

# INTRODUCTION: THE MATERIALITY OF NATIONS IN GEOPOLITICAL ECONOMY

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**Abstract:** This introduction contextualizes the articles that follow in a discussion of relevant elements of the critical theme of the “materiality of nations” in geopolitical economy. In particular, it focuses on the need to understand the evolution of capitalist states and their domestic and international economic roles in terms of the contradictions of capitalism; the need to unite the normally separated economic and political logics of capitalism in an overall historical understanding; the need to understand combined development as including capitalist combined development and the dialectic of uneven and combined development as the key driver of capitalist international relations.

**Key words:** state and economy; combined development; uneven and combined development; geopolitical economy

Over the decades of neoliberalism, the intellectual currents that most doggedly battled its dogmas were those that resisted the assertion that the state had no economic role in capitalist societies. They insisted that capitalist states had always played critical, indeed, indispensable economic roles. The “developmental states” literature (Amsden 1992, 2001, 2007; Hamilton 1986; Wade 1990), the “sceptics of globalization” (Hirst, Thompson, and Bromley [1996] 2009; Wade 1996; Weiss 1998), and the “models” of capitalism (Coates 2000) are some of the more prominent among these. By contrast, as I pointed out in *Geopolitical Economy* (2013) and elsewhere (Desai 2010, 2012), neoliberalism found a most unexpected echo in various currents of Marxist and non-Marxist critical thinking that accepted an extreme “free market and free trade” understanding of capitalism. This ensured

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that in recent decades the insistence of the economic centrality of states has remained the work of non-Marxist and social-democratic thinkers.

In insisting on the “Materiality of Nations,” geopolitical economy as a new approach to the study of the capitalist world order seeks not only to combine the Marxist tradition with currents recognizing the economic centrality of states but also to accomplish it in a thorough and theoretically consistent fashion. *Geopolitical Economy* laid the foundation for this in many ways. It traced the idea of the necessarily interventionist capitalist state theoretically to the contradictions of capitalism: they had to be managed and the state was foremost among the agencies capable of, and usually charged with, doing so. It also showed that, notwithstanding the popularity of certain passages from *The Communist Manifesto* among those who would argue that Marx was the *ur*-theorist of “globalization,” Marx and Engels never had a “free market and free trade” view of capitalism. After all, they lived at a time when protectionism was growing as countries such as the US and Germany industrialized behind protectionist barriers and with considerable state intervention and challenged Britain’s early industrial lead (see also Chang 2002). Marx and Engels could hardly have failed to notice this, keen observers as they were of the economic developments of their time. Not surprisingly, therefore, not only did they recognize the centrality of the state in managing capitalism’s contradictions domestically, they also noted the international actions of economically interventionist states aimed at positioning themselves and their capitalists favorably in the world economy and its international division of labor. While the specifically capitalist pattern of international relations this implied would be systematically identified only later by Trotsky as the dialectic of uneven and combined development (UCD), it is definitely anticipated in Marx’s own writings. For instance, in his comments on Henry Carey at the end of the *Grundrisse*, Marx notes how the “disharmony” of capitalist relations of production takes its most acute forms “on the grandest terrain where they appear, the world market, and in their grandest development, as the relations of producing nations” (Marx [1858] 1973, 886–87).

In addition to tracing the idea of the materiality of nations and the critical importance of their domestic and international actions for their national capitalisms, *Geopolitical Economy* also showed that the idea of UCD, though systematized by Trotsky in his *History of the Russian Revolution* in 1930, was an understanding shared by the Marxists of his generation and formed the intellectual background of the classical theories of imperialism. The latter were also the first theories of international relations—the first theories to identify a specifically capitalist pattern of international relations. *Geopolitical Economy* also proposed an interpretation of UCD, specifically of combined development, that was at once novel in contemporary Marxist scholarship and more accurate. The vast bulk of

contemporary Marxist scholarship today takes one of four positions on UCD. A first set of scholars, the largest, ignore it entirely. A second and third set treat it as a condition, whether they focus exclusively on the unevenness of capitalist development or confine the idea of combined development to the co-existence, whether in the world as a whole or in a single country or region, of modern and traditional forms, a notion not unlike that in modernization theory. And while some scholars do treat it as a project aimed at skipping steps in the process of development (by developing the forces of production), they confine the term to socialism. *Geopolitical Economy* reminded its readers that for Marxists of Lenin and Trotsky's generation, combined development would have referred, first and foremost, to the state-directed industrialization of countries such as Germany and Japan, behind protectionist walls. So combined development as a project referred to the state-directed, accelerated development of the forces of production, under the "whip of external necessity" cracked by the development of other centers of capitalist production, could take capitalist forms (as in Germany, the US, or Japan from the late nineteenth century onward) as well as communist ones (as, classically, in Russia and China in the twentieth century).

This definition of combined development is critical in understanding that it has historically been the only effective form of resistance to imperialism, which would subject all less developed parts of the world to relations of *complementarity* to the developed capitalist regions. Combined development has been the only way of resisting this and creating, in its place, a relationship of *similarity* with the developed world instead. In effect, it has been the principal way in which productive power has spread around the world. In this fashion, geopolitical economy reinscribes the normally separated field of "development studies" at the core of the study of the capitalist world order. Combined development as a struggle against subordination through complementarity, when it is undertaken (and one can assume neither that it will be undertaken nor that it will be successful when undertaken), and the resistance of the dominant countries against it form the substance of capitalist international relations.

Thus geopolitical economy insists that nations are material products of capitalist development just as much as classes are, something which Marx also recognized. In his writings of the mid-1840s on free trade, Marx scoffed at naïve free trade views:

If the Free-traders cannot understand how one nation can grow rich at the expense of another, we need not wonder, these same gentlemen also refuse to understand how within one country one class can enrich itself at the expense of another. ([1848] 1976, 464–65)

Finally, therefore, in putting the international struggle between dominant and contender powers and class struggles within them in a single frame, geopolitical economy seeks to relate the economic roles of capitalist states to capitalism's contradictions without, of course, reducing that role to them, something in which the historical rather than theoretical or "social scientific" approach is essential (Desai, forthcoming).

This symposium is the third work to interrogate, explore, and develop geopolitical economy as a new approach to understand the structure and dynamics of the world capitalism. The two previous volumes—*Theoretical Engagements in Geopolitical Economy* (Desai 2015b) and *Analytical Gains of Geopolitical Economy* (Desai 2015c)—having explored theoretical and analytical themes more broadly, the essays in this symposium all focus on one key theme of geopolitical economy: the materiality of nations. While some engage with it generally and theoretically, others explore a particular aspect.

Jonathan Pratschke examines the contribution of *Geopolitical Economy* to Marxist state theory by juxtaposing it with three other major contributions, those of Robert Brenner, Alex Callinicos, and David Harvey. In the "minefield" full of "unresolved problems" that is Marxist state theory, Pratschke's discussion of the four contributions raises critical points about the materiality of nations which need to be better understood. He points out, firstly, that the Marxist tendency to understand the relation of the capitalist state to its economy in terms of taxation and revenues, as did O'Connor, Block and Offe, is problematic. It "assumes what must be explained, namely the nature of the relationship between state and capital" and leads to the assumption that the "state is driven at all times to maximise its own power." This assumption is clearest in Callinicos's (2007) insistence that "there is, necessarily, a realist moment in any Marxist analysis of international relations and conjunctures" which "must take into account the strategies, calculations and interactions of rival political elites in the state system" (542). Similarly, Harvey also distinguishes, like Arrighi, between the territorial and the capitalist logics of power. If we are to produce an understanding of the drivers and characteristic patterns of specifically capitalist international relations, then, surely, the whole problem is to understand and theorize their inextricable intertwining in capitalism, an intertwining which is, *Geopolitical Economy* suggests, rooted in the nature of capitalist contradictions and the need for any reasonably successful capitalist state to manage and, as far and long as possible, contain them.

This intertwining can only be understood historically, rather than social scientifically. What is needed is a historical understanding of the relation between the capitalist state, its national capitalist classes, and their joint and several relations to the economy at large, an independent entity whose shape is determined as much by the balance of class forces between capitalists and other classes as by the

actions and desires of the capitalists themselves. Only such a theorization can account for the historical facts that not all capitalist states may be willing and/or able to maximize their power (or revenues). Only such a theorization can also provide the necessarily complex accounts of the role of capitalist states that are neither spectacularly successful nor spectacular failures in managing their economies but represent historically evolved combinations of abilities and inclinations which are, in turn, the complex results of internal class configurations and the state's international position.

Secondly, Pratschke notes in relation to Harvey (though the point is also valid for many other writers) that there is a tendency to understand capitalism's expansionism in a sort of heroic and, one might add, largely Schumpeterian fashion, rather than as driven by its contradictions, as Marx might have understood it (on the actual Schumpeterianism of much of what passes for Marxism today, see Desai 2015a). Given that the Marxist approach is rightly historical rather than "social scientific," even the contradiction-driven expansionism of capitalists and their states needs to be historically specified for individual capitalist states (and types thereof) and the eras of capitalist development. Pratschke's questions in this regard are all well taken: why are states and their administrators driven to compete at the geopolitical level, if not by virtue of economic considerations? Why should they pursue territorial expansion or foreign domination for their own sake?

Pratschke concludes with three entirely salutary recommendations. He suggests first that we understand capitalist contradictions and crises as motivating rather than explaining state actions. Secondly, he advises against structuralist and functionalist accounts of the relations of state and capital and understand those relations instead as (historically) contingent. This would leave open the possibility that states' actions can sometimes go athwart capitalist's interests. Finally, he proposes that we take the task of understanding the "international" as a determinant of state actions anew in a historical fashion which can take account of "context-sensitive" and "path-dependent" patterns.

Omer Moussaly mines the classical Marxist writers for material that can flesh out the idea of the materiality of nations. Hilferding, for instance, noted the distance between the free market and free trade rhetoric the bourgeoisie deployed in its battle against the absolutist state to win its own economic freedom and the actual policies it followed in creating and maintaining a capitalist economy: in every case the latter involved policies of protectionism, imperialism, and other state actions in line with the prescriptions of economists like List and Carey. This is as true of the so-called "late industrialisers" as it is for England (see also Desai 2013, 31–33).

When, in this vein, Moussaly draws attention to Rosa Luxemburg's argument about the centrality of the "non-capitalist environment" to capitalist expansionism, he leads us to reflect on how and whether the near exhaustion of such an

environment today contributes to the “secular stagnation” that afflicts the western world. After all, post-war decolonization and state formation have reduced the easy access the advanced capitalist countries used to have to this “non-capitalist” environment. This not only increased the importance of domestic and working-class demand, enabling the rising real wages of the golden age (Desai 2015a), but also, with neoliberal policies restricting the expansion of world demand, made the nature of international competition for markets into a zero-sum game (Brenner 1998; Desai 2013, forthcoming).

Finally, Moussaly discusses how Bukharin conjures up a vividly dynamic conception of how the changing nature of the capitalist international system as UCD assumes that states become more and more necessary with the development of capitalism and how national economies are “engaged in a continuous process of internal regeneration” and constantly “changing their position . . . in relation to each other.” Moussaly’s discussions of contemporary writers underlines the need to return to these classical texts in understanding the forms of capitalist international relations and imperialism today.

Giuseppe Montalbano’s contribution continues the work, begun by Claude Serfati (2015), of framing the EU and its evolution through UCD. Whereas Serfati had placed the long-term processes of EU integration itself, both productive and financial, in the framework of UCD, questioning, inter alia, the idea of a unified European capitalist class or capitalism, Montalbano applies it specifically to the EU’s regulatory response to its financial crisis. Focusing on the application of Basel III provisions on capital requirements and on the process of reforming Europe’s banks, he points to the asymmetrical power relations among member states and the concrete international coalitions they build depending on the needs of the fraction of capital they represent. In particular, Montalbano analyzes the competition between the UK and German-French blocs which represent “different capitalist projects embedded in social constellations of domestic and transnational economic interests.” Combining geopolitical economy with the neo-Gramscian idea of a “historical bloc” while questioning the tradition’s assumption that a “declining” US hegemony (one of *Geopolitical Economy*’s arguments was that there never was one) was replaced by the creation of a unified transnational capitalist class, Montalbano prefers the idea, more compatible with geopolitical economy, that “transnational hegemonic projects” are undertaken not by unified “transnational capitalist classes” but by “*regional* historical blocs.” This approach also entails an understanding of the domestic balance of class forces: “the class fractions more embedded in the transnational circuits of capital accumulation are nevertheless rooted in political and societal domestic contexts in which they build up the necessary hegemonic conditions of their outward expansion.” Here, like Pratschke, he also rejects rationalist models for state actions.

However, Montalbano's originality lies in proposing that internationalized capitalist groups make contingent alliances with states whose internal (class and political) dynamics permit them to take positions aligned with the former's interests. This approach explains both the build-up to the crisis as well as the post-crisis efforts to re-regulate the financial sector. As is widely appreciated, the depth of European banks' exposure to the US credit bubble was exceptional, and when it burst in 2008, the weakening of the European financial system laid the basis of the Eurozone crisis that would follow. This build-up is analyzed by Montalbano thus:

The impact of the international credit expansion and the rapid development of financial operations and innovative products reacted with Continental financial systems grounded on a strict relationship between banks and industry. In this context the loopholes and regulatory arbitrages left by the difficult and downwards compromises in the FSAP process, which made the EU system vulnerable to the increasing operations in the financial markets, must be understood as a result of the competitive conflicts among national strategies of restructuration in the financial/industrial domestic capitalist patterns.

In the post-crisis regulatory response, the Anglo-American financial bloc has been pitted against a Franco-German one and the latter was able to ensure the "watering down" of some of Basel III's most stringent capital reserve requirements, while banking regulations aimed at separating the more ordinary and necessary banking activities from the more risky and speculative proprietary trading parts of the system have, so far at least, been confined to the more important elements of regulatory discretion to the national level, ensuring that its EU-wide character remains in abeyance. Montalbano's analysis underlines the continuing importance of national economic regulation even in the EU context while demonstrating the relevance of his conceptual innovation, that of international or regional historical blocs as critical actors in geopolitical economy.

A great deal of the attention in geopolitical economy so far has been focused on issues of trade and investment—and the surfeits of goods and capital which national capitalisms systematically create and for which states strive to find outlets through their international policies. Petar Kurecic, however, returns us to that critical driver of imperialism—searching for and securing access to raw materials or resources (see also Carpintero, Murray, and Bellver 2015). Given how important resource conflicts have always been and remain, given that the most intense wars are being fought in and over the control of the oil-rich Middle East, integrating an understanding of these into geopolitical economy is an enterprise of utmost importance and urgency.

Kurecic also performs another invaluable service when he discusses Stuart Corbridge and John Agnew's use of the term geopolitical economy in the late

1980s and early 1990s (which they soon dropped) and related writings and how they relate to the very different (and now spreading) use of the term initiated by *Geopolitical Economy* (2013) and other publications since, as well as the term “geoeconomics” coined by Edward Luttwak (1990; see also Desai 2013, 185). Preferring geopolitical economy in its newer usage, Kurecic employs it in an important preliminary attempt to frame an understanding of resource wars in a comprehensive understanding of the drivers of the geopolitical economy of our time, in terms of UCD and multipolarity. Based on a survey of the existing literature on resource wars and conflicts, his conclusion is that it is not the mere availability of resources that leads to conflicts: after all, many of the most powerful countries—countries that have not witnessed wars in recent memory—are among the most well-endowed with resources. Rather, in the context of the UCD between dominant states seeking to maintain their privileged position in the world economy and contender states seeking to challenge it and seeking to position themselves better in it,

the weak states, especially those located in the unstable parts of the world, being underdeveloped and resource export dependent, are most likely to be pulled into resource conflicts, which can be studied as geoeconomic-geopolitical conflicts. Those conflicts are outcomes of geoeconomic rivalries, through which dominant and contender states are expressing their “unquenchable thirst,” mainly for non-renewable resources, of which oil is currently the most important one. Consequently, these conflicts are destroying and tearing apart the states in which they are fought, thereby making those states, and the regions in which they are located, unstable in the long-term.

Finally, we come to Emanuel Sebag de Magalhães, Hélio Farias, and Ricardo Vieira’s discussion of Jose Luis Fiori’s Capitalist Interstate System (CIS) as a critical corrective to Latin American structuralism and the mainstream of International Political Economy (IPE) and its resonances with geopolitical economy. Their critique of IPE for its economism and acceptance of hegemonic stability theory (HST) resonates with the critique of “globalization” and HST in *Geopolitical Economy*, though in an interesting twist they see no contradiction between US power and that of national capitalism, arguing instead that the latter are “manifestations of the strategy of the former combined with the will to power and wealth of the local elites.” This view is hardly devoid of exemplars, particularly among the “comprador” elites of Latin America, and is quite compatible with the geopolitical economy approach which, while regarding combined development as the sole force spreading productive capacity, assumes neither that it is bound to be undertaken by all national states nor that it will succeed

when undertaken. The defects of Latin American Structuralism, as Sebag and his co-authors argue, promoted the rise of the CIS perspective in the work of Tavares and Fiori at the Institute of Economy at the Federal University of Rio de Janeiro.

The CIS approach is rooted in Braudel's analysis of the early development of capitalism in Europe in which the interconnected development of the capitalist state and economy is explored (see also Krpec and Hodulak 2015). While, on the one hand, the "national blocs of power and capital" that were thus formed were possessed of an "expansive momentum" that led them to incorporate increasingly larger external economic spaces in order to stimulate the accumulation of capital and sustain ever-growing levels of spending associated with the evolution and spread of military power, on the other hand, "capital never lost its association, via currency, debt and the financial system, with their national states of origin, which are the source of the privileged and monopolistic positions that make possible its accelerated accumulation."

While the CIS perspective sheds much light on the evolution of the world capitalist economy, and while Sebag de Magalhães, Hélio Farias, and Ricardo Vieira contribute to the critical task of integrating the field of development into IPE, from which it tends to be shut out without warrant, their approach remains a little one-sidedly geopolitical, rather than geopolitical economic. As the authors point out, "different national development processes occur in response to geopolitical challenges, as an invasion or threat of foreign invasion" and

the problem of development is not an economic one, and is governed by the logic of power and politics, not of markets, capital and financial transactions. Consequently, the solution to its contradictions and particular issues shall be discovered not in economic theory, in class struggles based on economic interest or the "right" economic policies, but in the doctrines of war, the international alignments and the power strategies of nations.

While the logics of state and war remain insufficiently linked to those of the political and geopolitical economy of capitalism and its contradictions in CIS, it is not without its insights for geopolitical economy—for example, the idea that modern states were always hybrid beings, "half-states and half-empires," throws new light on capitalism's innate expansionism. For all that, however, understanding the specifically capitalist character of evolution and dynamics of the modern world order was and remains geopolitical economy's assignment.

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