

# On several Marxist themes in “Capitalism, Alone”: My reply to Romaric Godin’s review

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Romaric Godin has recently written a very stimulating review of “Le capitalism, sans rival” with a somewhat provocative title “La reflexion inachevée de Branko Milanovic sur le capitalisme”. There are reasons why the reflection may necessarily remain incomplete, but there are also some points on which I would like to define my thinking a bit more clearly and possibly move the discussion further.

Godin’s summary of the book’s main points in the first part of the review is excellent and there is nothing to disagree with except that I would like to clarify a point regarding my definition of communism. I will then follow Romaric Godin’s four very specific critiques and try to answer them.

## Global historical role of communism

The clarification on the role of communism is as follows. My definition of communism, written in the italics in the book is: “*communism is a social system that enabled backward and colonized societies to abolish feudalism, regain economic and political independence, and build indigenous capitalism.*” Note that the definition pertains to “backward and colonized” societies. As I explain in the text, the centralized anti-imperialist parties composed of professional militants were in the best position to effect this double transition, that is, to politically free countries from the outside influence, and to introduce social transformation (land reform, abolition of feudal-like privileges, widespread education, gender equality). It is these regimes which, in turn, have set the stage for the development of autochthonous capitalism (obviously without having this in mind at the time when they did the revolution). This is why I argue that their role was functionally the same as that of the bourgeoisie in countries that were not colonized.

This is an important point, in at least two reasons. First, by the “cunning of history” the actors of these changes introduced the system of which they were unaware. This is something that we can see only now, with sufficient passage of time. It was something entirely impossible to see some thirty years ago and even less so at the time of the revolution. The owl of Minerva flies out at dusk.

Second, this view of global historical role of communism entirely changes our perception of the events in the 20<sup>th</sup> century. As I argue in Annex 1 of “Capitalism, Alone”, the Russian revolution’s most important accomplishment was not the introduction of the communist system in Russia (which eventually collapsed) but the unification in the body of the left-wing and communist parties in the Third World, of anti-imperialist struggle and social revolution. For this reason the “Eastern turn” announced at the 1920 Baku conference and the 2<sup>nd</sup> Comintern Congress (also in 1920) was crucial. To quote Lenin: “Capitalism has grown into a world system of colonial

oppression and of the financial strangulation of the overwhelming majority of the people of the world by a handful of ‘advanced’ countries”.[1] Or, “at this Congress [the 2<sup>nd</sup> Comintern Congress] we see taking place a union between revolutionary proletarians of the capitalist, advanced countries, and the revolutionary masses of those countries *where there is no or hardly any proletariat* [my emphasis], i.e., the oppressed masses of colonial, Eastern countries.” [2]

Without the Russian revolution and without Lenin’s redefinition of the global class struggle to embrace also anti-colonialist struggle (often in coalition with bourgeois parties in colonized countries), communist parties in the Third World would have been consigned to a peripheral role. Moreover, it is important to realize that Lenin’s position was a departure from orthodox Marxism. Marx and many “classical” Marxist were ambivalent and even supportive of western imperialism seeing it as a means of introducing capitalism in backward countries (Marx’s writing on India are a good example of that) and setting the stage for an eventual socialist transformation. In this view, there is no natural anti-imperialist role of communist parties. This entirely changed after 1920.

When we look at the Russian revolution today this was its most important achievement. It was indeed an indirect achievement but nevertheless of fundamental worldwide significance. To state it brutally, the rise of Asia and the decolonization of Africa would not have occurred, or would have moved much more slowly. This applies not only to China and Vietnam which are paradigmatic cases, but also to India whose independence movement was led by national bourgeoisie but which, under the left-wing pressure, borrowed many of the more progressive policies from its leftist and secular rivals. Again, without that left-wing pressure, coming not only from several Indian Marxist parties, but perhaps even more importantly from an ideological acceptance of social revolution, industrialization, central planning and the like, Indian independence and reform would have taken many more decades. One may even wonder if India might not have ended up in some kind of “soft” colonial arrangement with Great Britain, the two bourgeoisies collaborating.

I needed to clarify this point because Romaric Godin seems to skip over the “colonialist” element and to think that I maintain a more traditional view that communism was more successful in less developed countries for economic reasons. I do believe that too (as I write in Section 3.2) but this is of secondary importance compared to the argument that I just explained in the previous paragraphs.

Moreover that argument explains why I juxtapose China and the United States in the book. Unlike “vulgar” political scientists, I do not merely slap together China and the US to discuss their differences as is often done in popular discussions of the two competitors in the new Cold War. My objective was to provide an ideological genesis of China’s rise and its adoption of political capitalism, not merely to take the snapshot of China today. As communism was, in this interpretation, behind China’s rise, and as the latter has a world-transforming character, I argue that this was indeed one of the main global historical contributions of communism. (Clearly, China is the most important

example, but I list another nine countries, from Algeria to Tanzania that could be seen to belong to the same category and to have responded to the same forces.)

This explains also why I do not discuss today's Russia as an example of political capitalism (as I am criticized by Robert Kuttler in his review of "Capitalism, Alone" in the *New York Review of Books*). I could indeed discuss Russia too—since it shares many features of political capitalism with China, but Russia does not share the same historical genesis explained above and there was thus no point in discussing her in the book.

Let me now move to Godin's specific critiques.

### Capitalism as a historical system

The first refers to my hesitation between natural and historical characters of capitalism. Is capitalism a "natural" system? Godin correctly says that I believe that our desires and behavior are the product of socialization which implies that capitalism is a historical category. But "L'hypothèse de auteur...que le capitalisme a triomphé grâce à sa capacité à satisfaire les désirs de richesse de la population" seems to imply that such desires are intrinsic to humans which would explain my insistence on the power of capitalism but would be in contradiction with the statement that capitalism is a historical system. Thus either I have to claim that capitalism is a natural system or to accept that capitalism could be transcended.

I do accept the latter. As I briefly write at the end of the book, I can imagine that capitalism can be replaced by another system: when capital becomes plentiful compared to labor and wage labor disappears. Two out of three fundamental definitional characteristics of capitalism would then be: no wage labor, and no capital as a social relationship (since it vanishes with the disappearance of hired labor). We are then in a different mode of production. Will this lead to a change in our system of values? Perhaps. But surely if the way the society is organized changes, we can expect that certain values that we hold immutable today, including acquisition of wealth as the primary objective in life, may be altered.

### Can capitalism expand forever?

The second critique is that I do not fully allow for the dynamic elements of capitalism, most notably its permanent need for expansion, driven by the search of new profit-generating activities. However, as Godin writes, capitalism today meets certain, apparently unsurmountable limits: on the one hand, capitalism is limited by social rejection of increasing inequalities, and on the other hand, by its low productivity growth (the secular stagnation hypothesis) and environmental exhaustion. Hence, Godin argues, capitalism may be faced with very significant constraints to its further expansion. And without profit, there is no capitalism. This issue, as Godin writes, goes back to Rosa Luxemburg and Henryk Grossman.

But there, I think, it is Godin's views that are static, not mine. The view that somehow capitalism will not be able to find new fields of activity is based on our own cognitive limits, namely our inability to imagine what would be new areas of profit-making in thirty or fifty years. We should realize—especially now in the era of expansion of capitalism into our private sphere (from internet influencers to Airbnb), a development which no one could have forecast twenty years ago—that the areas which capitalism can “invade” cannot be told in advance. But reasoning by analogy, we can comfortably assume that such new areas will indeed be created.

Rosa Luxemburg was, we know today, wrong, but it seemed to her reasonable to argue that the expansion of capitalism is finite because the new underdeveloped areas cannot be found forever. This was however a wrong way of posing the problem, since the dominion of capitalism need not require only new physical areas, but can extend to new ways to organize production (as Schumpeter argued), new products and even to our leisure time. Likewise, we today cannot foretell what activities might become “capitalistic”. To each generation, it appears that capitalism has exhausted possible sources of profit, only to find out they were wrong.

The problem here is very similar to the one that I discuss with respect to technological change. There too we are cognitively limited. We cannot pinpoint today the jobs that will be created by new technologies simply because we do not know how the new technologies may affect production and our needs. It thus often seems that the new technology will simply displace existing jobs, making workers redundant, without creating new jobs. But that fallacy has been regularly exploded during the past 200 years—yet we encounter it every time new technology comes on the scene.

Within the same argument, Godin regrets that the book did not pay more attention to the production side of capitalism. This is a valid critique. The book is focused, in the analyses of both liberal and political capitalisms, on the distributional side and on the reproduction of the elites (which itself is correlated with the patterns of distribution). These are the areas of my knowledge. Unfortunately, the production side, the monopolies, intellectual property rights, hierarchical internal organization of capitalist production with subsumption of labor to capital, trade unions, are very important topics, but I had to leave them out for others who know much more about them than I. Two, among probably many, who have done much valuable work are Anwar Shaikh in “Capitalism”, and Marshall Steinbaum in his publications on the monopoly nature of US capitalism.

### Definition of communism

The third critique refers to the definitions of capitalism and communism. On the latter, I was very aware of the terminological problems. This is why I dedicate an entire section to it in Chapter 3 of the book. To be brief, I use the term “communism”, when I discuss socialist (sic!) economies, in a common way the term “communist” is used, especially in English-language literature: to denote the economies where capital was state or socially

owned, and production decisions were centralized. I do not think it is worth entering into an etymological and heavily ideological discussion so long as it is clear what we mean. That system was certainly not capitalist: the differences are stark.

Now, it is true that, from the Marxist perspective, the term “communism” used in that context is inaccurate because communism is the higher (never attained) stage where, as Marx wrote, the pre-history, that of all class societies, ends, and the true human history begins. I do not discuss that system because it has never existed. As Machiavelli disparagingly says, “For many writers have depicted...principalities which have never been seen or known actually to exist.”[3]

Godin has another interesting point regarding socialist economies though. They were not fundamentally different from capitalist, he writes, because in the “really existing socialism” too the law of value operated (the production was indeed of exchange-values, not use-values), the relations within the enterprises were hierarchical, and the “really existing socialism” was (or might have been; I leave it open) a class society. This is something on which, when much younger, I have spent numberless hours thinking and even writing (none of that published) and yet...this is an important topic but it does not belong in my book. I dealt in the book with very clearly defined systems of production: liberal or social-democratic capitalism, socialist economies, and political capitalism. All of them exist or existed in real life. I do agree with Godin that the “really existing socialism” was a system of commodity production. This, by the way, is not contentious even for Marxists as it is fully consistent with what Marx envisaged for the transition period where the surplus labor and the surplus time still exist in order to allow for the fulfillment of many social functions (education, health, government administration) as well as to for investments (see *The Critique of the Gotha Program*, Part I).

Thus I agree with Godin that “si ces régimes bolcheviques ne relevent pas du capitalisme, ils ne sauraient être non plus du « communisme » au sens marxien du terme, autrement dit un régime où les classes sociales et l’exploitation auraient disparu” but I do not find this critique relevant. Not only for the book but even for those systems themselves because, strictly speaking, they never claimed to be “communist” in the Marxist sense of the term. They viewed themselves as transitory systems *towards* communism.

I think that Marx’s definition of communism, while it does represent an interesting “terminus” to human “prehistory”, is most of the time an impediment to the discussion of the really existing societies. An incredible amount of ink was spilt on arguing that the socialist regimes were, at some point, state capitalist, as Pannekoek, whom Godin quotes, thought, and indeed Lenin too. But I find that an almost theological discussion, rather sterile.

Do we need to have an alternative to capitalism?

The fourth critique, even if not explicitly labeled as such, refers to the following problem: for capitalism to change, to be superseded by another system, it is wrong to believe that it must have a clear alternative: “la lecture de Branko Milanovic qui consiste à prétendre que les systèmes économiques ont toujours été en concurrence est problématique”. And also “la vision d’un capitalisme ayant besoin d’un rival pour succomber semble issue d’une téléologie de la guerre froide.”

If Godin had made such a conclusion this must be because I was not clear in my exposition. I do not think at all that a change in a dominant mode of production must come only because a different mode of production exists next to it. I fully agree that the change as in the cases quoted by Godin (North Italian cities and the Netherlands) comes from within the system itself. Because a different way of organizing production is more productive, it increasingly encroaches on the hitherto dominant mode of production until it replaces it and wins over.

The antinomy of liberal and political capitalism was not used to argue that one will necessarily prevail. In effect, it was my disagreement with the Fukuyamist view popular in the 1990s which in part led me to write the book and to posit, especially at the end, the possibility of a convergence of the two capitalisms. To quote Godin: “L’hypothèse d’une fusion des deux formes dans une forme hybride, rapidement évoquée en fin d’ouvrage, semble assez séduisante au regard des évolutions récentes : tendance autoritaire et à la corruption à l’Ouest, développement d’une élite économique ailleurs”.

Finally, I do not discard the possibility of transcending capitalism altogether. But, as I have already mentioned, this can be imagined only if the “objective” economic reality changes—in other words, if labor becomes a relatively scarce factor of production. I think that our historical experience has often predisposed us to believe that scarcity of capital is inevitable and that the ownership of capital must always be concentrated. I admit that this is how it was during most of recorded history. But it need not be. The concentration of capital can be transcended by policies that would stimulate its much broader ownership, through taxation, workers’ shareholding, and even state ownership (when applicable). This is my definition of “people’s capitalism”. The scarcity of capital can be transcended by accumulation and technological change happening in tandem with slow or zero population growth. These two developments would end capitalism as we know it. But they are developments independent of individual will.

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[1] Vladimir I. Lenin, *Collected Works*, vol. 19, p. 87. Quoted in Paul Sweezy, *The present as history*, Monthly Review Press, New York, 1953, p. 24

[2] Lenin’s speech at the 2<sup>nd</sup> Congress of the Communist International, Moscow, 19 July 1920.

[3] Machiavelli, *The Prince*, Chapter 15.

