intellectual commons) and the dynamic of uneven development (enabling financial capital to move on when the disastrous effects of financialization weaken those productive capitals that must be valorised in particular times and places). Yet this also enhances the scope for the contradictions and dilemmas of a relatively unfettered (or disembedded) capitalism to shape the operation of other systems and may thereby undermine crucial extra-economic conditions for accumulation. Indeed, in contrast with Fordism and the post-Fordist knowledge-based economy, the post-Fordist neo-liberal financial regime militates against the long-term structured coherence of accumulation regimes and their modes of regulation. In particular, it weakens the spatio-temporal fixes with which regimes based on the primacy of productive capital manage the contradictions between fixity and motion to produce zones of relative stability by deferring and displacing their effects. This is shown in the impact of financialization not only in Atlantic Fordism but also in the export-oriented economies of East Asian and the viability of import-substitution industrialization strategies in Latin America and Africa.

Conclusion

This article has not directly addressed North-South relations, the Third World, or the Global South. Each of these notions represents specific political and ideological imaginaries in the post-war era with specific geoeconomic and

geopolitical functions. They also serve to disguise the continuities in the world market from the early days of mercantilism, protectionism, colonization, and primitive accumulation. This does not mean that nothing has changed through the uneven development of the world market, changes in the forms of unequal exchange as long waves of technological and economic development succeed and overlap each other, shifts in economic and political hegemony among advanced capitalist powers, and the reordering of relations within the imperialist heartlands as well as between the heartlands, contending powers in the semi-periphery, and the most marginal economic and social spaces.

Hegemony has shifted from the Venetian republic via the Dutch commercial empire, the British empire (with its informal and formal, internal and external colonies and its capacity to dominate the world market), the ascendant American empire (consolidated after the Second World War but prefigured in Latin America, the Philippines, and elsewhere), the challenge from an integrating European Union and militarily dependent Japan, and, most recently, the rise of China (with its ambitions to re-integrate and promote the Eurasian heartland as well as huge investments in Latin America and Africa and growing influence in Europe and North America). The hierarchies in the semi-periphery have also been reshuffled. This was recently manifested in the displacement of the centres of economic gravity linked to the rise of the BRICS (Brazil-Russia-India-China-South Africa) economies and their efforts to coordinate their position as middle powers. However, the distinctive crisis-tendencies of their respective varieties of capitalism and the constraints associated with their differential insertion into the variegated world market has meant that only China has fulfilled the expectations hyped in the BRIC(S) story first narrated after the 9/11 attack on the Twin Towers of the World Trade Centre in 2001. But these movements occur on many scales and not simply at the level of inter-state economic and political relations.

These complexities are important. Nonetheless, when exploring the world market, as Marx argued, the more integrated the world market becomes, the less scope there is to resolve crises by extending capitalist relations into previously marginal economic zones. Thus, crises will,

“...become more frequent and more violent, if only because, as the mass of production, and consequently the need for extended markets, grows, the world market becomes more and more contracted, fewer and fewer [new] markets remain available for exploitation, since every

preceding crisis has subjected to world trade a market hitherto unconquered or only superficially exploited” (Marx 1977: 228).

One aspect of these increasingly global and severe contradictions and crisis-tendencies is, as Marx anticipated, the environmental problems inherent in the treadmill of capital accumulation as a mode of appropriating and transforming nature that has no formal limits – but, as we are experiencing, hugely constraining material limits (cf. Burkett, 1999; Foster, 2000; Saito, 2017). Eventually, Marx argued, the repeated displacement of crisis through the intensive and extensive development of capital would finally reach its limit and increasingly severe general world crises would erupt. This would point to the need to move beyond capitalism to a new historical form of production (Marx, 1986, 160)

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