UNHAPPY FAMILIES:
GLOBAL CAPITALISM IN A
WORLD OF NATION-STATES

by ELLEN MEIKSINS WOOD

Every unhappy family is unhappy in its own way.
—Leo Tolstoy, Anna Karenina

The word “capitalism” is typically applied to a very wide and diverse range of cases—from the United States to Japan, Russia, Brazil, or South Africa. We use the word in this way on the premise that, for all their diversities, all these cases have in common certain basic social forms and economic laws of motion, including a common tendency to crisis. And we talk about “global” capitalism on the premise that national capitalist economies are interconnected, that they are integrated in a global system driven by the same capitalist laws of motion, and that economic crises and prolonged downturns like the current one are not national in origin but are rooted in the general dynamics that drive the whole global economy and in the relations that bind all capitalist economies together.

Capitalism, then, is a system with certain general laws of motion that operate irrespective of national diversities, and it’s also a system that is uniquely expansionary and international, a system that has been tendentially “global” since the beginning and is now more globally integrated than ever. So how can we justify a discussion of contemporary capitalism, like the one in this special issue, organized as a series of national and regional case studies? Shouldn’t we, instead, have organized the issue around global institutions and processes—processes like “globalization,” international capital flows, currency movements, and financial speculation, and institutions like transnational companies, or agencies of capital like the International Monetary Fund (IMF) and the World Bank?

All of these transnational institutions and processes will, of course, figure very prominently in the articles that follow. But any analysis of global capitalism has to strike a difficult balance between two equally essential facts: on the one hand, every capitalist economy exists only in relation to others; on the other hand, there is no “global economy” abstracted from the particular local, national, and regional economies that constitute it, or from the relations among them.

All the articles in this issue, those that focus on specific national cases no less than those that deal with whole regions or continents, are about more than specific cases. They are about the dynamics of global capitalism. Each one illustrates the operation of global economic forces as they manifest themselves in specific national and regional forms. But at the same time, all the articles in their various ways show how persistently those global dynamics continue to be driven by forces within, and relations among, national economies and nation-states. They illustrate—from the inside out, so to speak—how global capitalism operates through the medium of various relations among national economies and states.

In what follows, I want to explore, in general terms, some of the connections between capitalism and the nation-state and to sketch out their development from the beginning until now. To understand the current relations between capitalism and the nation-state, we need to know something about their earlier connections. The emergence of capitalism was closely tied to the rise of the nation-state, and that close link shaped the development and expansion of capitalism thereafter. So I’ll begin by taking readers on a short historical excursion, before considering where we are today.

My purpose is not to deny the “global” nature of contemporary capitalism. On the contrary, I want to bring the notion of a “global economy” down to earth, by acknowledging its concrete forms in diverse inter-national relations (I use the hyphen here to emphasize that we’re talking about relations among national entities), from relations among major capitalist powers to those between imperialist powers and subaltern states.

Joined at Birth?

It is not at all uncommon to insist on the connections between the emergence of capitalism and the rise of the nation-state, or even to define capitalism as a system of nation-states. Typically, the connections are seen through the prism of one or another theory of “modernity” or “rationalization,” according to which certain “modern” or “rational” economic, political, and cultural forms have developed more or less in tandem. A more nuanced explanation suggests that the European nation-state, in sharp contrast, say, to Asian empires, laid the foundations for capitalism because Europe was organized
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into multiple polities, instead of one overarching empire. This permitted the development of a trade-based division of labor, without the burden of massive appropriation by an imperial state, which would syphon off surpluses that could otherwise be invested.

Let me propose a somewhat different account of the relation between the rise of capitalism and the nation-state. This account will be based on certain presuppositions which can only be stated here baldly, without elaboration, but which have been discussed at greater length elsewhere. The main presuppositions are these: that capitalism was not simply the natural outcome of certain transhistorical processes like technological progress, urbanization, or the expansion of trade; that its emergence required more than the removal of obstacles to increased trade and growing markets or to the exercise of "bourgeois" rationality; that while certain European, or Western European, conditions, not least the insertion of Europe in a larger and non-European network of international trade, were necessary to its emergence, those same conditions produced diverse effects in various European, and even Western European, cases; and that the necessary conditions for the "spontaneous" or indigenous development of a capitalist system, with mutually reinforcing agricultural and industrial sectors, existed only in England.

How, then, do these presuppositions apply to the relation between the rise of capitalism and the nation-state? We can certainly accept that capitalism emerged in the distinctive context of the early modern European nation-state. But not all European, or even Western European, nation-states developed in the same way. The French absolutist state, for instance, had an economic logic quite distinct from capitalist forms of exploitation or capitalist laws of motion. Notwithstanding France's "bourgeois revolution," we can't (as I've argued elsewhere) take for granted its "spontaneous" evolution into capitalism, in the absence of external pressures from an already existing English capitalism.

The rise of capitalism and the nation-state were intertwined in England as nowhere else. But to insist on the particularity of this English relationship is not at all to deny the close connection between capitalism and the nation-state in general. On the contrary, the particular nature of the English relationship only serves to emphasize that close connection. The point is not only that England gave rise to capitalism but also that England produced a distinctively unified and sovereign nation-state. In other words, the social transformations that brought about capitalism were the same ones that brought the nation-state to maturity.

As Marx pointed out long ago, pre-capitalist modes of production were characterized by a kind of unity of economic and political power, specifically in the sense that exploitation was carried out by "extra-economic" means—that is, by means of political, judicial, and/or
military power. This unity existed in a very wide variety of forms. For instance, many ancient empires employed state power to collect tribute from subject peoples, including their own peasants, and imperial office was the principal means of acquiring great wealth.

What was notable about pre-capitalist forms in Europe was the emergence of a fragmented state power, the "parcellized sovereignty" of Western feudalism, which created a distinctive kind of "extra-economic" power, the power of feudal lordship. The fragmented military, political, and judicial powers of the state became the means by which individual lords extracted surpluses from peasants. At the same time, political parcellization was matched by economic fragmentation. Internal trade, for example, was less like modern capitalist forms of trade in an integrated competitive market than like traditional forms of international commerce, a series of separate local markets joined together by a carrying trade conducted by merchants "buying cheap" in one market and "selling dear" in another.

The feudal ruling class was eventually compelled to consolidate its fragmented political power, in the face of peasant resistance, and parcellized sovereignty gave way to more centralized monarchies in some parts of Europe. One effect was to reproduce the unity of political and economic power at the level of the central state, while never completely overcoming the parcellization of feudalism. The most notable example is the absolutist state in France, regarded by many as the prototype of the emerging "modern" nation-state. Formed in a process of state centralization that elevated one among many feudal powers to a position of monarchical dominance, French absolutism remained in many ways rooted in its feudal past.

On the one hand, the bureaucracy that is supposed to be the mark of the French state's modernity represented a structure of offices used by office-holders as a kind of private property, a means of appropriating peasant-produced surpluses, what has been called a kind of centralized feudal rent, in the form of taxation. This was a mode of appropriation very different, in its means and in its laws of motion, from capitalist exploitation—depending, for example, on direct coercion to squeeze more surpluses out of the direct producers, instead of on intensifying exploitation by enhancing labor productivity.

On the other hand, the absolutist state never completely displaced other forms of "politically constituted property." It always lived side by side, and in tension, with other, more fragmented forms, the remnants of feudal parcellized sovereignty. Aristocrats, the church, and municipalities clung to their old autonomous powers, military, political, or judicial. Competing for the same peasant-produced surpluses, the central state typically co-opted many potential competitors by giving them state office, exchanging one kind of politically constituted property for another. But the remnants of aristocratic privilege
and municipal jurisdiction, together with the tensions among various forms of politically constituted property, remained to the end just as much a part of French absolutism as was the centralizing monarchy.

These fragmented forms of politically constituted property, like the centralized version, were antithetical to capitalist appropriation. They were inimical to capitalism in yet another sense, too: they fragmented not only the state but the economy. Instead of a national market, there was a series of municipal markets (not to mention internal trade barriers) characterized not by capitalist competition but by the old forms of carrying trade, not the appropriation of surplus value created in production but commercial profit-taking in the sphere of circulation. To put it another way, the parcellization of sovereignty and the parcellization of markets were two sides of the same coin, rooted in the same property relations.

The fragmentation of both economy and polity was overcome first and most completely in England. From the outset—certainly from the Norman Conquest—the English state (the emphasis here is on England, not on other parts of what would become the “United Kingdom”) was more unified than others in Europe, without the same “parcellized sovereignty.” For instance, when France still had its regional “estates,” England had a unitary national parliament, and when France (even up until the Revolution) had some 360 local law codes, England had one dominant legal system in its common law. But this unity was not simply a matter of political or legal unification. Its corollary was a degree of economic unification unlike any other in history, something like a national economy—an integrated, and increasingly competitive, national market—already in the seventeenth century.

Both political and economic unity can be traced to the same source. The centralization of the state in England was not based on a feudal unity of economic and political power. The state did not represent a private resource for office-holders in the way and on the scale that it did in France, nor did the state on the whole have to compete with other forms of politically constituted property. Instead, state formation took the form of a kind of division of labor between political and economic power, between the monarchical state and the aristocratic ruling class, between a central political power that enjoyed a virtual monopoly of coercive force much earlier than others in Europe (the English aristocracy, for instance, was demilitarized before any other in Europe), and an economic power based on private property in land far more concentrated than elsewhere in Europe (in France, for instance, by far the most land continued to be held by peasants).

English landlords, then, increasingly depended on purely “economic” forms of exploitation, while the state maintained order. Instead of enhancing their own coercive powers to squeeze more out of peasants, they relied on the coercive power of the state to sustain the
whole system of property, while they exercised their purely economic power, their concentrated landholdings, to intensify the exploitation of labor by increasing its productivity. The weakness of politically constituted property in England, in other words, meant both the rise of capitalism and the evolution of a truly sovereign and unified national state.

Capitalism and Inter-National Relations

For those who regard capitalism as the consequence of commercial expansion when it reached a critical mass, there is something paradoxical about the development of English capitalism. England was certainly part of a vast trading network. But other European nations in the early modern period were also deeply involved in the system of international trade, and non-European civilizations in Asia and the Islamic world also had highly developed and extensive trading networks. What distinguished England—and what was specifically capitalist about it—was not, in the first instance, predominance as a trading nation or any peculiarity in its way of conducting foreign trade. England's peculiarity was not its role in an outwardly expanding commercial system but, on the contrary, its inward development, the growth of a unique domestic economy.

What marked off England's commercial system from others was a single large and integrated national market, increasingly uniting the country into one economic unit (which eventually embraced the British Isles as a whole), with a specialized division of labor among interdependent regions and a growing, and mutually reinforcing, interaction between agricultural and industrial sectors. This market was also distinctive in the extent to which it traded not just in luxury goods but in cheap everyday goods—the means of survival and self-reproduction—for a mass market.

So while England competed with others in an expanding system of international trade, a new kind of commercial system was emerging at home—which would soon give it an advantage on the international plane too. Unlike traditional commercial systems, this one did not just depend on profits derived from the carrying trade or an "infinite succession of arbitrage operations between separate, distinct, and discrete markets." This system was unique in its dependence on intensive, as distinct from extensive, expansion, on the extraction of surplus value created in production as distinct from profit in the sphere of circulation, on economic growth based on increasing productivity and competition within a single market—in other words, on capitalism.

So capitalism, while it certainly developed within—and could not have developed without—an international system of trade, was a domestic product. But it was not in the nature of capitalism to remain at home for long. Its need for endless accumulation, on which its very survival depended, produced new and distinctive imperatives of ex-
expansion. These imperatives operated at various levels. The most obvious was, of course, the imperialist drive. There was, to be sure, nothing new about colonialism, and Britain's major European rivals were just as much involved in the subjugation of colonial territories, in the oppression of colonial peoples, and in the slave trade. But here again, capitalism had a transformative effect. The new requirements of capitalism created new imperialist needs, and it was British capitalism that produced an imperialism answering to the specific requirements of capitalist accumulation, its particular need for resources, labor, and markets.

Capitalism also expanded out from Britain in another and more complicated sense. The unique productivity engendered by capitalism, especially in its industrial form, gave Britain new advantages not only in its old commercial rivalries with other European states but also in their military conflicts. So, from the late eighteenth century and especially in the nineteenth, Britain's major European rivals were under pressure to develop their economies in ways that could meet this new challenge. The state itself became a major player. This was true most notably in Germany, with its state-led industrialization, which at first was undoubtedly driven more by older geopolitical and military considerations than by capitalist motivations.

In these cases, the drive for capitalist development did not come from internal property relations like those that had impelled the development of capitalism in England from within. Where, as in France and Germany, there was an adequate concentration of productive forces, capitalism could develop in response to external pressures emanating from an already existing capitalist system elsewhere. States still following a pre-capitalist logic could become effective agents of capitalist development. The point here, though, is not simply that in these later developing capitals, as in many others after them, the state played a primary role. What is even more striking is the way in which the traditional, pre-capitalist state system, together with the old commercial network, became a transmission belt for capitalist imperatives.

The European state system, then, was a conduit for the first outward movement of capitalism. From then on, capitalism spread outward from Europe both by means of imperialism and increasingly also by means of "market" imperatives. The role of the state in imperial ventures is obvious, but even in the operation of purely economic laws of motion, the state continued to be an unavoidable medium.

Capitalism had emerged first in one country. After that, it could never emerge twice in the same way. Every extension of its laws of motion changed the conditions of development thereafter, and every local context shaped the processes of change. But having once begun in a single nation-state, and having been followed by other nationally
organized processes of economic development, capitalism has spread not by erasing national boundaries but by reproducing its national organization, creating an increasing number of national economies and nation-states. The inevitably uneven development of separate, if inter-related, national entities has virtually guaranteed the persistence of national forms.

Today's Universal Capitalism

Today, capitalism is all but universal. Capitalist laws of motion, the logic of capitalism, has penetrated ever deeper into the societies of advanced capitalism and spatially throughout the world. Every human practice, every social relationship, and the natural environment are subject to the requirements of profit-maximization, capital accumulation, the constant self-expansion of capital. At one extreme, in advanced capitalist countries, this means the penetration of capitalist principles into those social, institutional, and cultural spaces that even a few decades ago they hadn't yet reached. At the other extreme, it means the marginalization and increasing impoverishment of whole regions outside the advanced capitalist countries (an effect vividly described by John Saul and Colin Leys in this issue in the article on sub-Saharan Africa). In a sense the class polarizations of capitalism are being reproduced in the North-South divide, not to mention the impoverishment of so-called "underclasses" within advanced capitalist countries.

But to say that capitalism is universal is not to say that all, or even most, capital is transnational. The measure of universalization isn't whether, or to what degree, capital has escaped the confines of the nation-state. We still have national economies, national states, nationally based capital, even nationally based transnationals. It hardly needs to be added that international agencies of capital, like the IMF or the World Bank, are above all agents of specific national capitals, and derive whatever powers of enforcement they have from nation-states—both the imperial states that command them and the subordinate states that carry out their orders.

It isn't just that nation-states have stubbornly held on through the universalization of capitalism. If anything, the universalization of capitalism has also meant, or at least been accompanied by, the universalization of the nation-state. Global capitalism is more than ever a global system of national states, and the universalization of capitalism is preceded over by nation-states, especially one hegemonic superpower.

This is a point worth emphasizing. The conventional view of "globalization" seems to be based on the assumption that the natural tendency of capitalist development, and specifically its internationalization, is to submerge the nation-state, even if the process is admittedly still far from over. The internationalization of capital, in other words, is apparently in an inverse relation to the development of the
nation-state: the more internationalization, the less nation-state. But the historical record suggests something different. The internationalization of capital has been accompanied by the proliferation of capital's original political form. When capitalism was born, the world was very far from being a world of nation-states. Today, it is just that. And while new multinational institutions have certainly emerged, they have not so much displaced the nation-state as given it new roles—in fact, in some cases, new instruments and powers.

What, then, of the decline of national sovereignty that people associate with globalization? Of course the global economy is highly integrated, and of course massive and rapid movements of capital across national boundaries, especially in the form of financial speculation, are a dominant feature of the world economy—as the articles that follow here will testify. But those same articles will show how every transnational process is not only shaped by specifically local conditions but also how the state is their indispensable instrument. If “globalization” means the decline of national capitalist classes and the nation-state, the transfer of sovereignty from the state to the organs of some kind of unified transnational capital, it certainly hasn’t happened yet and seems unlikely ever to happen. It is hard to foresee the day when capital will stop being organized on national principles.

In fact, globalization itself is a phenomenon of national economies and national states. It is impossible to make sense of it without taking account of competition among national economies, and national states carrying out policies to promote international “competitiveness”, to maintain or restore profitability to domestic capital, to promote the free movement of capital while confining labor within national boundaries and subjecting it to disciplines enforced by the state, to create and sustain global markets—not to mention national policies deliberately designed to forfeit national sovereignty. It needs to be added, too, that globalization has in large part taken the form of regionalization (a point emphasized by Greg Albo and Alan Zuege in their discussion of Europe), creating blocs of unevenly developed and hierarchically organized national economies and nation-states.

To say all this is certainly not to deny that the relations between capital and nation-state take many different forms. The relations among advanced capitalist economies and among their national states are obviously very different from the relations between them and weaker national entities. And the room for national maneuver varies accordingly. But it is not an insignificant fact that all these various relations are, in one way or another, inter-national relations.

It is not insignificant (for instance, in its consequences for oppositional struggles, such as those described by James Petras and Henry Veltmeyer in their article on Latin America in this issue) that imperialism today is no longer a matter of direct colonial domination but a
relationship between national entities. In a sense, the new forms of imperial domination by means of debt and financial manipulation, or even foreign direct investment, are what they are precisely because they provide a means of penetrating national boundaries, barriers that hardly existed for older forms of colonial domination by direct military means. And, of course, this kind of imperial power, no less than earlier forms, is exercised by nation-states, whether directly or through international agencies.

The other side of the new imperialism is a new kind of militarism. This one doesn’t generally have territorial ambitions, and generally leaves nation-states in place. Its objective is not hegemony over specific colonies with identifiable geographic boundaries but boundless hegemony over the global economy. So instead of absorbing or annexing territory, this imperialist militarism typically uses massive displays of violence to assert the dominance of global capital—which really means exercising the military power of specific nation-states to assert the dominance of capital based in a few nation-states, or one in particular, the United States, enforcing its freedom to navigate the global economy without hindrance.

There is very little, then, that can be said about the global economy without reference to its national constituent parts, and very little that can be said about global economic processes without reference to relations among national economies and states. What can we say about globalization without invoking the relations between the United States and Japan, or between both and the European Union, or each of them and various third world countries? What can we say about the European Union without acknowledging the complex and contradictory processes (explored by Albo and Zuege) generated by the uneven development of its various constituent economies, and the tensions between integration and competition among them, or between impulses toward integration and assertions of national sovereignty? What can we say about the dynamics of global capitalism in general without acknowledging the constant tension between international cooperation and struggles for dominance among national capitalisms—such as, say, the consistently contradictory relationship between the United States and Japan?

What implications, then, does all this have for our understanding of the prolonged crisis—or the long downturn—that is the hallmark of capitalism “at the end of the millennium”?

On the one hand, it’s certainly not just a Japanese or Latin American crisis, or the consequence of specific national strategies or policy failures. As the articles in this issue show, it is not a function of “crony capitalism,” nor of any other specific and defective form of capitalism. It is not exclusive to deficient capitalisms, such as the parasitic Russian form analyzed by Stanislav Menshikov, or to the victims of imperial-
ism, such as those portrayed by Petras and Veltmeyer or by Prabhat Patnaik in his article on Asia. It is a consequence of capitalism pure and simple, and it manifests itself, as Doug Henwood demonstrates in his piece on the United States, even in the most ostensibly successful capitalism. Crisis is a consequence of systemic processes inherent in capitalism as such, which are playing themselves out in every capitalist economy and in the relations among them.

On the other hand, those systemic processes manifest themselves in different ways in different contexts. The global crisis is shaped by the specific national forms of its constituent parts, each with its own history and its own internal logic, and by the relations among those national entities. It is also shaped by the uneven development among the national components of global capitalism. All capitalist families today are unhappy, and all for the same fundamental reasons, but each is unhappy in its own way.

This is so not least because the principal economic actors and classes are still organized above all on a national basis. Each nation's working class has its own class formations, practices, and traditions. And while no one would deny that capital is far more mobile and less place-rooted than labor (with consequences outlined in this issue, for instance, by Bill Tabb), we are still a very long way from the global capitalist class depicted by the "globalization thesis." No one is likely to have much trouble distinguishing U.S. from Japanese capital, or either one from Russian or Brazilian. In fact, global integration itself, whatever else it may mean, has meant intensified competition among national capitals. It would be very hard to make sense of recent crises and the long downturn without acknowledging that fact.

To say, as Marx did, that capitalists have no nation is certainly to say that they have no national loyalties and will move wherever the imperatives of profit-maximization take them, but it certainly doesn't mean that they have no roots in, or no need for, the state or for their own nation-state in particular. The need to maximize profit has always involved certain requirements of organization and enforcement (among other things, to keep the working class in place) which up to now have been, and in the foreseeable future still promise to be, fulfilled above all by nation-states.

The fact that capitalism is a global system organized nationally means two things, both of which are amply demonstrated in the articles that follow: on the one hand, its systemic weaknesses and contradictions, its endemic crises, are not national in origin. They are global, and they are inherent in the system, rooted in capitalism's basic laws of motion. This means that no specific national policy caused them, nor can any specific national strategy resolve them. On the other hand, because global capitalism is nationally organized and irreducibly dependent on national states, national economies and
national states can still be the primary terrain of anti-capitalist struggle. At the same time, really effective oppositional struggles can't be directed at resolving the contradictions of capitalism, which aren't national in origin, but must be aimed at detaching social life from the logic of capitalism altogether.

NOTES

1. I talk about this conception of modernity, as it relates to capitalism and the state, at greater length in The Pristine Culture of Capitalism: A Historical Essay on Old Regimes and Modern States (London: Verso, 1991).