

Thinking About Capitalism

John R. Bell
Interviewed by John Simoulidis

John R. Bell's *Capitalism and the Dialectic* (2009), published by Pluto Press, introduces readers to a distinctive and unique 'levels of analysis' approach to understanding capitalism. Socialist Project recently asked John Simoulidis, of York University's Department of Social Science and himself a scholar of Japanese Marxism, to interview John Bell about his book. Bell elaborates and why he thinks English speaking Marxists, as well as those interested in undertaking a theoretical study of capitalism, should become more familiar with the approach to Marxian political economy developed by Japanese Marxists Kozo Uno and Thomas Sekine.

John Simoulidis (JS): Your book seeks to introduce English speaking readers to the pioneering work by two Japanese Marxists, Kozo Uno and Thomas Sekine. For readers unfamiliar with these key thinkers, what do Marxists have to learn from their approach to Marxian political economy?

John Bell (JB): There were probably more Marxist economists in Japanese universities during the post-war era than there were in any other nation outside the Sino-Soviet bloc. There was a rough parity between the Marxist and neo-classically trained economists. Working in a self-imposed isolation from what were the prevailing fashions in Japanese Marxist circles, Kozo Uno (1897-1977) eventually grasped Marx's method and proceeded to complete and correct Marx's pure theory of capitalism in the three volumes of *Capital* and integrated it into his distinctive 'levels of analysis approach' to comprehending capitalism in history. Uno's rigorously dialectical reconstruction of *Capital* provides the strongest defence of value theory possible. This was an amazing achievement when you consider that no Soviet or Western Marxist economist has ever been able to approach it to this day. With the publication of *The Theory of Value* in 1947, *Principles of Political Economy* in 1952 and *Economic Policies Under Capitalism*, Uno made such an impact that all Marxist economists in Japan began to define their positions in relation to his work. The *Principles* was translated into English by Sekine in 1980 and he is currently translating Uno's *Economic Policies*. Nevertheless, Uno's work remains largely unknown to Western Marxists.

Thomas Sekine (1933-) has made a decisive theoretical contribution to the Marx-Uno dialectical theory of capitalism by making explicit the Hegelian dialectical method employed intuitively by Marx and, more consistently, by Uno. He traces the many

close correspondences between the dialectical theory of capitalism's logic, on the one hand, and Hegel's metaphysical dialectic on the other, demonstrating, in the process, that Uno's theoretical reproduction of the logic which capital employs in its attempt to impersonally manage use-value life is not just one more subjective and ideologically biased interpretation of capitalism, but a complete and objective definition (or specification) of capitalism by capital itself. He has also introduced refinements derived from modern mathematical and marginalist economics into the Uno theory of capitalism. His contributions are best viewed in the context of *The Dialectic of Capital* (1984, 1986) and *Outline of the Dialectic of Capital* (1997), both in two volumes.

I wrote *Capitalism and the Dialectic*, firstly, because I wanted to provide readers with a one volume introduction to the Uno-Sekine dialectical theory of pure capitalism and to the Uno theory of the stages of capitalism's historical development and decline. I recognized that Uno's *Principles of Political Economy* does not have the benefit of the refinements Sekine introduced into Uno theory, while Sekine's two masterful works are aimed at economists with good backgrounds in mathematics, which many Marxists, students new to Marxian studies and social scientists do not have. Finally, because Marxist academics are just as inclined as neoliberals to believe that capital, with the appropriate support from state and supra-state institutions, can still manage our material / use-value life today, I wanted to demonstrate how a knowledge of the Uno-Sekine dialectical pure theory and the Uno stages theory of capitalism's historical development can be used to evaluate whether or how far the contemporary economy has moved beyond the limits of capital's capacity to manage economic life effectively with whatever bourgeois economic policies are advanced to support it.

JS: There are plenty of recently published books offering critiques of capitalism, from a Marxist perspective. What makes the approach you advocate unique is its emphasis on distinct levels of analysis. How do you characterize these 'levels' and what are the advantages of such an approach for understanding capitalism?

JB: Uno took the position that to arrive at the fullest possible understanding of the historical dynamics of capitalism we must move sequentially through three distinctly different levels of analysis: the dialectical theory of pure capitalism, the stages theory of capitalism's historical development and empirical studies, in-

formed by these two levels of analysis. The pure theory fully exposes the logic that capital employs in its attempt to regulate material economic life by confronting value, capital's organizing principle, with only light use-values (cotton being a typical example), like those which dominated economic life in 19th century liberal capitalism. Pure theory demonstrates that, in the absence of collective human resistance, value is capable of overcoming the use-value resistance posed by these light use values so as to reproduce material economic life by its autonomous motion.

The stages theory examines how capital's logic tends to operate in the major phases of capitalism's historical development, where it must receive assistance from the bourgeois state in taming the more intractable forms of use-value and collective human resistance to the point that the market's 'dull compulsion,' under the prevailing capital-labour relation, can successfully reproduce material economic life. Such an approach is absolutely indispensable if we are to comprehend the limit of capitalism's capacity for self-regulation or if we are to clearly distinguish between that which appears contingently in historical capitalisms and that which appears as a necessary result of the unfolding of capital's logic. Empirical studies of various capitalisms and of the transitions from one stage of capitalism to another that are informed by these two levels of analysis may then be conducted. I wish to reiterate that the Uno approach leaves itself open to the possibility that the evolution of our use-value life may lead to a situation in which no bourgeois policy will be able to support the continued regulation of our economic life by the capitalist market and its logic, no matter how much neoliberals might desire it or Marxists might be blind to this possibility.

JS: The term 'dialectic' can be extremely intimidating and its use confusing to many people genuinely interested in Marx's work and navigating through the subsequent interpretations and critiques of his 'dialectical method.' How does your understanding of this 'dialectic' differ from others and what would you say to readers to encourage them that developing an understanding of the 'dialectic of capital' is worth the effort?

JB: In *Capitalism & the Dialectic*, I trace many of the correspondences between the Hegelian dialectic and the dialectic of capital in part because I would like to attract philosophers with a background in Hegel and an interest in, or curiosity about, either Marx or the possibility of a materialist dialectic to my work. For those who have limited exposure to Hegel, I recommend that when they read my book or, indeed, Sekine's more challenging *Dialectic of Capital*. I suggest to interested readers that they simply focus on value (the organizing principle of capital) as it over-

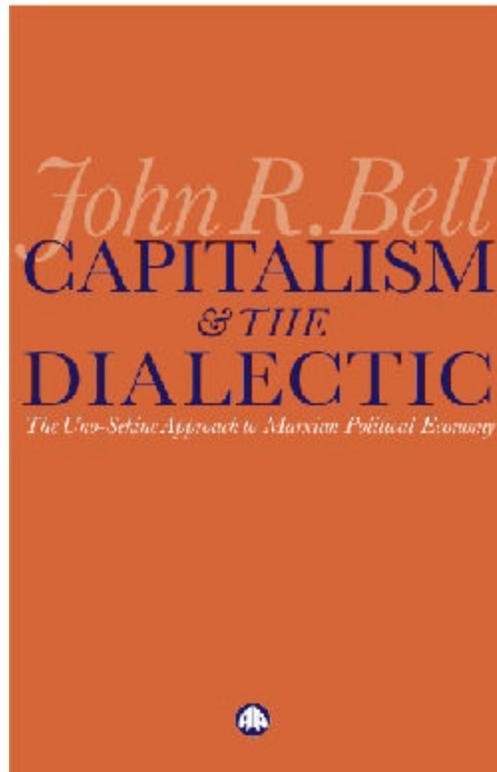
comes, one after the other, the various forms of use-value resistance arrayed against it and, in the process, fully exposes or reveals all of capitalism's inner determinations or specifications, which are only implicit as the dialectic opens. In other words, they will be retracing capital's dialectical path in thought and slowly but surely becoming dialecticians. This is precisely how I proceeded many years ago.

JS: Part I of your book is devoted to the 'dialectical theory of pure capitalism' and it is divided into three 'doctrines' (circulation, production and distribution). What advice can you give readers who might be trying to read Marx's *Capital* for themselves? What kinds of differences should they expect to see between reading Marx's work and the Uno-Sekine approach?

JB: With your indulgence, I will answer your second question first. It is well known that Marx made references to the valuable assistance he received when he happened to re-read Hegel's *Logic* while preparing *Capital*. Many also know that Marx maintained that in *Capital* he would be assuming that the laws of capitalism were operating in their pure form even if he frequently drew on history for purposes of illustration. Uno and Sekine took these remarks by Marx very seriously. Uno concluded that the bulk of the content of the three volumes of *Capital* was Marx's attempt to constitute a self-contained, logical system, which the operating principle of 19th century liberal capitalism was tending to approach. He recognized that Marx had found the right starting point to fully expose capital's logic but that his theory of pure capitalism, together with its defence of the law of value (i.e. the labour theory of value as it implies the existence of capitalism) would have been more con-

vincing if Marx had adhered to his dialectical method of exposition more consistently. *Capital* would then have reproduced capitalism's inner logic with greater accuracy.

To strengthen the economic analysis in *Capital*, Uno rearranged the order of its exposition such that the structure of the argument more closely paralleled that of Hegel's *Science of Logic*, as Sekine subsequently noted. He isolated the first two parts of Volume I, which treat the three simple circulation-forms of the commodity, money and capital, and re-constituted them as the Doctrine of Circulation, a structure which closely corresponds to Hegel's Doctrine of Being. Next, he integrated the rest of Volume I (apart from the last chapter on primitive accumulation) and the whole of Volume II so as to generate the Doctrine of Production, which corresponds with Hegel's Doctrine of Essence. Here, the production-process of capital, the circulation-process of capital and the reproduction-process of capital are investigated. Thus, this doc-



trine first treats the process of the production of commodities as value inside the capitalist factory, secondly, as it continues outside the factory, and thirdly, as the macro-interaction of these two processes in the accumulation process of the aggregate-social capital. All of *Capital* III becomes the Doctrine of Distribution. Its division into the chapters of Profit, Rent and Interest, corresponds more closely to the tripartite structure of Hegel's Doctrine of the Concept than it does to *Capital*. Uno referred to his account of the operating principle or logic of capital as *genriron*, which Sekine translates as the dialectic of capital.

If one were reading Marx's *Capital* for the first time, I would recommend that she read it while using my book, Uno's *Principles* or Sekine's more challenging 2 volume *Outline* as a companion. Furthermore, though it may be sacrilege, I suggest following Uno's order above. With its micro and macro theories based on the law of value and the law of (relative surplus) population respectively, Uno's theory of capitalism completely exposes the 'software' or 'programme' of capitalism and provides Marx with the imposing defence of value theory that he was unable to complete during his lifetime. I am sure that Marx would not wish that we emulate him to such a degree that we never correct his errors or refine his work out of respect for his brilliant insights.

JS: There has been considerable debate among Marxists about the nature of the current state of capitalism, for example, on whether the post-war era can be defined as an extension of imperialism, monopoly-finance capitalism, Fordism/post-Fordism or Keynesianism/neoliberalism. You describe the current phase of capitalism in terms of a phase of 'ex-capitalist transition.' Can you briefly explain what this means?

JB: First, let me say that Uno, Sekine and I would tend to restrict the use of the term 'imperialism' to refer to the last viable stage of capitalism, which ended with the First World War, although Sekine and I certainly appreciate the aptness of Michael Hudson's use of the term 'Treasury bill imperialism' to characterize the relationship the U.S. has fostered with its trading partners over the past several decades. However, this type of 'imperialism' must be understood in quite different terms than the capitalist imperialism of a century ago.

In the imperialist era, capital and its society-wide market began to have increasing difficulty overcoming the resistance posed by an increasingly complex use-value life and an increasingly organized and politicized working class so as to maintain the momentum capital had previously established. The system began to evolve in a direction that would ultimately prove incompatible with regulation by the market and its value principle. Value could not autonomously organize the production of iron and steel and related heavy and complex use-values, once the technologies typically employed to produce these goods became very large scale and so expensive that only cartelized groups of oligopolistic joint-stock corporations, aligned with the major banks and supported by the imperialist state, could produce them.

The trend reversed the earlier history of capitalism, which had displayed a tendency to move toward the automatic regulation of

economic life by the competitive capitalist market and its impersonal logic. The competitive sectors could not forever remain unaffected in a regulatory environment that permitted the joint stock form to be adopted in light industry. So long as the state could assist capital by 'internalizing externalities' (or by overcoming use-value and collective human resistance) such that the capitalist market might continue to function, capitalism survived, but, having exhausted the repertoire of bourgeois economic remedies without success, the state resorted to imperialist policies that led to the division of the world into colonial empires and an imperialist world war.

Attempts to revive the competitive capitalist market after the war soon failed and set the stage for the Great Depression. Rather, throughout the imperialist era (1870-1914) and beyond it, capital progressively lost its grip over material-economic life – so much so that in the era of the Great Depression, the capitalist economy and its now atrophied market no longer had the ability to regulate, stabilize or revive a collapsed economy. In retrospect, this is hardly surprising. Regulation of the economy by an impersonal, competitive capitalist market is not compatible with the large scale production and circulation of heavy consumer durables, advanced weapons systems, nuclear reactors, sophisticated information technologies, or the products of the petrochemical and pharmaceutical industries. These are more appropriately produced by corporate oligopolies, in collusion with the interventionist state. Of course, nothing prevents us from surrendering to the current travesty of a capitalist market but since market regulation can no longer reliably reproduce material economic life this is foolhardy, as we should already have learned.

Though we live in an era of ex-capitalist transition, pure theory, stages theory and the general norms of real economic life provide us with solid reference points from which we can measure just how far we have departed from a viable capitalism and from any form of coherent and ecologically sustainable economic life. The theory of the imperialist stage, for example, allows us to examine what strenuous efforts the state had to make to support heavy industry in that era. We can then appreciate why such a policy would not be viable today, when heavy and complex use-values dominate our economic life to an extent that would have been unthinkable then.

JS: There are also some very pressing debates on the left surrounding attempts to define the current crisis as a crisis of 'financialization' of the world economy. How can an understanding of the current era as a phase of ex-capitalist transition be used to frame current issues surrounding the global economy, its crises and threats to our ecosystems?

JB: During the Fordist / consumerist era the U.S. led western economy provided relatively stable growth thanks to petroleum based technologies and Keynesian economics. Based on the experience of the Great Depression, the latter operated from the premise that the state must directly manage both aggregate demand and the currency based on fiat money. The state had to develop market-replacing policies because the atrophied market was incapable of reliably reproducing an ever more complex use-

value life, with ineffective market-bolstering or bourgeois policies. Beginning in the thirties and continuing into the post-war era of Fordism/consumerism, the planning principle of the state did intervene to an extent that would have been incompatible with the capitalist regulation of the economy and the supply of commodity money as regulated by the law of value. Keynes had noticed that large corporate and financial firms could not find adequate investment opportunities for society's idle funds, a situation that would have been unthinkable under a viable capitalism. During the affluent post-war era, Keynes's advice with regard to fiscal policy was heeded but due to solid growth, his teaching with regard to the state's right and duty to issue fiat money in depressed economic circumstances, when increased taxation and borrowing were difficult, was forgotten. In the seventies, the era of stagflation, Keynesianism was largely repudiated (save for military Keynesianism) by newly ascendant neo-conservatives but the problem of excessive savings over private investment, which had persisted since the thirties, has continued to plague the affluent economies up to the present.

After the oil crises and the accompanying stagnation served to expose the declining competitiveness of the American Fordist production system, financial interests gradually established economic hegemony over a 'hollowed out' industrial capital. The increased reliance on a 'financialized' private sector and the downsizing of government only exacerbated a situation in which excessive savings by the affluent generated an enormous stock of idle funds (as opposed to active money) that could not be converted into real capital. The development of sophisticated information technologies and the relaxing of the regulations governing money and finance led to an enormous growth in off-shore

financial investments, banking and speculation (in euro-dollar markets and elsewhere), which the demonetization of gold, the recycling of the dollar surpluses of oil exporting nations and floating exchange rates accelerated.

From the 1980s to the present the financial and policy authorities of the affluent nations have been catering for financial interests and, more particularly, for casino capital, which is mobilized, whenever asset inflation offers the opportunity for speculative gains and the redistribution of existing wealth. Bubbles are deliberately inflated, which may activate the real economy to a limited degree but, inevitably, the subsequent collapse leads to the destruction of a considerable portion of casino capital, the expropriation of the weak and a rising tax burden for present and future generations. The U.S. may still be the most powerful nation but it does not dominate the world by capitalist means, as Sekine and I and other heretics (such as Hudson) have argued. **R**

John R. Bell taught at Seneca College, Toronto before his retirement. He has contributed to *A Japanese Approach to Political Economy* (1995), *Phases of Capitalist Development* (2001), *New Dialectics and Political Economy* (2003) and co-edited *New Socialisms* (2004). He is currently giving editorial assistance to Thomas Sekine, who is translating Koza Uno's *Types of Economic Policies Under Capitalism*. To find out more about his book, visit www.capitalismandthedialectic.com.

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