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**Review of Richard Westra (2010) *Political Economy
and Globalization*. New York: Routledge**

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The Uno Newsletter: Rejuvenating Marxian Economics through Uno Theory
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Richard Westra's *Political Economy and Globalization* offers a defense and application of Kozo Uno's levels-of-analysis approach to the study of capitalism and the ex-capitalist transition. In this approach, empirical studies of historical capitalisms are informed, first, by a Hegelian dialectical (as opposed to an axiomatic / analytic / ideal type) pure theory of the self-abstracting, self-synthesizing logic that capital and its self-regulating and self-expanding market employed in the largely successful attempt to autonomously reproduce substantive economic life in late liberal Britain, the society in which use-value production was most amenable to capital's control. Uno's *Principles of Political Economy* (1950-2) thus constitutes the definitive reconstruction, correction and completion of Marx's *Capital*, as well as the most convincing defense of Marxian value theory. Tomohiko (Thomas) Sekine translated the shorter version of the *Principles* (1962) into English in 1980 and then introduced refinements, derived from marginalist and mathematical economics, into Uno's theory of pure capitalism in *An Outline of the Dialectic of Capital* (1997) and in *The Dialectic of Capital*. The latter, originally published in two volumes in 1984 and 1986 (Yushindo, Toshindo), and soon to appear in a new edition from Historical Materialism / Brill, also makes explicit the correspondences between the doctrines of Circulation, Production and Distribution in Uno's pure theory and the doctrines of Being, Essence and Notion in Hegel's metaphysical dialectic.

Because there are always varying kinds and degrees of collective human and intractable use-value resistance that capital's impersonal, society wide market and its reifying commodity- economic logic cannot entirely subdue in history, Uno next developed a stages theory of capitalism's historical development to mediate between the theory of pure capitalism and empirical studies of historical capitalisms. The stage theory devotes considerable, though not exclusive, attention to the stage-specific (mercantilist, liberal and imperialist) economic policies of the leading bourgeois state, which support the logic and dominant form of capital in their management of the pre-eminent use-value in a given stage with the best technology then available to augment value. Uno's major contribution to stages theory, *Types of Economic Policies Under Capitalism* (1954, 1971), has recently been translated into English by Sekine and it too will soon be published. Robert Albritton's *A Japanese Approach to Stages of Capitalist Development* (Macmillan

1991) was inspired by, but departs somewhat, from Uno's approach, in part because so little of Uno had then been translated into English and perhaps, in part, because Albritton, who for many years played a leading role in the Uno group that formed around him and Sekine while both were teaching at York University in Toronto, was not entirely satisfied with Uno's development of the stages theory. One innovative aspect of Albritton's book cited above was his attempt to theorize the post-World War II era as a fourth stage stage of capitalism.

All the Unoists cited above have greatly influenced Westra. However, in recent years Westra has pursued an independent path with respect to his theorizing of capitalism's disintegration. He has gone much further than Albritton and Marxists generally in advancing a spirited defense of the thesis that we have passed through the final consumerist stage of capitalism and are now transitioning away from capitalism. This an appropriate time to point out that Sekine and I had earlier argued that consumerism / Fordism and post-Fordism must both be viewed as phases in the progressive disintegration of capitalism for the rather compelling reason that the large scale production of not merely heavy producer goods but also heavy consumer durable goods in many sectors after the First World War could no longer be subsumed under the impersonal and substantially self-regulating capitalist market, no matter what market supporting or bourgeois policies the state endeavored to devise. Indeed, it was an unavoidable necessity that macroeconomic policies and a (partially) managed currency system replace or progressively undermine capitalist market regulation and the international gold standard system if substantive economic life was to be reliably reproduced from the 1920s onward. Thus, any characterization of Fordism / consumerism and not merely what is often referred to as the post-Fordist economy must exceed stage-theoretic characterization (if, indeed, we are speaking of a stage of capitalism, that is). (For longer discussions of this topic, see, for example, the last chapter of my *Capitalism and the Dialectic* [2009] or several forthcoming papers by Sekine.)

That a social system would disintegrate slowly over an extended period before a cohesive new social system emerged is not unprecedented. The transition from a disintegrating feudalism to capitalism was also a protracted process. That aside, Westra's thesis of a more recent beginning to the ex-capitalist transition takes considerable courage,

given that Marxists today rather than optimistically prophesying the imminent collapse of capitalism as they used to do now appear to be almost as ardent as neo-liberals in their faith in ‘capitalism forever’.

Before I comment further on Westra’s take on the ex-capitalist transition, I would like to cite a few minor reservations I have regarding Westra’s generally reliable discussions of pure theory and Uno’s stages theory. Uno and Sekine would no doubt disagree with Westra’s characterization of capitalism as, ‘the standardized mass production of textiles’ (70,155). Mass production refers to the large scale, assembly line production of heavy and complex use-values or consumer durables that is characteristic of the ‘Fordist’ / ‘consumerist’ era. The smaller scale, atomistic and competitive capitalist firms of pure theory and the stage theory of liberalism did not ‘assemble’ or mass produce cotton, textiles or other light and simple use-values. This characterization is not helpful in defining capitalism, in demarcating the stages of capitalism or, lastly, in distinguishing pure, liberal and imperialist capitalism from Fordism / consumerism.

Westra tells us that the Uno-Sekine pure theory holds use-values implicit (105) but it would perhaps be better to say that the pure theory makes use-values explicit yet robs them of their potency such that the use value resistance posed by these idealized cotton-type use-values is never permitted to obstruct the value principle of capital as it manages the reproduction of substantive economic life. This allows us to see the logic of capital with perfect clarity. In any historical capitalist society, by contrast, the logic operates as a tendency of varying strengths and not as an iron law,

While Westra is certainly right to emphasize that there are no political boundaries in pure capitalism, I would hesitate to describe such an economy as ‘global’ unless we conceive of the ‘global’ in theory as of a limited scale since it seems unlikely that the competitive market could substantially integrate a planet-wide economy in which limited scale competitive firms produced only light goods in all sectors. It is better to conceive of pure capitalism as encompassing a self-contained territory with no political divisions, which would be greater in area than a typical nation state but not larger in area than the combined territories of several neighbouring states.

Mainstream trade theory was on safe grounds when it long assumed, for most purposes, that labour mobility was largely confined within borders but, beginning in the

consumerist era, it is far more plausible, in light of the rapid acceleration of labour migration across borders, whether official or clandestine, and the corporate adoption of the strategy of labour arbitrage to speak of an increasingly global division of labour (75, 101, 105, 112, 121).

Westra tells us that the surplus labour performed by workers is recognized by capital as socially necessary and is securely realized as surplus value in the sale of the commodity during the widening phase of the capitalist business cycle in pure theory (39). I contend that some surplus labour will be performed without producing surplus value and, thus, will fail to be appropriated during all phases of the business cycle simply because commodities are produced anarchistically.

During the imperialist era, economic growth in capitalism became quite uneven, as later developing nations imported highly productive, large-scale factory techniques primarily from Britain. Germany, which became the leading capitalist nation in this era, no longer tended to approach the ideal of image of capitalism, as had Britain and the nations that followed her lead in the liberal era. Germany could import and refine highly productive, large-scale techniques in heavy industry, while allowing technological development to lag behind in light industry and especially agriculture. A dual economy thus emerged characterized by uneven development. Germany, Britain and the US were all moving away from pure capitalism but along different trajectories rather than increasingly moving towards convergence, as could be argued was the case in the liberal era.

Under these circumstances it is most apt that Westra (following Albritton?) would refer to the 'refraction' of capital's logic, as we move out of pure theory and into the theory of the imperialist (or any) stage, due to the omnipresence of some intractable use-value and collective human resistance that capital could not overcome without the support of imperialist (or other bourgeois) state economic policy. Westra recognizes that the stage theory of imperialism highlights the iron-and-steel industry and its requirements as the leading industry but he does not attend to how these policies simultaneously supported, rather than undermined or simply replaced, the still considerable self-regulating capacity of the impersonal, capitalist market elsewhere in the economy, thus checking or limiting the 'refraction' and maintaining the logic of capital on a path that

would permit it to continue to reproduce material economic life. Empirical studies of the era, informed by both the pure and stages theories, would reveal that most sectors of the economy still operated much as they had during the liberal era, with largely unorganized workers still selling their labour-power in the impersonal market. Moreover, although the shape of the capitalist business cycle was somewhat distorted or distended by the exceptional conditions prevailing in heavy industry, the large joint stock firms that dominated the iron, steel and coal industries could not avoid lowering prices in depressions, as later corporate firms were able to do, beginning in the formative phase of Fordism after World War I. Nor did their hard working employees have much success in organizing themselves to resist the very strenuous demands of capital.

Beginning in America after World War I, the large-scale production of heavy durable goods (not merely producer goods but consumer goods, agricultural machinery, military goods, infrastructure, etc.) by means of durable goods greatly accelerated. The leading states found, in the space of a decade, that they could no longer devise any economic policies that would support capitalism's substantially self-regulating market or the international gold standard as the development of real or substantive economic life was now such as to exceed capital's grasp over it. Despite mentioning Karl Polanyi, Westra says relatively little about the origins or significance of this 'great transformation'.

Following Albritton, Westra characterizes the post-World War II economy as the *Uno stage theory of consumerism* (78). Since Uno, who lived through that entire era, opposed the attempt to theorize a 4th stage of capitalism in the era of the mass production of consumer durables and managed currencies, it would be more appropriate to speak of the Albritton-Westra theory of the consumerist stage.

Following Albritton, Westra maintains that consumer durables, and particularly the automobile, were the dominant or characteristic use-value of the consumerist stage, while acknowledging Uno's view that wool, cotton and steel were, respectively, the most important use-values in the previous stages of mercantilism, liberalism and imperialism. I would like to have seen a rationale for the choice of the automobile, which does not fit comfortably with the use-value pattern established in the previous stages. Earlier dominant use-values were basic goods that fed into many other industries, whereas the

automobile is a complex durable good that is composed of an assemblage of other use-values.

Westra tells us that, ‘in the stage of consumerism, capitalist outcomes emanated less from the impersonal operation of integrated systems of self-regulating markets and more from programming of the superstructure matrix, supportive as it was of the mass production, mass consumption dynamic of corporate capital accumulation’ (190), that consumerism distends the movement of value augmentation away from both the [capitalist] price mechanism and the cycles of renewal of fixed capital’, familiar to us from pure theory and the stage theory of liberalism, that ‘corporate capital eschewed market operations to wield centralized control over economic activities of increasing scale and scope on par with a Soviet state’ (188) and that consumerism and consumer durables ‘owe little to market modalities’ (203, 106). Finally, he says that notions of the market economy are consigned to the ‘dustbin of history’ (80). If, as he says, it is also impossible to decouple the market from the capitalist mode of production (203), has he not unwittingly made a very compelling case that capitalism was already disintegrating throughout the entire consumerist era, as Sekine and I have long maintained?

Westra argues that the decommodification of labour-power was quite advanced during consumerism. He acknowledges that wages and benefits in the corporate and state sectors were still frequently determined by collective bargaining well into the post-consumerist 1980s in the US and that, until the late 70s, the Keynesian state still intervened in the attempt to achieve and maintain growth with both low inflation and low unemployment, through its incomes, industrial, defense, fiscal, welfare and agricultural policies, operating from the premise that the atrophied capitalist market could not be depended upon to achieve these goals. Indeed, it was widely recognized by economists during the consumerist era that it was necessary to formulate market replacing, rather than market supporting, economic policies, given that the no longer viably capitalist market could not reliably reproduce economic life. If neoclassical, Keynesian and Marxist economists sometimes spoke of the continued existence of capitalism rather than of its replacement by, say, the ‘mixed economy’, this may well have been because none of them had a precise and definitive grasp of capitalism’s self-definition, obtained by correcting, reconstructing and completing *Capital* as the dialectic of capital. As Westra

demonstrates, the work of Marxists, Frederic Jameson and David Harvey, together with that of theorists employing regulation, social structure of accumulation, models of capitalism and other heterodox approaches all suffer from this inability to grasp capitalism's self-definition though credit must be given to the regulationists and social structure of accumulation theorists for recognizing the necessity to develop mid-range theories to mediate between more general theories and empirical studies. Among other things, the failure to grasp capital's self-definition means that the last cited theorists are susceptible to falling back on neoclassical economics to provide them with their pure theory.

Unfortunately, although Unoists generally have grasped capital's self-definition as the dialectic of capital, the formerly Canadian based Unoists, who studied with Sekine and Albritton, have not yet been able to quite agree as to how a stage of capitalism ought to be theorized or as to when it would no longer be possible to convincingly theorize an economy in which some level of capitalist activity is admittedly still being carried on as a viable stage of capitalism. I would argue that capitalism is no longer functioning if the state can no longer bolster the capitalist market's regulation and reproduction of material economic life with any bourgeois i.e. market supporting policies, devised with the vain hope of overcoming what is now an absolutely intractable level of use-value resistance (i.e. of what are now imposing externalities that cannot be internalized, to employ the language of neoclassical economics).

An indication of the confusion within what once constituted the Canadian Uno group is the fact that Westra concurs with Sekine and I that the ex-capitalist transition has begun but, notwithstanding his recognition that capital accumulation in the consumerist era operated at a greater distance from commodity-economic [i.e. capitalist] principles than at any time since the mercantilist era (85), he concurs with Albritton that the consumerist era should, nevertheless, still be theorized as a stage of capitalism. I am not persuaded that this is the case because, whereas throughout capitalism's formative era, all the economic and political changes that would permit mature capitalism to emerge were gradually being put in place, on the eve of 'consumerism', the capitalist market had already lost its grasp over material economic life, as Westra has himself convincingly argued.

Westra characterizes the equality of aggregate supply and aggregate demand that the Keynesian interventionist state and major corporations sometimes achieved in the consumerist era as a kind of non-market 'equilibrium', thus blurring the crucial distinction between economies that were substantially regulated by the invisible hand of the impersonal capitalist market and those that were managed in crucial respects by the visible hand of market replacing Keynesian policies and (a partially) managed currency system because the market was no longer capable of periodically moving the economy in the direction of a full employment equilibrium at any time. The fact that the liberal or imperialist capitalist economies never reached a Walrasian long-term equilibrium does not invalidate the claim that capitalism did move in the direction of a full employment equilibrium in the prosperity phase of recurring business cycles in late liberal capitalism. By contrast, in the post-imperialist era, the economy could, in the absence of market replacing Keynesian policies be mired indefinitely in equilibrium at many points that were nowhere near full employment because oligopolistic firms producing heavy and complex consumer durables by means of heavy durable goods in many sectors of the economy could not be compelled by the atrophied market to introduce new generations of technology when the economy was trapped in depression as was the case during liberal and imperialist capitalism. Thus, the Nash equilibrium may have much greater explanatory power than Walras in the era of capitalism's progressive disintegration but this is precisely what the followers of the Uno-Sekine approach would expect.

I am also perplexed by several comments that Prof. Westra made with regard to consumerism and imperialism moving 'asymptotically' away from the ideal image of capitalism and, thus, away from regulation by commodity economic principles (78, 85, 95). It is my understanding that an asymptote is a straight line that a hyperbolic curve approaches indefinitely without ever reaching it. It is obvious to me that Westra is not adopting the position that we will be condemned to move further and further away from capitalism without leaving it behind in the foreseeable future though many a Marxist and Unoist would so argue. To Westra's credit, he has advanced the thesis that the ex-capitalist transition has already begun. He recognizes, as many do not, that Unoists are not immediately deprived of a theoretical arsenal with which to comprehend the contemporary economy simply because capitalism has begun to disintegrate. Unoists

have at their disposal a grasp of the general economic norms that all viable economies must observe to survive over time, which we obtain in the course of demarcating the laws specific to capitalism. Although it lies beyond the scope of this review to deal with this topic here, an understanding of the Uno-Sekine pure theory of capitalism leads to the recognition of the necessity to rethink the status of political economy in the broader sense, together with the materialist interpretation of history. Similarly, although we have departed from a viable capitalism, it is still possible to employ pure theory and stages theory to evaluate how far we have travelled from a viable capitalism without yet establishing a viable, cohesive and sustainable new economy.

The last 60% of Westra's book, which is notable for the ambitiousness of its scope, provides compelling evidence and persuasive argumentation with regard to the ex-capitalist transition, the nature of globalization and the prospects for either socialism or barbarism. I regret that in the limited space available I can only present a few of the highlights.

Westra points out that the consumerist production system could not cope with the new use-values and 'smart', energy efficient technologies that began to appear in the 1970s. Many of the innovations, in the areas of electronics, information and computer technologies, emerged from the US military-industrial complex and not from capitalist entrepreneurship but it was the Japanese JIT production system that was initially better able to incorporate these new technologies to produce complex, light use-values or to improve the quality of consumer durables. Initially, the US made an effort to compete with the Japanese by adopting 'smart' technologies and by changing the factory culture in the US but the alternative of relocating factories to offshore, low-wage zones eventually won out and led to the 'hollowing out' of American industry and those of other developed nations. The attempt to maintain the consumerist era capital-labor accord now made far less sense to corporate America, as did its erstwhile support of Keynesian welfare state policies, especially as the multiplier effects of these policies were lowered after much industry had moved offshore. Although I agree with Westra that the US and other states abdicated their responsibility to formulate policies that would promote full and secure employment, it does not follow that such market replacing policies were ever supportive of capitalism. Yet I concur with Westra that deregulation, privatization, and

'liberalization' were far more about repudiating the consumerist capital–labor accord and the Keynesian welfare state, while entrenching a financial and corporate oligarchy, than about reviving a long dead competitive capitalism.

As US manufacturing employment fell below 10% at the dawn of the new millennium, many American workers desperately sought and settled for often menial service sector work but a service economy creates far fewer jobs overall and, as Westra observes, an exclusively service economy would not only be incompatible with capitalism but an oxymoron. It can only be approached to the extent that such an economy feeds parasitically on what other nations produce and that is precisely what the US increasingly has done.

Westra argues that money lost its last tenuous connection to the capitalist commodity form with the demise of Bretton Woods. When America's trading partners continued to accept the US dollar's role as reserve currency, the US began to dominate the global economy as its leading debtor rather than its leading creditor. Westra rightly credits Michael Hudson with presciently characterizing this unprecedented initiative as monetary / Treasury bill or super imperialism (110).

Financialization, the pooling of idle funds that are frequently activated without participating in or supporting real / substantive investment by capitalist productive enterprises and securitization, as but one example of how such funds are employed to transfer wealth without actually creating it, attracted massive amounts of global capital to the US and to US financial firms, in particular. Financialization brought with it a boom and bust economy in which financial speculation, high stakes gambling, Ponzi schemes and an mergers and acquisitions mania, together with financial products and strategies designed to transfer risk from creditors to debtors (with the exception of the uniquely placed US government), substituted for productive investment in a global economy burdened with extreme overcapacity, where growth had become not only difficult but ecologically dangerous.

Westra's discussion of this very important topic is quite informative though I was confused by his use of the term *idle funds M'*, given that Marx, Uno and Sekine use the symbol M' to refer to the sales proceeds of the capitalist. Only a portion of that money would ever be saved as idle funds. The emphasis on idle funds in connection with

financialization is, however, entirely appropriate, given the emphasis that both Uno and Sekine have given to the coexistence of a shortage of active money and an excess of idle money in economies that are transitioning away from capitalism, while frequently being perched on the edge of deflationary spirals.

Having ensnared the global economy in ‘super imperialism’, the US, with perfect hypocrisy, subjected its fellow debtor nations in the developing world to the harsh and economically irrational discipline of the World Bank, the IMF and the Washington Consensus, which guaranteed the permanent indebtedness of many such nations, while simultaneously destroying Keynesian developmental state initiatives. Consequences of this have been enclosures of the commons in such nations [which, today, are not a prelude to, but a substitute for, capitalist development- JRB] and a transition from agriculture to services, without an intervening industrial development. Westra’s treatment of this very important topic is handled most ably.

The book ends with an interesting discussion regarding the possibility of socialism, which I take to be an expansion of and elaboration upon Sekine’s presentation of a three-sector circular flow model of socialism, first published in *York Studies in Political Economy* #7 (Winter 1988). I wish to point out one misstatement that crept into that discussion. The statement that, ‘*Capital* reconstructed as the [Uno-Sekine: JRB] theory of a purely capitalist society confirms the feasibility (as opposed to the possibility) of socialism’ (200) does not reflect Sekine’s view. In *Outline of the Dialectic of Capital* and in *The Dialectic of Capital* (e.g. vol. II, 515), Sekine does speak of the possibility as opposed to the necessity of socialism while in the 1988 article cited above he explores the feasibility of socialism by means of the circular flow model he advances therein.

Political Economy and Globalization convincingly demonstrates the fruitfulness of an Unoist approach to the comprehension of capitalism, globalization, the ex-capitalist transition, and socialism and, thus, should be of considerable interest to Marxian and heterodox political economists alike.