Capital, State, Empire

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Published by University of Westminster Press


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Chapter 2

Extraction, Expansion and Economies of Bondage

As Barry Posen remarks, the US has ‘command of the commons—command of the sea, space, and air’ (2003, 7). Explaining how this came to be, this chapter provides an historical account of the relationships between the US state and capital. This is done as a prelude for a discussion of late twentieth-, early twenty-first-century military digital technological development that follows in the next chapter. In presenting this review, I want to emphasize not only the politics of labour and class formation, but also the international economy in which these reside, particularly the economy of bondage in the western hemisphere. I consider these mechanisms that facilitate dispossession. To assist in making this argument, I apply selected aspects of Marxian political economy to the American colonies and the polities that proceed them, and tackle their contradictions, both material and ideological.

An exercise of this type, spanning more than three centuries, involving multiple social and cultural influences, geographic regions, and drawing on ideas and perspectives from several disciplines, will inevitably be highly selective and thematic. So even while I do this, it is necessary to underscore that the American colonial and federal experience is not regionally homogenous. In The Agrarian Origins of American Capitalism, Allan Kulikoff makes this point well, saying that, ‘this process was complex, multifaceted, differentiated, contested. It took centuries, not decades, to complete’ (1992, 1). So this chapter hardly substitutes for a fuller and robust history of the US. Rather the intent is to overview the historical forces that create a path for uneven development in the US itself.

To be sure, sympathetic chroniclers of capitalism tend to emphasize industrialization and wage labour as a way to claim praise for the innovative yielding of mass produced goods and modern infrastructure that dramatically changed

How to cite this book chapter:
social life over the last 150 years or so. However, this selective retelling neglects that capitalism’s wealth accumulation precedes the industrial revolution and comes with bloody hands. Capitalism, Marx notes, is intimately entwined with predatory violence. The famous passage here is,

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of blacks signalised the rosy dawn of the era of capitalist production. (Marx 1977, 915)

Marx is well aware of how slavery and colonialism play decisive roles in the creation of world trade and are necessary conditions for large-scale machine industry. These concerns pepper almost all of his work and can especially be seen in his attention to imperial scale administration of dispossession and expropriation, extortion and exploitation that occurs in the Americas, East and South East Asia, and Africa during the nineteenth century. Even government intervention in rural Europe indicates the extent to which the pursuit of free trade by the emerging bourgeoisie in powerful European states was predicated upon unequal exchange and unfree labour. The brutal oppression and repression of peasants, serfs, and slaves demonstrates how coercion ties together the countryside and the colonial hinterland as sites of extracting surplus value; how ‘free trade’ is an exploitative reign underpinned by military capability and force. And precisely because this component of capitalism is downplayed, it is vital to ensure that constraint is given due attention. But, before doing so I want to briefly review orthodox explanation for oppression and repression offered by select non-Marxist traditions. I hope that this comparison will provide a base with which to highlight the superiority of more radical approaches.

2.1 European State Formation

The theory of state formation roughly attends to the process by which a state accumulates power and grows in economic productivity using a system of rule that has coercive, administrative, and fiscal dimensions. This system of rule builds political and institutional capacities through the consolidation and expansion of bureaucracy to extend command and control capacities. Rulers use these capacities to eliminate, neutralize or disarm rivals. Here less efficient polities capitulate and succumb to those which are more efficient. In this framework, war-making leads to state consolidation, integration, and pruning of political polities, eventually converging on a basic type of polity, but whose variation hinges upon differential mixtures of coercion and capital.13 Randall Collins provides an excellent summary of this process:
The state originates as a military organization, and expands by military conquests (e.g. Prussia) or alliances (e.g. Dutch); military costs are the biggest item in the state budget; the ‘military revolution’ in size and expense of troops, weapons and logistics leads to creation of administrative apparatus (bureaucracy) to extract revenues. From here on several historical pathways can be followed: resistance by aristocrats and populace to revenue burdens and administrative encroachment can lead to state breakdown and revolution, or alternatively to authoritarian restoration, or to state disintegration; what happens to states which take the latter pathways is usually a fatal geopolitical weakness that ends the independent history of that state. In the long run, the states which survive are those which successfully expand their tax extraction and administrative organization; and this penetrates into society, breaking down patrimonial households, inscribing individuals as citizen-subjects of the state, and thereby creating mobilizing conditions for modern mass politics, and for state welfare administration. (Collins 2004, 5)

Herein, the distribution of income is shaped by the way rulers extract their resources and the kinds of alliances they form with different strata of producers. However, as weapons and military planning become more complex and expensive so the production of violence will lead to the professionalization of war making. Specialization factors into the creation of a strong centralized state, as the state only has to negotiate with those who are able to contribute substantially to their coffers; the distribution of income becomes skewed as rulers ally with the richest fraction of the population; perhaps imposing a lower extraction rate for example. Thus, a highly extractive fiscal system and social inequality will prevail. Distribution becomes more unequal the smaller the number of rulers relative to a population. The ruling elite controls capital-extraction in its territory through monopolizing the means of coercion while offering protection and security to its subject-populations. On occasion, there have been organizational and technological changes that have broadened the political base of government; democratizing them, reducing inequality and the uneven distribution of income and power. In this respect, equality is the result of a particular uniform distribution of resources in relation to a specific technology of production.

Complementing the aforementioned relationship, Charles Tilly notes that around 1400 CE, European political elites used loans from merchants to hire mercenaries and expand their territory. But by the 1800s mercenary armies were no longer cost effective, their loyalty could not be guaranteed, nor could they field the same number of troops as a state with a professional army. Similarly, the strategic contribution of the cannon rearranged the state’s internal distribution of power, removing it from feudal lords—leading to their demise—and concentrating it in the sovereign. City-states could only resist
the power of cannon once they built wide earth-based walls that could deflect and absorb the impact of cannon shot. This particular distribution of power devastatingly combined authoritarianism, economic stagnation, and inequality into a social form.

What apparently broke this distribution of power was the industrial production of relatively cheap guns and the creation of conscripted armies. Absolutist regimes, well aware of what would happen to their power, tried to stave off nationally conscripted armies, but the military advantages offered by universal conscription allowed new technological developments to be deployed to match the changes in the scale of warfare. A concurrent development was that the cost of warfare increased, and thus more financial resources were required. To collect and administer this capital extraction, rulers had to develop administrative capacities to manage logistical support for the centralized means of coercion and finance: taxes had to levied; debts collected; investments managed and security forces paid (see Finer 1997, 98, Tilly 1990, 189–90, Tilly 1975, 73–74, Giddens 1985, 111–116). The finance to support these administrations came from taxing the wealthy, and exploiting the labour power of subject-populations. In return, some of these classes were granted limited political rights of representation, and the state had to invest in some services to keep its legitimacy; the state had to acquiesce to particular classes’ political contention to retain their rule.

From approximately 1900, warfare became relatively more expensive. States therefore required additional revenue, soldiers, and labour power to conduct warfare. One option was to extract resources in the form of taxation and labour from their subject-populations. This development provided an opportunity for the working class to contend for political representation. In many cases, these contentions were successful. Thus, the advent of modern industrial war is linked with the extension of political rights (cf Levi 1997, Scheve and Stasavage 2010). But wider political representation meant that populations were more reluctant to engage in protracted wars, and this constrained the state’s external violence.

From the study of state formation, Tilly classifies states according to revenue/extraction and coercion/violence spectrum. He identifies three main means of rule: coercion intensive, capital intensive and capitalized coercion (Tilly 1990, 30). Coercion intensive sees rulers use coercion to extract rents as resources are not under their direct control. Capital-intensive rule occurs when rulers have direct control of resources and can exchange them to fund war-preparation. Capitalized coercion arises when wealth is relatively evenly distributed throughout the society. In response, rulers tax subject populations or conscript their labour power. Tilly suggests that coercion-intensive and capital-intensive states tend not to need to rely upon the consent of the governed. Rulers simply need to control agents who will do their bidding. By contrast, because wealth is diffused through the population a capitalized coercion state
must strike a bargain with its subjects. In return, a state enters a contract committing to obligations with subjects, and setting standards for compliance and, thus acquiring legitimacy.

The expansion of administrative apparatuses has a consequence for state politics. It prompts civilians to make claims upon these administrations and rulers. Tilly calls this ‘the central paradox of European state formation’ describing the process as ‘the pursuit of war and military capacity…as a sort of by-product, led to a civilianisation of government and domestic politics’ (Tilly 1990, 206). I understand him to mean that as rulers come to rely upon using civilian life as resources for war, so civilian populations become better positioned to bargain with rulers. Simultaneously since the administrative class could also petition rulers to provide more resources to them, they made claims themselves under the bargain of withdrawal of services. This increased the extent to which civilians decreased the asymmetrical power ratio between the state, themselves, and other functionary groups. This is known as the ‘civilianization of politics’ through the changing civilian constituency of politics.

The civilianization of politics represents an opportunity for civilians to constrain rulers. As civilians enter into arrangements wherein they bargain compliance, this, at once, gives them advantage in the political bargaining process. This is because as rulers demand funding for their military, so civilians can withhold these funds. As Tilly writes, ‘Under these circumstances, the most a ruler can hope for is grudging consent.’ Grudging consent ‘depends critically on how rulers acquire the means to rule.’ While resources vary over time ‘the principle remains the same: Effective rule depends on the continuous production of crucial resources. If the resources dry up, rulers lose the means of enforcing whatever decisions they make and state capacity collapses.’ Non-democratic regimes differ from democratic ones insofar that they gather resources through coercion as opposed to extraction. Subsequently, there is some space in democratic societies to set limits on extractive activates. Citizen-Subjects have ‘substantial power to accept or reject their demands’ by exercising their ‘voice’. Tilly proposes that there is ‘political value [in] grudging consent’ because ‘it means that citizens and their representatives remain properly wary about the harm that rulers may do’ (all Tilly 2009, 1).

For Tilly, democracy is the ‘outcomes of continuous negotiations between rulers and ruled over how resources for governance are acquired and subsequently how they are used’ (2009, 3). He argues that a sustainable democracy is unlikely without a state extracting resources from a set population, for if the state does not need to extract resources, then the voice of citizens has no bearing upon how governance is conducted. Tilly writes that, ‘In mature democracies, most negotiation between leaders and citizens centres on government’s performance—how resources are used’ (2009, 3). He proposes that it is the ruler’s desire to seek control that leads them to bargain with the population. Resistance to unjustified extraction is the path towards democracy, resistance
to extraction requires that rulers bargain with populations, thus promoting democratization. How rulers acquire rule provides the conditions under which the civilianization of politics may be possible. Still, by taking advantage of tensions between rulers and the ruled, there is scope to balance compliance and grudging consent such that citizens get service delivery, and the state maintains nominal control. Democratization turns on how citizens can collect to resist the excessive extraction of the state, and ‘develop the breadth, equality, binding and protection of their voices’ in a manner to express when the state is out of bounds (2009, 7).

While Tilly offers a rich account of the formation of modern states, he nonetheless has several shortcomings. The first set concerns a lack of sustained examination of the changes in production and their effects. For example, the rise of the factory system allowed for the mass production of armies through quickly redeploying the industrial apparatuses. The second point that he overlooks is the introduction of legal regimes that dispossess peasants and workers of their land and labour. This mode of legitimation even required citizens to be drafted to mass produce armies, thus sanctioning the use of their lives for the accumulation drives that underpin the initiation of warfare. Simplified, mass labour and mass production allow mass armies.

To illustrate some of Tilly’s oversight, consider the role of Classical Political Economists in the formation of English capitalism. Adjacent to their formal economic theorems, they nevertheless advocated for policies that contradicted their stated laissez faire principles, insisting that non-market forces were needed to accelerate capitalism in rural areas. Similarly, their preoccupation with urbanization, converting peasants and other small rural producers into workers reveals how the Classical Political Economists were unwilling to let market forces shape the economy. Under the pretence of an efficient division of labour, this conversion was coercive for it saw the preoccupation for internal organization of firms and factories imposed on all aspects of life including the relationship between individual firms and households. As a result, the separation of agriculture and industry meant that people were pressed to reproduce themselves through the market.

Rigging the economy in favour of the landed gentry, then later the bourgeoisie, this state interventionalism took many forms, most notoriously in Games Laws and enclosure. Both were brutal, albeit useful instruments to separate people from long standing rights and depriving them of traditional means of support and sustenance. Intervention also appears in efforts to restrict the viability of traditional occupations. All these imposed hardships were directed to coerce people from the countryside to urban areas to undertake wage labour; it was effectively a way to keep people from being able to reproduce themselves outside a wage labour system and was paired with laws to limit resistance thereof. Once in cities, the newly urbanized were subjected to many moral and disciplinary campaigns to make them suitable for wage labour. In parallel,
the legal system criminalized vagrancy, permitted debtor's prisons, and legitimized dispossession. Eventually, lacking any real alternatives, there was little choice but for people to work for subsistence wages. In describing these practices, Marx said “The expropriation of the direct producers was accomplished by means of the most merciless barbarianism, and under the stimulus of the most infamous, the most sordid, the most petty and the most odious of passions’ (1977, 928).

Even today, too often there is a general failure to appreciate the coercive bedrock of labour contracts. The presumption that through volition, economic forces will achieve naturally optimal arrangement neglects the class struggle, both ‘from above’ and ‘from below’ involved in shaping the very conception of what a ‘naturally optimal arrangement’ looks like and to whose interests it serves. This is because it cloaks dispossession.

In contrast to the Classical Political Economists, Karl Polanyi sought to bring attention to the actual historical experience wherein people were separated from their means of production. Famously, in *The Great Transformation* Karl Polanyi writes, ‘laissez faire was planned’ (1957, 141). Part of this institutionalism that emerged in nineteenth-century Britain involved Classical Political Economists promoting the forced reconstruction of society along a ‘self-regulating market economy’, the result of which was colonialism, world wars and severe economic depressions. The general orientation was that the market had become the prime institution in society, subjugating other kinds of social institutions and interactions, and ideologically justified through a ‘stark utopia’ (1957, 3). This transformation was a qualitative change from traditional society to a market system, politically induced through the ‘fictitious commodification’ of ‘land, labor and money’, (1957, 252) using ‘written records and elaborate administration’ to track exchanges (1957, 48).

When reproduction almost always hinges upon the market it ‘subordinate[s] the substance of society itself to the laws of the market.’ This involves the institutionalization of ‘scarcity’ which had to be taught (1957, 216). A market society tends to ever expand the range of commodification, and is not exclusively economic, but rather a particular institutionalized kind of economy, one that rests upon power differentials and the ability to use force, that has specific social relations that spring from the commodification of property and production. In summary, not every economy is a capitalist market; not every exchange is a market exchange. Subsequently, this calls attention to understanding the institutionalization of the market system.

When human life is overly exposed to market fluctuations, well-being and survival are market-conditioned. In these conditions, suspending this kind of exchange would threaten the society itself. Polanyi had a notable hostility towards liberalism because he regarded its promotion of individualism as a misguided philosophical anthropology that neglects that humans are social creatures. He forcefully argues that the market society, rather than being the
epitome of human nature, corrodes it. Accordingly, petitioning and demanding institutional security against the market system is thus rational self-preservation. Collective organizing to form a resistance movement to the market society is a matter of life or death. But it spawned a concurrent resistance movement that is best encapsulated by the conceptual phrase, the ‘double movement’.

While state formation literature could take a more sustained treatment of military-capital relationships, the general findings are not surprising to those familiar with Marx, who conceived of the state as a relationship between the police and management orientated internally, and militarily and diplomatically efforts orientated externally, and these processes themselves mediated by alliances and political manoeuvres with particular classes.

2.2 American State Formation

European Liberal democratization and the development of capitalism was a prolonged process with many complex and deep variables. Still, without getting too caught up in the debates seeking to pinpoint how, why, and when capitalism developed, it would nevertheless be a mistake to overlook how the profits from the slave trade factored into early industrial capital accrual. Consider, for instance, that in *The Price of Emancipation*, Nicholas Draper shows how emancipation in British colonies in August 1834 led to more than 40,000 property compensation awards totalling £20 million, currently worth around £17 billion. Similarly, Walter Johnson writes, ‘the payments constituted about 40 percent of total government expenditures that year’ (2013, 1). Most of this fiscal transfer went to the gentry and the ruling class, thereby demonstrating the value of slavery to the British Empire’s economy, and how it provided part of the financial input for the growth of English Capitalism. This hardly an exclusive feature of English Capitalism; as C. L. R. James said, ‘Negro slavery seemed the very basis of American Capitalism’ (1938, 29). For this reason, Matt Karp in *This Vast Southern Empire* (2016) highlights the role of British emancipation in prompting segments of American Capitalists to advocate for an expansionist foreign policy to maintain an economy of bondage based on property rights. With these anchoring remarks in mind, in this section I cover the role of coercion, labour power, and class in American economic and political development.

For present purposes, this begins with Spanish expeditions in the early sixteenth century. With brevity in mind de Solis, de Mendoza, de Ayolas and Cortes’ colonial practice in the Americas involved capturing indigenous leaders and then expropriating their wealth whereupon they established themselves as rulers taking control of existing methods of taxation, tribute and forced labour. Bartolome de las Casas’ *A Short Account of the Destruction of the Indies* provides a substantial account of cruelty, dispossession and exploitation:
To realize their long-term purpose of seizing all the available gold, the Spaniards employed their usual strategy of apportioning among themselves (or en-commending, as they have it) the towns and their inhabitants…and then, as ever, treating them as common slaves. (de las Casas cited by Acemoglu and Robinson 2012, 14)

As an example of this practice de las Casas describes how a king agreed to fill a house with gold in exchange for this freedom. The king sent his subjects to acquire gold but it was insufficient for the Spaniards. For this, under a legal pretence, they laid formal charges against the king for breaking the contract. Finding him guilty, he was sentenced to torture for ‘not honoring the bargain.’ De las Casas said,

They tortured him with the strappado, put burning tallow on his belly, pinned both his legs to poles with iron hoops and his neck with another and then, with two men holding his hands, proceeded to burn the soles of his feet. From time to time, the commander would look in and repeat that they would torture him to death slowly unless he produced more gold, and this is what they did, the King eventually succumbing to the agonies they inflicted on him. (de las Casas cited by Acemoglu and Robinson 2012, 14)

De las Casas’ testimony did little to alter colonial practice; instead these methods were refined. For instance, in 1569 Philip II sent Francisco De Toledo to oversee colonial extraction. As Viceroy of Peru, De Toledo instituted the forced removal of indigenous populations to towns, the co-option of Inca traditions of forced labour for mining. Other ‘reforms’ included the introduction of head taxes—a fixed sum payable in silver—and mandated the indigenous population to carry goods for the Spanish elite. These techniques were, Daron Acemoglu and James Robinson write,

...designed to force indigenous people’s living standards down to a subsistence level and thus extract all income in excess of this for Spaniards. This was achieved by expropriating their land, forcing them to work, offering low wages for labor services, imposing high taxes, and charging high prices for goods that were not even voluntarily bought. Though these institutions generated a lot of wealth for the Spanish Crown and made the conquistadors and their descendants very rich, they also turned Latin America into the most unequal continent in the world and sapped much of its economic potential. (Acemoglu and Robinson 2012, 19)

In combination with expansion through dynastic alliance making it the leading European power in the period, this wealth funded Spain’s European ambitions. This expansion compelled several conflicts, such as an eighty-year war with the
For all the gold and silver stolen and shipped to Spain did not make the Spanish people richer. It gave their kings an edge in the balance of power for a time, a chance to hire more mercenary soldiers for their wars. They ended up losing those wars anyways, and all that was left was a deadly inflation, a starving population, the rich richer, the poor poorer, and a ruined peasant class. (Koning as cited by Zinn 2003, 18)

The relative decline of Spanish hegemony provided an opportunity for the Dutch and the English to break the Iberian trade monopoly in the Atlantic and Pacific. The primary institutional instruments of this exercise were chartered companies, the Dutch East India Company, Dutch West India Company and the English East India Company respectfully. However, while some Dutch territorial footholds were established along Atlantic Africa and the Americas, often these were captured, like New Amsterdam by the English in 1644, or locals rebelled, like Brazil in 1654 (Wolf 2010, 129–130).

England was initially in the shadow of the Dutch and Spanish. As a late entrant into the colonialization of the New World, and thus missing out on the gold and silver mines and labour in South America, the English had to direct their efforts towards North America. Early English colonies at Roanoke and Jamestown could not replicate the models of violence that the Spanish used. This was because relative to South America, the population was significantly less dense in North America, and therefore fewer people to compel into forced labour. Nor was there much of a forced labour tradition in North American indigenous populations that could be grafted onto colonial rule. In addition, despite better weaponry, the colonists were outnumbered and emaciated. Still, Howard Zinn is correct to note that Jamestown was established ‘inside the territory of an Indian confederacy’ (2003, 13) which meant that English aggression and expansion caused skirmishes and raids that escalated into massacres on both sides. As Daron Acemoglu and James Robinson summarise, ‘the underlying circumstances were just too different’ (2012, 22).

As the Virginia Company could not undertake forced exploitation, nor was there gold and silver to acquire, the only remaining option was to import labour to work the land—corn for subsistence, tobacco for export—and impose ‘a work regime of draconian severity for English settlers’ (Acemoglu and Robinson 2012, 23). There was a redirection from exploiting the indigenous people to exploiting the colonists, but given the open frontier and
options of living with the indigenous population, this was difficult to enforce at less than subsistence food rations. A new strategy was employed in 1618. It involved allowing settlers to acquire 50 acres of land and in 1619 the establishment of a General Assembly. Acemoglu and Robinson conclude, ‘the only option for an economically viable colony was to create institutions that gave the colonists incentives to invest and to work hard’ (2012, 26).

While this kind of explanation is fashionable in contemporary development economics, Acemoglu and Robinson’s analysis skirts actually existing historical material conditions. First, their explanation ignores how the land grants occurred because English colonial governors declared that Indians had natural but not civic rights to land and so could be dispossessed. Conveniently, this meant Indians had no legal standing in colonial courts. Second, it ignores the extent to which English weapons were superior to those of Indian origin. The last error is overlooking the role of imported slave labour, which began in 1619. (By then, at least a million slaves had been imported from Africa to Portuguese and Spanish colonies in South America and the Caribbean). As Zinn remarks, ‘everything in the experience of the first white settlers acted as a pressure for the enslavement of blacks’ (2003, 23).

These errors are apparent when one examines labour regime change. For example, in Tobacco and Slaves, Alan Kulikoff’s (1986) study of the seventeenth-century Chesapeake region, he analyses the transition from indentured servants of English origin to slave labour of African origin. The change in this labour regime turns upon the decline in the price of tobacco between 1620 and 1680. Mostly this decline was offset by improvements in productivity, yields, and imported slave labour, meaning that the cultivation of tobacco nevertheless remained profitable. Indeed, the indentured English servants who completed their contracts—under harsh conditions it must be said—were able to acquire land and servants themselves. These freedmen were able to become relatively rich, eventually forming their own hierarchy and family dynasties which they converted into political office and influence. The political influence of these dynasties rose so that the English consolidated their American colonies to ward off Dutch and increasingly French competition in the region.

From about 1680 onwards, tobacco profits had declined to the point where it was difficult to cover production costs. This meant fewer opportunities for newly freedmen to become landholders; the by-product of which was regional class stratification as classes simply reproduced themselves. Only when tobacco prices rose in the 1740s did prosperity return, but this was hardly comparable to the tobacco boom in the seventeenth century. Similarly, around 1700 the development of a naturally increasing population allowed for generational replacement for whites, and around 1720-1730 for blacks. A growing slave population was revolutionary and created a material basis for the development of a ruling class as the rich could invest in slaves who in turn would produce vast
quantities of tobacco. As Zinn remarks, ‘Slavery grew as the plantation system grew’ (2003, 31).

Importing African slaves brought with it an associated set of problems: they were reluctant workers, and so owners sought coercive activities and mistreated them. While an inefficient labouring class, slaves nonetheless reduced production costs. Owners spent a considerable amount of time trying to make slaves effective and efficient, as well as creating a ruling class ideology. This was the basis of their class formation; it revolved around controlling the means of production and reproducing their capital stock. But it also involved constant fear of slave rebellions, resistance, and insurrection, particularly when aided and abetted by sympathetic whites.

Slavery was a popular method of acquiring labour power, and by the mid-eighteenth century about half of the households in the Chesapeake region owned slaves, and it was likely that the slaveowners’ children would inherit slaves too. This inheritance meant that there was growing class differences between rich gentry and poor yeomen planters. The rebounding of the tobacco commodity price in the 1740s limited, but did not eliminate, social conflict between the two classes. Slavery also reduced class tensions for it cultivated a racist ideology that helped consolidate the planters as a united group even though there were two distinct class relationships. As to profitability, shortly after the American Revolution, James Madison reportedly boasted that on an upkeep cost of about $13, he would make about $260 per slave per year.

Nevertheless, there remains the question of why the colonists did not enslave the indigenous population. The absence of a forced labour tradition is not a sufficient explanation. In explaining this, some scholars suggest that African slaves were apparently more suited to intensive labour (See Wolf 2010, 203 for details). However, this explanation does not seem satisfactory, for even if one accepts the racist premise, it does not account for the costs of importing slaves. Another kind of explanation points to the proximity of the indigenous population, proposing that slavery would have increased native rebellions, but this skirts the fact that rebellions and revolts already occurred. Eric Wolf points out a more hideous calculation: that the English ‘subcontracted war’ and displacement to various indigenous groups, using one group to displace another in preparation for English settlement and expansion. The indigenous population were also useful assets, allies and clients for the English, Dutch, and French as they fought one another. Slavery would hinder that process. Lastly, native America groups signed treaties to return runaway slaves in exchange for guns, which then later could be used in the inter-colonial conflicts (See Wolf 2010, 203).

Throughout this political development, it is important to note how American crops were a component of a global commodity chain that brought profits to Europe. Indeed, C. L. R. James in The Black Jacobins cites the French socialist, Jean Jaurés’s observation that ‘the fortunes created at Bordeaux, at Nantes, by the slave trade gave the bourgeoisie the pride which needed liberty and contributed
to human emancipation’ (1989, 47). It is this historical contradiction that James set his sights on arguing about the economic importance of Caribbean colonies to early French industrial growth. Developing this line of inquiry Eric Williams’ *Capitalism and Slavery* argues that the capital accumulation achieved via slavery helped British agriculture, the growth and development of banking institutions, insurance, and the initial industrial infrastructure. More recently, Sven Beckert shows how ‘the growth of cotton manufacturing soon made it the center of the British economy,’ becoming ‘the driving commodity behind the Industrial Revolution…there was of course inventiveness and innovation in other industries, but cotton was the only one with a global scope’ (2014). Accordingly, the abolition of it in the British Empire might have taken the guise of a moral cause, but it had more to do with economic rationalizations—and indeed one might add once British naval power underwrote global trade, abolition was meant to preserve British power through denying this cheap source of labour power to other European states.

The Dutch’s presence having receded and the expulsion of the French following the French and Indian Wars gave Britain hegemonic control of North America. But it also meant that the British tightened control over the colonies, partly to extract colonial wealth to fund the war effort, doing so by implementing revenue generating administration like the Stamp Act of 1765. This occurred against a backdrop where American colonial trade had become vital to the British economy, growing from about £500,000 in 1700 to nearly £3 million in 1770. But these two developments meant that the British need for the American colonies was not reciprocated. With the removal of the French, there was an opportunity to act on this asymmetry.

### 2.3 Intra-Ruling Class Struggle and Bargained Settlement

By 1760, stable local political and social elite had formed, with imperial loyalists and nationalist factions. Nationalists wanted to redirect much of the rebellious energy towards English imperial agents, whereas the imperial loyalists wanted to suppress it. From a material vantage, the American Revolution was a fraction of the local elite seeking to capture and consolidate power from the British as well as thwart local rebellions from slave and underclass alike. The goal was to install themselves as the ruling class and thus oversee land and labour on their terms.

In the revolutionary movement, the key political battles were in the Northern Colonial cities. Artisans were relatively easy to co-opt to the cause, as they were interested in protectionism, and resented British competition. The propertyless population presented a different kind of problem, as following the French and Indian Wars many were unemployed and starving, thus prone to mob violence and property damage. Practically, this necessitated finding a means by
which to bring these various classes together. Mostly it was accomplished by attributing the cause of grievances to the British, arguing that poverty was the result of imperial wars. Wary of a turn on local elites, this rhetoric deliberately skirted how unlimited property accrual caused poverty. Polemic pamphlets like Thomas Paine’s *Common Sense* forged this movement, although local elites were cautious of the direct democratic impulse in the population. As a remedy, they sought to constrain it by designing a strong central government so as to project unity and common interest.

Waging the Revolutionary War proved difficult for the Colonists for several reasons. First, because in the Southern Colonies militias were required to maintain control over slaves, where depending on the region comprised anywhere between a quarter and half of the population in places. Wealthy Northerners, who owned these slaves, were less inclined to use these resources lest they lost their investments. At the time, approximately 10 per cent of the population owned about half of the wealth in the country, and owned a seventh of the population as slaves. Similarly, poorer southern colonists resisted revolutionary mobilization, because ‘they saw themselves under the rule of a political elite, win or lose against the British’ (Zinn 2003, 75).

Initially the militias drew from those that had property, but they had to supplement their numbers by commissioning the poor, some of whom joined hoping that military service would bring income but also yield upward social mobility. Despite the nationalist elite’s stake in the successful outcome of the war, the poor did the majority of the fighting. When and where drafts took place, there were provisions where the rich could pay to get out of their service, or could provide a substitute.

The militias provided an additional benefit as a means of converting neutral or reluctant colonists into believing in the grander cause, and to paper over the continuing simmering class tensions that arose when, for instance, the wealthy hoarded commodities. Still, as Zinn remarks, ‘when the sacrifices of war became more bitter, the privileges and safety of the rich became harder to accept’ (2003, 74). Altogether, these conditions led to several mutinies. In response, some colonies made constitutional concessions, such as lowering property qualification franchise thresholds, but this was only to the extent that the prevailing rule remained.

A second set of difficulties emerged in the early part of the war when losses at Bunker Hill and Brooklyn Heights among others revealed the colonists lack of military power, let alone decisive power. Due to guns being unaffordable—costing at least several months wages—less than a fifth of eligible colonial citizens owned firearms. Even when the Revolution began, the Continental Army were under-armed, and this continued until Yorktown, where thousands of weapons were captured. So while the colonists did have a few minor wins, it was only when the French joined the war, providing a naval blockade limiting British supplies and reinforcements, that the colonists were able to gain momentum.
Ultimately, the nationalist’s victory can be attributed to geopolitical struggles, and not the strength of the revolutionary force itself.

After the war, the prevailing nationalists redistributed land confiscated from loyalists. They mostly allocated it to themselves, making a very wealthy ruling class. That said, they did use land allocation as a tool of support, particularly with smaller farmers, as well as reducing the number of tenant farmers, who had been a political nuisance in the years before the Revolutionary War. Nevertheless, despite these land allocations, the class structure itself remained unaltered: Northern merchants easily moved into houses confiscated from the Loyalist elite. Edmund Morgan’s analysis is that ‘the fact that lower ranks were involved in the contest should not obscure the fact that the contest itself was generally a struggle for office and power between members of an upper class: the new against the established’ (1978, 178). The aforementioned rhetoric, military service, and land redistribution were techniques to disguise social inequality and rally support for an otherwise oppressive class structure. This is not to indicate that there were no interclass conflicts in the new ruling class, but rather there was broad agreement that they had installed desirable circumstances for themselves. Through informal means if possible and formal means when necessary, the ruling classes’ interests were steadily upheld.

The nation state was a popular symbol of support that could create consensus and consolidate rule for capitalists. As Zinn writes,

> the manufactures needed protective tariffs; the moneylenders wanted to stop the use of paper money to pay off debts; the land speculators wanted protection as they invaded Indian lands; slaveholders needed federal security against slave revolts and runaways; bondholders wanted a government able to raise money by nationwide taxation, to pay off those bonds (2003, 83).

This is a theme in American history, the mobilization of lower class energy for upper class politicians to advance their narrow goals, wherein the ruling class does recognize and attend to grievances only to the extent that recognising and addressing them is an effective tactic of rule, which then legitimated and upheld the belief that the political representatives were attending to social problems.

Within American cities like Boston, New York and Philadelphia, a working-class consciousness was forming. Most of it was aspirational in character as artisans sought democratization, with specific demands including a more direct, open, and inclusive process of decision making, equitable taxes, price controls, although there were some direct attacks on wealth and the right to acquire unlimited property. This is particularly acute when one examines the class rebellions that occurred from 1740 onwards. Zinn's synthesis of evidence shows that these rural rebellions were ‘long lasting, social movements, highly
organized...aimed at a handful of rich landlords, but with the landlords far
away, they often had to direct their anger against farmers who had leased the
disputed land from owners’ (2003, 59). In response, mild legislative reforms
were enacted, but so were penalties for contention. Again, this is indicative
of another theme in American politics, where distance, social or geographic,
means that protest and anger is misdirected, thus hindering the chance of
broader solidarity emerging.

The Revolutionary War had terrible consequences for Indians. With the Brit-
ish defeated, the Americans directed their attention towards the dispossession
of Indian lands. This process was often accompanied by genocidal violence,
which was a continuation of the tacit policy implemented by the British. Simi-
larly, encroachment and displacement were practices that continued. Wealthy
Northerners encouraged poor Americans to push westwards into Indian Ter-
ritory, hoping that their settlement would take the brunt of the Indian's reprisals.
This expansion reveals a contradiction where Americans fought an anti-
empire war while simultaneously undertaking imperialist actions themselves.

By contrast, the war had mixed results for blacks. Many free blacks had fought
for the British so the colonial victory meant they fled to other parts of the
empire. In Northern states the practice of slavery declined, albeit slowly, from
30,000 slaves in 1810 to 1,000 in 1840. The free blacks in the North began to
petition for political rights and access to public programs; some were granted,
others denied. In the South however, slavery expanded as cash crop plantations
grew. Cotton production figures bear this out; whereas in 1790 there were a
thousand tons of cotton produced, by 1860 this had increased to a millions
tons. The number of slaves quadrupled, from 500,000 to 4 million in the same
period.

The outcome of the Revolutionary war cemented a foundation where blacks
were either slaves or occupied a lower social status, Indians were subject to
genocide, women were subordinate, the Southern property-less population
remained poor, and the Northern urban working class received minimal divi-
dends, while merchants joined the ruling land holding class. The control that
the ruling class exercised on the social structure meant that formal elections
were insufficient to take on entrenched interests and the social inequality it
reproduced. Indeed, the purpose of the federal government was to enforce a
kind of law and order that favoured those with large property holdings. Ensuri-
ng this paramountcy involved co-opting small property owners to build a
broad base of support so that coercion could be kept at a minimum.

The next major political development, at least with respect to the shape of
the social structure, was an inter-class struggle to define which kind of capi-
talism would prevail in the US. The tension in the lead up to the American
Civil War was less between the working poor in the industrial North and small-
hold farmers in the agrarian South than it was between expansionist Northern
capitalists who sought free labour and tariffs and Southern landowners who
believed these changes would undermine their prosperity. Even so, these two groups were financially interdependent upon one another. For example, Beckert shows how ‘the growth of cotton manufacturing soon made it the center of the British economy,’ becoming ‘the driving commodity behind the Industrial Revolution…there was of course inventiveness and innovation in other industries, but cotton was the only one with a global scope’ (2014). Most importantly, however, in this system slaves were not only the means of production, but functioned as financial collateral for expansion of the cotton industry, but also industrialism. The role of mortgaged bodies accounts for why slavery persisted even as the Northern workers were a more productive labouring class. Interdependency rests on revisionist historiography often initiated and undertaken by scholars like Cedric Robinson among others, who stress the deep interconnection between slavery and industrialism, that these modes of production are not only compatible, but complimentary in actually existing capitalism. Robinson calls this ‘racial capitalism,’ drawing attention to bonded labour and the racialized positions of those recently dispossessed through exaggerated differences that permitted targeted violence to ensure subjugation.

As an industrial scale conflict, the Civil War leaned on labour power: the working class for the Union, and slaves for the Confederacy. This is evident in the Emancipation Proclamation, issued in January 1863. Silent on slaves in the Northern-affiliated states and so contrary to idealistic revisionism, the proclamation sought to undercut the labour power of the South. (It was the subsequent Thirteenth Amendment that declared an end to slavery). Later, W. E. B. Du Bois noted how ‘slaves had enormous power in their hands. Simply by stopping work they could threaten the Confederacy with starvation.’ (2013, 109) And indeed this was the consequence of about 500,000, or about 1 in 5 slaves, fleeing plantations. Many joined the Union forces, swelling the ranks of the black component to 200,000 troops. Together, these developments were decisive to the Union war effort.

As like the Revolutionary War, again the wealthy like J. P. Morgan, John D. Rockefeller, Andrew Carnegie, and James Mellon could purchase military exemption. Accordingly, the disproportionate burden placed on poor white soldiers led them to resent fighting for black emancipation and capitalism, and so led to several revolts in Northern cities in 1863. Similarly, in the South, where about two thirds of the population did not own slaves, lived on subsistence wages and in squalor, there was marked social inequality with the richest families owning about half of the regional wealth. As and when Southern soldiers realized they were fighting for the rich, this weakened their morale thereby compromising their combat effectiveness.

In the immediate post-war era, overseen by occupying forces, Southern Blacks were able to elect Black representatives to state legislatures and Congress, integrate schools and became politically active. Black women, like Sojourner Truth, were active and asserted that they too required rights,
otherwise they would be subordinated like slaves had been before. But while there were formal improvements in status and legal racial equality, material relations did not radically alter. For example, while some confederate land was expropriated and sold at auction most of this was beyond the reach of former slaves. Rather these auctions were a wealth transfer to Northern investors and speculators. Additionally, blacks were effectively made serfs through various ‘black codes’ mechanisms. These enforced unfree labour conditions reproduced black subordination.

Furthermore, Southern white oligarchy organized hate by creating the Ku Klux Klan and similar terror organizations. The function of these groups was to reduce Blacks to their pre-Civil War status. Lynching and raids, beatings and burnings were widespread and commonplace. Courts refused to support the goals of black civil rights and even permitted segregation (cf Plessy v. Ferguson, 1896). Given these conditions, some blacks went north to escape violence and poverty. Still, the North itself was not absent racism: several states had differential property qualification thresholds for franchise between blacks and whites that existed up to the Civil War, while many denied Blacks the right to vote altogether. Eventually by 1900, segregation policies and practices were legal in many Southern states. Racism functioned to similar effects in the North.

The post-war reconstruction saw a coalition of Northern Industrialists and Southern businessmen-planters emerge, of whom many were worried that the 1873 depression would lead the existing riots of farmers and working class escalating to threaten the existing economic order they headed. As Du Bois wrote ‘in America in 1876 a new capitalism and a new kind of enslavement of labour’. Solidified by the 1877 compromise, this new capitalism swapped the withdrawal of occupying Union troops and political autonomy in the South for support of the Northern political agenda and land speculation. Further, as Alabama, Tennessee and Georgia had coal and iron deposits railroads were built to extract these resources. And depending on who was to be enriched, the land on which the railways were to be built was bought above or below market rates. As such, the purpose of the 1877 compromise was to manage inter-ruling class conflicts peacefully, while managing and undermining working class rebellion, while adopting policies that ensured the stability of the social structure, and thus policy changes, if any, could be anticipated, and would not create major deviations.

Between rural displacement and immigration, urbanization led to overcrowding in American cities. Compounded by economic crisis from industrialization, high food prices, slums and disease there was simmering discontent, and the white working class lashed out at blacks, and immigrants, in part, because the use of black and immigrant labour drove down the cost of labour, but also fragmented the working class. Though these conditions did spawn a radical labour movement which directly attacked the idea of private property,
courts declared trade unions to be illegal restraints on trade, although these judgements were protested. And while throughout the Reconstruction Era, presidential power authorized the military to use violence to break up national strikes and marches on Washington, 1877’s nationwide strikes from railway labourers signalled the extent to which the ruling class needed this compromise. Labour did organize and won victories through protracted strike action, but overall, these concessions ensured that the order itself was preserved. It also underscored for labour that they were not sufficiently powerful to defeat a capitalist state, particularly when divided by race, gender, and language. As such, the 1877 compromise indicated capital’s advancement would come through the intense exploitation of white, black, Chinese, immigrant, or female labour, each rewarded and oppressed differently to create terraced segregation in the class structure. So besides women, Indians, and immigrants, the white working class were also not fully benefiting from reconstruction.

Concurrently with these politics, the Reconstruction Era saw steam and electricity displace human labour, the creation of a rail network, and telephones and typewriters increasing the speed of business. Mechanization in the agricultural sector displaced farmers to cities. Technical improvements meant the deeper coal deposits could be extracted. Businesses merged to try to impose monopolies, price cartels were established. There was an active redistribution of wealth to the rich, facilitated by state legislators and federal power. Indeed, the railway industry captured Interstate Commerce Commission, inverted its original purpose of consumer protection. This gave the impression of government supervision, but in practice it was nominal. Similarly, the Fourteenth Amendment, established to protect blacks, was interpreted to provide protection for corporations. Furthermore, the post-1877 compromise was the creation of a ‘steel navy’, which entailed buying steel from Carnegie at artificially inflated prices. As these examples show, corruption at all levels of government, intense exploitation of labour, and dispossession facilitated the creation of fortunes.

Reconstruction saw many working class rebellions, national strikes, industrial sabotage, and tenant struggles. The labour movement, with vital female involvement, won concessions in the late 1880s for shorter working hours and higher wages, establishing new norms for the workplace. Labour candidates did win in city mayoral elections. Guided by socialist principles, this labour insurrection was more organized in the 1880s and 1890s than the spontaneous ones in 1877. But labour fights were vicious, and the police killed members of the radical labour movement at regular intervals. Outside of urban areas and between 1860 and 1910, the US Army systematically waged war on the Indians on the Great Plains as a prelude to the railways expropriating land for their purposes. The Indians resisted this advance as well as they could given the preceding centuries of genocide. While hegemonic, capitalism’s power was not total nor without resistance.
2.4 Consolidation and Collapse, Contention and Cooperation

At the beginning of the twentieth century, the consolidation of industry and the introduction of new machines by large capital investment meant that bankers controlled the American economy. But repeated financial collapses and crises meant that the rate of profit tended to fall, so capitalists sought to improve productivity through instituting Taylorist principles in the workplace, which as Harry Braverman indicated, was to make labourers interchangeable, particularly suited to immigrant labour, further divesting the division of labour in production of any trace of unique humanity. Pressures for increased productivity came at the expense of workplace safety standards. In 1904, 27,000 workers were killed on the job, continuing from the previous century’s trends. In 1914, the Commission on Industrial Relations found that 35,000 workers were killed, and 700,000 injured. There was no compensation for families for these accidents.

Due to racism and union leadership, especially in the American Federation of Labour—who represented 80 per cent of unionized workers—blacks were excluded from the same labour organizing efforts, which was particularly hard as they earned about a third less than white counterparts. Leaders of the AFL were co-opted by the ruling class, and used force to coerce its own members. Du Bois in 1915 said ‘the net result of all this has been to convince the American Negro that his greatest enemy is not the employer who robs him, but his fellow white working-man.’ Still other union activity from radicals, like Eugen Debs and Mother Jones and others in and around the Industrial Workers of the World, kept socialist politics going, aiming beyond higher wages to seize the means of production.

Still, the 1893 depression underscored for the ruling class the overseas markets for US goods would relieve the problems of under-consumption and prevent another economic crisis that would fuel class war ‘from below’. So once the North American continent was under American rule, capital needed to expand elsewhere. The 1898 Spanish-American War was just such an exercise. The event provided an opportunity to take territory from a European power and establish an economy suited to the US ruling class’s interests, either as an export market for goods, or as a place to trade goods like fruit and tobacco at lower costs. Through a combination of annexation and peace treaties, the US acquired Wake Island, Puerto Rico, Hawaii, and Guam, as well as the Philippines. With Cuba, the Plait Amendment forced Cubans to subordinate their sovereignty to American military and economic interests, and so is a good example of formal indirect rule. American Prosperity depended on extracting wealth from foreign markets, and as Woodrow Wilson said, it could be accomplished either by ‘righteous conquest’ or by being ‘battered down.’ The result would be the same, ‘an open door to the world.’ (Wilson, various, cited by Zinn, 2003, 339)
The Spanish-American War also made the US ruling class acutely aware that capital’s expansionist commodification exercises had to be securitized. As Alfred Mahan argued, these newly acquired territories had to be supported by a military infrastructure to connect markets and control the conditions of trade. So extraction, exploitation and dispossession required not only the predominance of economic strength, the co-opting of local authorities, but coercion to ensure that these practices continued on American terms. So much like how the state security forces had been used to subordinate the American working class, thereby catering to the interests of domestic free trade, so too was the same logic applied to foreign trade.

The advanced capitalist countries in Europe were feeling similar pressures. The decline of British hegemony stoked competition for control of territory between advanced capitalist states, causing a resource acquisition race in peripheral regions. Du Bois was very perceptive when he observed that the First World War was over Africa. Much like how the British had to colonize North America because it was what remained, so too was the war about late industrial powers seeking sites of extraction for their own colonial system; Africa offered much in terms of raw resources, cheap labour, and unexplored regions. Du Bois also noted how colonial expansion, dispossession and exploitation was a means of preserving rule and quelling social unrest by appeasing the working class. Improved standards of living came from exploiting and repressing ‘the darker nations of the world—Asia and Africa, South and Central America, the West Indies, and the islands of the South Seas’. This surgically removed the radical spirit of a working-class consciousness.

Formally, Woodrow Wilson sought to keep the US neutral, but there was commercial advantage in selling military supplies to the British. Indeed, it was imperative to do so given a recession in 1914 as growing industrial unemployment posed a political problem. From 1915 to early 1917, the US sold goods worth $2 billion to the Allies. This industrial policy bound war and prosperity together, but it also signalled a draconian approach to radical labour organizing. For instance, the Espionage Act (1917) was employed to quell dissent, while the radical newspapers and magazines were barred from using mail services. Furthermore, the state undertook mass arrests of union leadership under the pretence that radical labour was undermining the war effort. Irrespective of whether this was true, the greater function was to remove sustained organized opposition to the ruling class.

A similar pattern occurred in the Second World War. Initially the US sought to profit off the conflict by selling weapons to the Allies and Soviets; their involvement in the conflict occurred primarily because their economic interests were threatened. In line with this explanation, and as the Atlantic Charter illustrates, American involvement in the conflict occurred because the US saw it as an opportunity to exercise some control and influence over the post-war international order. Indeed, this was an economic necessity as the Second
World War saw the rapid decline of British hegemony and the rapid rise of the USSR, a state itself concerned with imperial ambitions. Lastly, both wars were an opportunity to repress class struggle ‘from below’.

Returning to the pre-war period, one major development was that women won the right to vote in 1920, but were divided along the existing party lines. Concurrently the decade saw unemployment decrease and general wages increase. Nevertheless, these positives papered over deeper systemic problems, like for example, prosperity concentrated at the top echelons of society or mass opinion controlled by large-scale publishing houses. With Andrew Mellon as the Secretary of the Treasury under Harding, Coolidge, and Hoover, the top income tax bracket fell from 73 per cent in 1920 to 25 per cent in 1928, with capitalist newspapers cheerleading these politics.

Triggered by the stock market crash of 1929, The Great Depression revealed the problems in the social structure, which included extremely high levels of social inequality and economic misinformation. However, the biggest contributing factor was capitalism itself with its monistic drive for profit at the expense of all other things. Mass unemployment followed as industries cut back on production, farms turned to dust, and tenants evicted. Government inaction contributed to Franklin D. Roosevelt winning the 1932 election. His administration enacted the New Deal and other legislative reforms to reorganize capitalism to induce stability thereby removing the conditions for spontaneous rebellions and general strikes by the working class and avert a revolution. Although an incomplete appraisal of this development, Paul Krugman nevertheless offers a good starting point for this particular discussion. In The Conscience of a Liberal, he contends that Capitalists have waged a prolonged and deep campaign to re-capture the state and to reclaim the economic wealth that had been ‘taken from them’ by Roosevelt’s New Deal. At the time, the centrality of the market had produced a ‘vast inequality in wealth and power, in which a nominally democratic political system failed to represent the economic interests of the majority.’ The public policy interventions offered by the New Deal and subsequently the Great Society programs attempted to overturn this wealth distribution. For the most part, it was successful. Krugman writes that the richest 0.1 per cent ‘owned more than 20 percent of the nation’s wealth in 1929 but only around 10 percent in the mid-1950s;’ and he calls this ‘the Great Compression of income inequality’ (2007).

Notably, the New Deal ‘invigorated the economy’ through assisting the working class. Redistribution combined with war production created a ‘great boom in wages’ that ‘lifted tens of millions of Americans…from urban slums and rural poverty to a life of home ownership and unprecedented comfort.’ So high was material prosperity that Peter Gomes wrote of ‘an era of unprecedented economic growth and prosperity, where more people have more faith in the chairman of the Federal Reserve Bank than in the president of the United States’ (2000, xvi). Roosevelt Era Progressives were also in the business of fend-
ing off socialism by removing the conditions that made their cause appealing. So appealing was this that in 1910 Victor Berger was the first Socialist Party member elected to Congressional office, and where soon after the Socialist Party were able to make an inroad into municipal government, having 73 major elected officials in 1911. Capitalism remained intact after the New Deal; the rich still maintained the commanding heights. What appears to be the increase of democratization, through for example, reforms to decentralize power at the municipal and state level was but a way to install a slate of big business surrogates that were able to impose a consensus.

The Progressive Period was one of begrudging reform, to quiet protest not making structural changes. Capital sought to co-opt labour and thus dissipate the revolutionary energy in order to maintain the long-term stability of the social structure. This involved providing workers with compensation and accident insurance, better occupational health and safety, often through state legislation, although the Supreme Court said these kinds of laws were an unconstitutional deprivation of corporate property without due process. This reveals a fracture in the ruling class between those who wanted to maximize immediate yields and reformists, who sought long-term stability even if it meant giving up short-term profits. Emblematic of the reformist position was Harry Truman’s Baylor speech where he tried (unsuccessfully) to argue for the creation of the International Trade Organization (ITO), which while removing US domestic economic protections and tariffs, would yield greater access to new markets, facilitating capital accumulation. This cleavage represents the prevailing split in the ruling class, the kind that developed in the twentieth century, and their internmural disputes over the perverse calculus measuring the tolerance for exploitation and extraction.

Despite the failure to create the International Trade Organization, the reformists were able to somewhat quell the blunter and more brutal edges of capital labour relations. Nevertheless, as C. Wright Mills’ New Men of Power (1948), White Collar (1951), and The Power Elite (1956) collectively show, Post-war American society was organized around elitism, political apathy, technocracy, and oligarchy. In these books Mills describes the social structure of the United States, where organized labour leadership traded the advancement of their self-interest for representing their declining members against industrial transformations, an expanding professional class sought to secure their social and occupational status by embracing consumerism, and an overlapping elite where democratic mechanisms barely blunted their desires and position.

As Tilly might argue American mass prosperity in the post-war period was a result of social contention based primarily on the payback from labour power for wartime military service. Even then, mass prosperity was white, male, and geographically concentrated in major American centres. People outside of that bracket did not really receive the dividends of growth, all of which underscores how capital co-opted this segment of society to reproduce the social structure.
Still, due to protracted struggle, Civil Rights legislation was introduced to counter structural racial prejudice, and involved removing barriers for blacks to higher education, forced desegregation of schools and universities. Further helped by The Higher Education Act of 1965—a needs-based federal financial aid—Black enrolments increased, and these students took the energy and power of the Civil Rights Movement into the classroom. Beside counter-cultural forces and radicalism by students who did not have to work and had lots of free time to organize, there was a dynamism on US campuses.

2.5 Neoliberalism and the Great Recession

Dissatisfied with the repercussions of the New Deal and the Great Society, and concerned with their relative decline of power, the libertarian faction of the US ruling class rallied, investing in the post-Eisenhower Republican Party. Rationally exploiting sentiments in American politics, they sought to appear anti-establishment, and built a broader coalition to mobilize religious and cultural commitments to their advantage, albeit with internment success in the immediate post-war era. Still, they sought to frame the Civil Rights, feminist and counter-cultural movements as threats to the established social structure. Indicative of this view is Samuel Huntington. Commissioned by the Trilateral Commission for a report, his assessment was that 'the 1960s witnessed a dramatic renewal of the democratic spirit in American.' Huntington characterized 'the predominant treads of that decade involved the challenging of the authority of established political, social, and economic institutions' including 'a pervasive criticism of those who possessed or were even thought to possess excessive power or wealth.' (1975, 59–60). As Huntington portrays it, social services mandated by items like civil rights increased 'governmental debt from $336 billion in 1960 to $557 billion in 1971' creating 'inflationary tendencies'. Similarly, unionization of governmental employees was a problem as governmental officials were tasked to 'avoid imposing higher taxes to pay for the higher wages' (Huntington 1975, 103). Huntington leaves out how many of these governmental employees were black, for they were aided by justifiable affirmative action that was absent from the private sector. The main problem, however was an 'excess of democracy'; the solution was rule via expertise (1975, 113). He concludes his assessment with a revealing fatal conceit:

The vulnerability of democratic government in the United States thus comes not primarily from external threats, though such threats are real, nor from internal subversion from the left or the right, although both possibilities could exist, but rather from the internal dynamics of democracy itself in a highly educated, mobilized, and participant society. (Huntington 1975, 115).
These remarks reveal the extent to which the ruling class see an informed and active democratic citizenry as a threat to their social positions. Thus, from their vantage point it is in their interest to weaken the education system more generally through underfunding and to cultivate political apathy wherever possible.

The libertarian wing had the best opportunity in the early 1970s. The cumulative effect of military defeat in Vietnam, economic stagnation, Nixon’s decoupling the dollar from the gold standard, as well as the oil crisis in response to the 1973 Yom Kippur War along with several other factors, underscored the need for the ruling class to reassert its control over the social structure. Waging a long campaign—Jane Mayer’s *Dark Money* (2016) provides a case study of the Koch family, one node in this general turn—and test-running economic policies in Latin America (see Peck 2010, Harvey 2007), Reagan’s election was the defining moment for the reactionaries. This was because supply side economics gained presidential affirmation. Krugman writes that supply side economics ‘claimed without evidence that tax cuts would pay for themselves’, but without much support from ‘professional economic research’. In their implementation, this economic thought has wrought considerable damage and harm, mostly by diminishing the prospects for Americans for economic progress. By contrast, ‘if gains in productivity had been evenly shared across the work force, the typical worker’s income would be about 35 percent higher now [2007] than it was in the early seventies.’ Increasing social inequality is a telling indicator of class struggle ‘from above’.

Emblematic of the tone of the era, Charles Peters’s *A Neoliberal’s Manifesto* (1982) described a movement that ‘no longer automatically favours unions and big government or oppose the military and big business.’ Presented as a revolutionary project that rejected the politics of economic redistribution, this movement implemented a kind of public policy where the first impulse was always to let social issues be addressed by market driven solutions, by for instance the privatization of public goods. Herein neoliberalism can be understood as a method of statecraft, one that certainly advances and caters to the interests of the US capitalist ruling class, but perhaps most importantly redirects public contention from specific and known rulers to abstract and impersonal markets (see Krippner, 2011).

Throughout, these general developments severely weakened organized labour’s position and jobs were outsourced to other parts of the world. The ramification was to suppress uneducated wage labour. If the working class hoped that the election of Bill Clinton was to reverse these actions, they were sorely disappointed as his administration declared the ‘end of big government’. Throughout this period, the productivity of graduates greatly increased, the result of which was that middle-class prosperity without a degree evaporated as social inequality accelerated. As wages for uneducated labour declined, entry into the higher echelons of the workforce was predicated upon receiving a university degree—the cost of which is more than the
mean yearly income—university enrolments increased throughout the 1990s and 2000s. Good portions of these admissions were by blacks and Hispanics, who, because of structural injustice, were more likely to require Pell Grants. The point is that debt bondage dramatically increased, thereby conditioning citizens to adopt an instrumental rationality in order to escape potential bankruptcy. This ideology has little scope—or time—for contemplative dissent. Accordingly, it well serves the ruling class.

Turning to the efficacy of the campaign, Krugman cites figures that show that in the 1920s, the top decile of income earners hoarded 43.6 per cent of total income, with the top one per cent hoarding 17.3 per cent. In 2010, after forty years of prolonged political manoeuvre, the top decile hoarded 44.3 per cent, while the top one per cent hoarded 17.4 per cent. In this fashion, it is a kind of rent seeking and the arbitrary inequality comparable to that of the ancien régime. In this respect, the reactionary movement is a revolutionary force, for it does not intend to conserve or protect any particular institutions or values aside from those that serve wealth.

These issues were leveraged to justify constructing a right-leaning economy. The purported economic goal of this project was to insulate wealth from redistributive exercises, thereafter using re-regulatory efforts to implement a ‘trickle-up’ economic arrangement that divert the yield of economic growth and advantages to designated population groups. Here, re-regulatory denotes not the removal of stale policy and laws, but rather the attempt to change the regulatory framework to make it more favourable to the ruling class. Deregulation is simply a rhetorical move that seeks to diminish concerns over the rise of a new regulatory apparatus. In part this was to lift restrictions on capital, but also to promote the capacity for flexible accumulation, that being the easier entry and exit of capital to assist in attaining higher returns on investments. Essentially, technocrat state officials and other agents of the ruling class used macroeconomic policy sought to increase rates of return on financial assets, but in doing so eroded the bargaining power of the American working class.

Explanations for the success of the reactionary movement either tend to prioritize economic issues over social conservatism, or stress the role played by evangelicals in electoral politics, or point to the manipulation of widespread racism. While there is something to these explanations, partisan advocates thereof primarily err by mischaracterising the central ideological axis upon which the conservative imagination rotates. This rotation concerns the belief that domination and hierarchy is just. The willingness to dominate others unites social and economic conservatives, as well as racists. It is accepted because domination is a required characteristic to ensure accumulation continues unabated. To bring several aforementioned observations together: education is prohibitively expensive, and so in addition to existing class barriers and filters already safeguarding access thereunto, debt bondage is a technique of indirect rule, the aim of which was to hollow out radicalism thereby
inducing supplication of the professional class, whose support is vital given the marginalization of general labour. The backlash from general labour remained mystified, and re-directed to minorities to aid in dividing those who otherwise share an interest in emancipation.

Libertarians’ concerted push back has changed the American intellectual landscape, particularly liberal thought. In their political retreat from New Deal and Great Society social programs liberals have conceded, perhaps even capitulated to, the general political terrain to the libertarian agenda. Exemplary of this trend is the career of John Rawls. *A Theory of Justice* (1971) is primarily concerned with economic questions: the legitimacy of allocation, the moral imperative of redistribution, and welfare are all efforts that require attention to the consequences of property relations, the control of production, and assumptions informing distribution. Drawing upon Keynes, who argued that a private property-based market tended to be unstable due to high unemployment, Rawls and fellow liberals came to doubt that it was an adequate foundation for a stable, free society. Instead, their prevailing belief was that private property crippled the working classes, rendered them bonded to the economic system, created inequalities further alienating people from their liberty and thereby hindered persons from selecting their own ends.

However, in the face of criticism, some legitimate, much less so, Rawls’s critics pulled American political philosophy towards the management of apparently intractable differences in culture, language, and religion. Administrative concerns displaced critical elements. Co-currently, difference increasingly referred to identity, not social inequalities, while the encumbered debates over the priority of the right over the good obscured the right to goods. For wealthy cultural elites—left neoliberals—issues in personal aesthetics became problems to study, the result of which was to convert private belief and practice into matters of public politics, all the while ensuring that class became at best a subsidiary concern in the high strata of US intellectual politics. In short, the emancipatory necessity of understanding objective social relations was replaced by the reactionary urgency to mobilize subjective concerns.

Still, this is not to give post-war twentieth-century American liberal thought a pass. One major problem with robust welfare state liberalism is that it often preserves the class forces that seek to stop it from existing. From the vantage of radical critique, not only does the liberal state provide insufficient freedom, it is unstable and unable to maintain the affordances it does offer. Even then, it is too susceptible to the pull of capitalist ideology. Here. By this, I mean that by being receptive to the ideas that preserve incumbent interest, liberalism offers a radical diagnosis but incremental change.

Incrementalism is present in Ben Bernanke and Mark Carney’s respective recession assessments. In May 2013 they gave speeches conceding that the presumed ‘end of monetary policy history’, a focus on macroeconomic stability above all else, contributed to the financial instability that caused the Great
Recession (Bernanke, 2013, Carney, 2013). Employment, output, the exchange rate, credit and asset prices were, for example, considered only in relation to this bearing and filled under ‘constrained discretion.’ The downside was that generally legislators, policy-makers, and central bank technocrats failed to link liquid capital flows and financial imbalances in many advanced economies.

Initially the 2008 crisis was treated as a limited event. Most explanations and analysis concentrated on micro factors such as rogue financial actors, shadow banking enterprises, or the nature of markets themselves. But when ‘Echoes of the Great Depression,’ were observed, Carney writes, this:

motivated a swift and aggressive response. Major central banks provided hundreds of billions of dollars in extraordinary liquidity through a combination of repo facilities, standing facilities, securities lending and reciprocal swap agreements. (2013, 9)

These measures sought ‘to provide the stimulus to support activity and price stability. The links between price and financial stability were increasingly evident.’ The collapse necessitated that,

In the fall of 2008, in response to the rapidly deteriorating conditions in global financial markets, a weakening U.S. economy, and an abrupt drop in commodity prices, G-10 central banks, including the Bank of Canada, conducted an exceptional, coordinated interest rate cut of 50 basis points. (Carney 2013, 8)

The need for coordinated action like the move away from inflation targeting to financial stability and expanding the role of central banks highlights how interconnected the economic system is. Now central bankers have been tasked to play a supervisory role, ‘it conceptualizes and carries out both its regulatory and supervisory role and its responsibility to foster stability.’ Carney describes this as the need to ‘complete the contract’ with a public at large (2013, 18).

When attempting to stabilize the post-Recession economy the US and Canadian central banks focused on monitoring and evaluation exercises with regulatory policy and practices to detect the financial vulnerabilities that exist in deeply connected and systematically important financial systems. These central banks also sought to understand how shadow banking, asset markets, and the non-financial sector contributed to the collapse. Overall, Bernanke and Carney agreed that better research and hypothetical stress tests could lead to better management when these circumstances reoccur.

Notwithstanding these aspirations, the US Reserve Bank has to work with indirect legislative frameworks such as the Dodd-Frank Act, which are statuary designed to fail. For instance, the United States Government Accountability Office suggests that Financial Stability Oversight Council mission is ‘inherently challenging,’ This is because:
Although the Dodd-Frank Act created FSOC to provide for a more comprehensive view of threats to U.S. financial stability, it left most of the fragmented and complex arrangement of independent Federal and State regulators that existed prior to the Dodd-Frank Act in place and generally preserved their statutory responsibilities. As a result, FSOC’s effectiveness hinges to a large extent on collaboration among its many members, almost all of whom come from state and federal agencies with their own specific statutory missions. (US Government Accountability Office 2012, 8)

Perhaps for this reason, Carney observes that ‘Globally, central banks are now being simultaneously accused of being ineffective and too powerful’ (2013, 3). Accordingly, Bernanke and Carney suggest the need for a reconceptualization of the practice of the reserve banks. Still, inflation targeting maintains rentier income at the expense of employment policies. This is not so much irrational exuberance as structural entrenchment.

Given the technical cloaking of these issues, Dean Barker is correct to note, ‘the public and even experienced progressive political figures are not well informed about the key policies responsible for this upward redistribution, even though they are not exactly secrets.’ (2011, 1). So these ameliorative, preventative, predictive, and re-conceptual approaches outlined above are likely to be ineffective at averting capitalist economic crises as they lack a broader historical understanding of capitalism itself and the indirect and invisible coercive mechanisms that support the reproduction of its expansionist tendencies. ‘It may be’, Ellen Meiksins Wood said twenty years ago, ‘that we are seeing the first real effects of capitalism as a comprehensive system. We are seeing the consequences of capitalism as a system not only without effective rivals but also with no real escape routes. Capitalism is living alone with its own internal contradictions’ (1997, 558). Ominous and unsettling, Wood’s words speak to the wider setting of US militarization, a topic I directly discuss in the next chapter.