Given the theoretical importance of "periodizing" capitalist history, it is surprising that Western Marxists have not devoted more attention to the matter. Many periodizations are presented, but few are sufficiently developed or defended. We find almost as many ways of dividing up capitalist history as there are theorists. For example, Baran and Sweezy emphasize the great watershed between competitive and monopoly capitalism, thereby suggesting two main periods. Fine and Harris argue for three stages: laissez-faire capitalism; monopoly capitalism; and state-monopoly capitalism. In Class, Crisis and the State, E.O. Wright presents a schema of six stages: primitive accumulation; manufacture; machination; monopoly capital; advanced monopoly capital; and state-directed monopoly capitalism. And this is only a small sample that could easily be expanded.
Ever since Rostow's *Stages of Economic Growth*, Marxists have displayed a reluctance to use the concept "stage." Yet, it should be remembered that Lenin used the term long before Rostow. I prefer the concept of "stage" over "periodization" because the verb, "to periodize", suggests an empiricist approach that divides history into periods by drawing lines through it, according to some criterion or other. But the laws of motion of capital, or (what is the same thing) the law of value, provide an objective foundation for Marxian political economy. The empiricist, periodizing approach gives up the advantage of an objective reference point. We need to construct a theory of stages that is informed by the law of value, and that has a determinate relation to the law of value. To be more precise, a stage should be conceived of as the operation of the law of value in a specific historical environment — the specificity of which forces modifications in the operation of the law of value.

Even the most theorized stage — the stage of imperialism — has not received enough attention when it comes to specifying the relation between the law of value and stage theory. This stems from both a lack of clarity on the law of value itself, and on how to theorize it within the more concrete environment of stage theory. The result of this lack of clarity is that, instead of conceptualizing stage theory as a concretization of the law of value as a whole, stage theory often receives a one-sided emphasis — depending on the theorist's special appropriation of the law of value. Aglietta, who is interested in the labour process, sees stages of "extensive accumulation" and "intensive accumulation", and he divides the latter into "Fordism" and "neo-Fordism". Palloix's interest in the internationalization of capital leads him to divide history according to the internationalization of commodity capital, money capital, and productive capital. Wallerstein's circulationist perspective results in a different periodization compared with that developed from Brenner's productivist perspective. Fine and Harris (who think in terms of the movement towards socialism) emphasize the socialization of the labour process as the criterion for delimiting stages. Though all of these approaches are interesting and shed light on aspects of capitalist history, they are also one-sided or partial perspectives.

The approach that I shall adopt in this article is strongly influenced by the Japanese Marxist, Kozo Uno, and his student Thomas Sekine. The Uno school is a large and important
school of political economy in Japan, but — lacking fluency in Japanese — my understanding of Uno is derived primarily from the work of Sekine. For this reason, and because I feel that Sekine has made important contributions to Uno's thought, I shall refer to the Uno-Sekine approach. Though their general approach informs my analysis of stage theory, the specifics are my own. I adopt their approach primarily for two reasons. First, they have reconstructed Marx's law of value, as a whole, into an exceedingly clear and rigorous theory. Second, they conceive of stage theory as a distinct level of theory, with a determinant relation to the law of value and to history. Before proceeding with my analysis of stage theory, it will help the reader if I briefly outline the general approach of Uno and Sekine.

Levels of Analysis According to Uno and Sekine, Marxian political economy, or the theory of capitalism, divides into three levels of analysis. The theory of a purely capitalist society treats the law of value as the necessary inner logic of capitalism. Stage theory explores the structural manifestations of the law of value in the stages of mercantilism (1650-1775), liberalism (1775-1870), and imperialism (1870-1917). Historical analysis is guided by the other two levels of theory in carrying out a concrete analysis of capitalist history.

Uno arrives at the idea of a purely capitalist society by closely studying Marx's *Capital*, in which the idea is implicit. A purely capitalistic society is one in which all production is production of commodities by commodified labour-power, governed by the self-expansion of value. In such a society, there are three and only three classes: capitalists, workers, and landlords. In history, capitalism is self-purifying up to a point; though it never comes close to the purity of a purely capitalist society. Nevertheless, the self-purifying tendency of capitalism in history is the material basis for arriving at the idea of a purely capitalist society.

A purely capitalist society is a reified society, in the sense that the human subject becomes a mere object determined by the independent movements of commodities, money and capital. Marx refers to this reification throughout the three volumes of *Capital*. For example, he writes that "production relations are converted into entities and rendered independent..."
in relation to the agents of production. . . " He also writes that value as capital acquires independent existence, which it maintains and accentuates through its movement. " In a purely capitalist society, this reification becomes total; so that by letting capital have its own way at the level of theory, it is entrapped into exposing itself for what it really is. Total reification achieves a level of abstraction that sheds the contingencies associated with the historically concrete, so that capital can be theorized as having an inner logic of necessary relations.

But, if reification is total at the level of pure capitalism; and, if the law of value works with iron necessity at this level; how is the law of value related to history when class struggle and all sorts of contingent phenomena must deflect and alter the workings of the law of value? What happens when reification is not total (as it never is at the level of history) and, as a result, characters on the economic stage actively intervene in economic relations instead of being mere personifications of them? As E.P. Thompson has argued: "no worker known to historians ever had surplus value taken out of his hide without finding some way of fighting back... by his fighting back the tendencies were diverted and the 'forms of development' were themselves developed in unexpected ways." Some theorists have attempted to overcome this tension between necessity, at the level of theory, and contingency, at the level of history, by placing contingency and class struggle within the law of value itself. This is self-defeating because the law-like character of the law of value is bound to be undermined by such a move. The solution to the problem is not to mix these two levels of analysis, but to develop a third level of analysis that can mediate between the two. Then, the necessity of the law of value can be maintained at the level of pure theory, while taking account of agency and contingency at the level of history. Uno refers to this mediating level of analysis as stage theory. Stage theory provides a theoretical understanding of the dominant form of capital accumulation and accompanying state policies for the stages of mercantilism, liberalism, and imperialism.

Stage theory only outlines the principal dynamics or modus operandi of the form of capital accumulation that is dominant in a particular stage; it does not analyze the actual operation of this mode of accumulation on a global scale. For example, the stage theory of imperialism clarifies the dominant mode of the
operations of finance capital, without specifying its actual operation in France, or the United States, or its impact on the Third World. These latter topics must be handled at the level of historical analysis. The level of historical analysis is broad because it includes everything from the analysis of large-scale structural tendencies in the global economy, to detailed studies of forms of popular resistance. Such an historical analysis of capitalism is part of political economy to the extent that it is guided by both the law of value and stage theory.

An example will illustrate the relations between the three levels of analysis. At the level of pure theory, we grasp the abstract tendency of capital to concentrate and centralize; at the level of stage theory, we can understand the main dynamics of the very rapid centralization of capital that occurred in the last quarter of the nineteenth century; and at the level of historical analysis, we can understand how Rockefeller achieved control of the oil industry in the US. Clearly this last level of analysis cannot be deduced from the first; but, rather, the law of value and stage theory serve to guide and inform the analysis of history.

The mixing-up of levels of analysis undermines the scientific nature of Marxian political economy. If pure theory and stage theory are not kept distinct, the necessary inner connections traced by pure theory become less necessary; and it becomes impossible to set forth clearly the laws of motion of capitalism, as opposed to more concrete stage-historic considerations. Furthermore, if we mix levels, stage theory is likely to become dogmatic because we are likely to see a strong necessity where only a weaker kind of necessity is appropriate. If all three levels of analysis are mixed, then the same necessity associated with periodic crisis in the theory of pure capitalism will be associated with socialist revolution. As a result, we will fail to account for the very important "subjective factor." The mixing of levels of analysis has caused immense problems in the history of Marxist theory — problems of not achieving the degree of scientific accuracy that is indeed possible at each level of analysis; and problems of claiming too much scientific validity, given the level of analysis. Dogmatism and the weakening of scientific judgement go together and, perhaps, reach their fullest expression in the Marxism of Stalin, within which fine points of political line were deemed to have the same degree of certainty and necessity as the law of value.
The Uno-Sekine Approach to Stage Theory According to Uno and Sekine, stage theory is a distinct level of analysis arrived at neither by a deduction from pure theory, nor by an abstraction from history. The concepts of stage theory are essentially abstract "material types", arrived at by using the theory of pure capitalism to help determine the main structures and processes of the dominant mode of capital accumulation in an historical stage. Stage theory is essentially static since it aims to grasp the dominant type of capital accumulation, and not actual historical change and development. The analysis of history constitutes a third level of analysis where agency and contingency operate within the general constraints of the stage-theoretic dominant type of accumulation. At the level of historical analysis, we see to what extent, and in which ways, the dominant type of capital accumulation impacts on the world (where capitalism always develops very unevenly).

A "stage" implies some coherence in the law of value, in the sense that there are dominant types of use-value production and corresponding organizations of value expansion. In other words, a stage implies a dominant type of capital accumulation that has internal integrity and coherence, and that can be understood essentially as a self-expansion of value only secondarily dependent on outside forces such as the state. The stage of mercantilism represents the first, halting appearance of the law of value as a subsumption of the labour and production process by the motion of value in a putting-out system. The stage of liberalism represents the maturity of the law of value as it secures the commodification of labour-power and develops factory production. The stage of imperialism represents capitalism in decay, as the development of monopoly and state intervention begin to undermine the market. (I use "phase of transition" to demarcate the period before mercantilism and after imperialism.)

A phase of transition, as a transition away from feudalism or away from capitalism, must be theorized differently from stage theory. In the case of the transition away from capitalism, the law of value can no longer be applied to arrive at a dominant form of capital; rather it is necessary to carry out the analysis at a historical level, where history is understood as an unravelling or disintegration of the law of value. The law of value is still used as a reference point for understanding what
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it is we are moving away from, but a phase of transition does not have the same sort of inner logic, based on the law of value, as does a stage. In a transitional phase, it is still possible to try to get at the tendencies manifested in relations between persistent structures, but it is not possible to understand these structures as manifestations of the law of value. Instead, structural developments should be understood as an historically determinant unravelling of the law of value.\textsuperscript{19}

Since, in pure capitalism, society is regulated by a self-regulating market, at this level of analysis the state and ideology can only be conceived of as embryonic forms lacking materiality and interventionist capability. Furthermore, a purely capitalist society has no geographical or territorial location, but must be assumed to be a global society without boundaries and without foreign trade. But, in history, capital develops primarily within territorial states, and the development of capital and of the nation-state are, up to a point, mutually supporting.\textsuperscript{20} Also, capital develops very unevenly when viewed spatially on a global scale. So, in constructing stage theory, we must look for the form, or forms, of capital accumulation that are most hegemonic and characteristic at that stage — forms that are located in a territorial state and are supported by state policies. Thus, at the level of stage theory, we look for the dominant form of capital accumulation, its geographical location, and the types of ideology and state policy that support it.

Mercantilism refers to the early development of capitalism in the seventeenth and eighteenth centuries. It is British capital that becomes predominant in this stage, so it is to Britain that we should turn to look for the most characteristic form of capital accumulation. According to Uno, it is the putting-out system organized by merchant capital that is most characteristic of this stage. Why focus on the putting-out system rather than the triangular trade that initially involved slaves and sugar? The answer to this question combines the knowledge of precisely what capitalism is and how it operates (law of value) with historical knowledge. Capitalism is essentially the commodity-economic operation of the labour and production process, and this depends crucially on the commodification of labour-power. In the stage of capitalist development at which I am looking, merchant capital is dominant and labour-power has not yet become substantially commodified; but in the stage of
fully developed capitalism, the circulation of value — here repre-
represented by merchant capital — must come to dominate the
production process. So we look for a type of use-value produc-
tion that represents substantial inroads on the agrarian base of
pre-capitalism, and that represents a significant step towards
the capitalistic management of the production process. British
wool production is perhaps most characteristic of the putting-
out system in this stage.

The growth of wool production made the raising of sheep
more profitable, and this stimulated the enclosure movement
which separated the direct producer from the land. The
cottage-based spinning and weaving of wool began to separate
manufacture from agriculture, and the putting-out system was
a major step towards capital's gaining control of the production
process. The expropriation of the agricultural producer,
which was the basis of the gradual commodification of labour-
power, was "accomplished in concerto by the establishment of
the wool industry as independent of, rather than directly sub-
ordinate to, agriculture."22 The domestic handicraft produc-
tion of woolen articles organized as "a putting-out system by
merchant capital interested in international trade typifies the
industrial activity of this stage.23 This mode of accumulation
was supported by the mercantilist policies of the absolute/
constitutional monarchy which chartered trading companies
and adopted policies, such as the navigation acts and Corn
Laws, that directly supported merchant capital. The most cru-
cial historical processes underlying this stage are the separation
of the direct producer from the land and the separation of
manufacture from agriculture; for these are the processes
which lay the foundations for the commodification of labour-
power.

The stage of mercantilism represents an externalization of
the law of value in a situation in which labour-power is not yet
substantially commodified, and in which the production proc-
ess is only indirectly and partially controlled by capital through
a putting-out system. This means that the law of value can only
manifest itself in the most embryonic and minimal of ways.
This is still primitive accumulation which depends substantially
upon extra-economic force. However, the beginnings of the
law of value can be seen in profit-making based on the exploi-
tation of labour — not through the wage-form, but through a
system of selling raw materials expensively to the cottage industry and buying back finished goods cheaply. This was possible because of the monopolistic position of the merchants (who were price-makers) vis-à-vis the cottage workers (who were price-takers). Of course, the exploitation of the cottage weaving industry (and other cottage industries) was limited by the need to keep a sufficient number of weavers alive to do the work.

Liberalism, the second stage in the development of capitalism, is firmly established through the industrial revolution, which results in factory production and the reproduction of labour-power as a commodity. According to Uno, the most representative form of use-value production in this stage is English cotton manufacturing, and the form of capital which most successfully operates this sort of light manufacturing of consumer commodities is industrial capital. With industrial capital, we see the fullest development of a competitive, market-governed economy — and along with it, the periodic crisis. This mode of capital accumulation is supported by economic policies aimed at overcoming restrictive practices in favour of free trade. This is the stage of classical liberalism, with ideas such as “laissez-faire” reflecting increasing faith in the market’s ability to regulate the economy in an optimum fashion. This stage most closely approximates pure capitalism, since, in a purely capitalistic society, the total regulation of real economic life by the market means the disappearance of state economic policies. Total reification of pure capitalism is, of course, never closely approximated at the level of concrete history.

The hegemony of competitive light manufacturing came to an end in the late nineteenth century with the development of heavy industry and the Great Depression. The economies of scale associated with large, fixed capital investments in heavy industry and railroads required the long-term mobilization of large amounts of capital and credit. The development of the limited-liability joint-stock company, accompanied by the development of the banking system, facilitated the rapid centralization of capital in the late nineteenth century. Large banks became very interested in the operations of heavy industry since the banks committed large amounts of credit to their fixed capital investments. The resulting merging of industrial and bank-
ing capital is referred to as “finance capital.”

Finance capital creates various types of monopolistic organizations in order to protect its investments from the vagaries of the market. The state economic policies typical of finance capital are protectionism at home and aggressive expansionism abroad. Protectionism is needed to shield high monopoly prices from international competition in the domestic market. Expansion is needed to take up the slack of chronic excess capital, relative to the home market. The development of monopoly — and the consequent declining capacity of the market mechanism to regulate the economy successfully — necessitates more aggressive and interventionist policies on the part of the state, in order to support the operations of finance capital. Typical policies involve dumping and tariff wars, aggressive colonial policies, and sozialpolitik (“welfare state”) policies to stem the socialist menace and to secure the reproduction of labour-power as a commodity. All of this results in rapid and large growth in the scope of state activities and in the public expenditures needed to support these activities. Taken together, the state economic policies of finance capital are referred to as “imperialism”.

According to Uno and Sekine, the German iron and steel industry is the material-type most representative of finance capital; although Britain is the dominant (though declining) world economic power in this stage. The fact that the dominant type of capital accumulation does not reach its classical form in the activities of the dominant world economic power is, no doubt, one reason that this stage of capitalism is rather more short-lived than the others.

The sequence of categories in the law of value is a necessary sequence, and this necessity derives from the overcoming of use-value obstacles by value in the subsumption of an entire economic society to its motion. One necessary component of the dialectic of capital is periodic crisis, but this necessity is different from the necessity of imperialist war which emerges from the stage theory of imperialism. This is because the sequence of stages is not a necessary sequence; it cannot be shown that the dialectic of capital must be externalized in these, and only these, dominant types. It is true that capitalism has a tendency to produce more complex and more socialized use-values as it develops, and that these use-values are less and
ferentiates them from the people in another territory — be it language, race, religion or culture. Nationalism then uses the couplet, domestic-alien, to set the people of one territory against those of another.

At the level of state theory, the *rechtsstaat* of pure capitalism is converted into a class state. Now the dominant ideologies and state policies clearly serve the interests of the dominant type of capital accumulation. But, in order to maintain its fundamental legitimacy as a *rechtsstaat*, the capitalist state must not appear to be primarily a class state. Nationalism again plays a crucial role in mobilizing the populace in support of the state; while the state, in turn, carries out what are essentially class policies. In this case, nationalism attempts to assert the primacy of the nation over whatever forms of dawning class consciousness may be developing. In the stage of mercantilism, the state basically serves the interests of merchant capital; in the stage of liberalism, it serves industrial capital; and in the stage of imperialism, it serves finance capital. At the same time, the state's legitimacy depends upon it appearing to serve the "national interest."

Nationalism may, of course, at times, become a popular and progressive anti-capitalist ideology, but here I am only interested in analyzing the character of nationalism as a *capitalist* ideology. I stress the importance of this ideology as a support for the capitalist state and as an ideology that suppresses class identifications. In short, nationalism is central to capitalist ideology.

At the level of stage theory, we see the basic *rechtsstaat* form embodied in dominant historical types. The *rechtsstaat* now takes the form of the nation-state, which monopolizes the legitimate use of force within its territory for the sake of protecting life and property. The dominant types of organizational structure and policy of this state vary from stage to stage. Closely connected with the dominant type of nation-state is the dominant type of ideology, since ideology always plays an important role in legitimizing the state (which with capitalism must take a legal form). We see again at this level that the state is fundamentally both an ideological and a political institution.

Capitalism develops in the first instance within nation-states, and only secondarily on an international basis. In its infancy, capitalism needs to be fostered and protected by a strong state;
abstract type, even at this level we can only determine state structures and policies insofar as they are necessitated by the dominant mode of accumulation. Thus, to a large extent, the content of the theory of the state must be developed at the historical level of analysis.

A purely capitalist society is conceived of as a global society without external relations, but this is a high level of abstraction that can never exist in history. In history, capitalism does not descend like a great flood that engulfs the entire globe at once. Rather, it gains a foothold first in one region and then in another; and when one region is compared to another, we find capitalism grows very unevenly. At the level of stage theory, it is necessary to consider the issue of territory. The legal state, discussed at the level of pure capitalism, now becomes a territorial state with definite boundaries separating the domestic economy from the rest of the world. The territorial state exists as one state amongst many — as one legal subject writ large amongst many.

The category, "legal subject", requires not only that there be clear boundaries separating my property from yours, but also that any movement of property across boundaries occur only through the mutual consent of the respective property owners. Since the territorial state is, internationally, one legal subject amongst many, it must also guarantee that legal subjects from foreign territories will not use force to invade the property of its own legal subjects. Since there is no international state to guarantee the status of the state as legal subject, this status is (from an international point of view) somewhat tenuous, and is based only on mutual recognition.

Stage theory brings out the extreme importance of the nation-state and nationalist ideology to capitalism. Nationalism converts a passive shell of a state into a real power. A market-governed society is an atomized society, and a state based only on legal subjects can have no real power. Although the market orders society, it does not create community and, indeed, tends to dissolve traditional communities. Nationalism is a way of building a common identity in a market society, without undermining the atomization required by the market. It creates a common identity that can be mobilized as a force, but it does not create real political community. It picks up on any trait that the people in a territory have in common which dif-
differentiates them from the people in another territory — be it language, race, religion or culture. Nationalism then uses the couplet, domestic-alien, to set the people of one territory against those of another.

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Capitalism develops in the first instance within nation-states, and only secondarily on an international basis. In its infancy, capitalism needs to be fostered and protected by a strong state;
so it develops first where the nation-state is most developed. Where there is no nation-state, the development of an integrated “home” market creates one, as in the cases of Italy and Germany. I want to turn next to examine the most typical state and ideological institutions of the stages of mercantilism, liberalism and imperialism.

During the stage of mercantilism, when the dominant form of capital accumulation is the putting-out system, the motion of value has not yet completely subsumed the production process. Being internally weak, capitalism is heavily reliant on external supports, and thus on a strong state. During this stage we see the gradual transformation of absolute monarchy into constitutional monarchy — a move in the direction of the state form as abstract legal subject. So, in concretizing our theory of the state, we locate the dominate form of capital accumulation for the stage — in this case the British putting-out system organized by merchant capital — and we then study the state, and ideological forms and state policies required to support this type of accumulation.

The stage of mercantilism is still a stage of primitive accumulation in which capital has only partially subsumed the labour and production process, as typified by the putting-out system. Thus, profits are not so much based on surplus value, as on unequal exchange, maintained by monopoly and extra-economic force. The state, therefore, supports the enclosure movement, which is stimulated by the profitability of wool production. State policy is necessarily very protective of the emerging home market and infant industry. State policy is also aggressive and war-like in plundering the rest of the world, and in resorting to slavery and other forms of forced labour in foreign lands where there is no significant labour market. At home, the state also resorts to various forms of forced labour to support infant industry and the merchant marine (through such institutions as work houses and impressment).

In the stage of mercantilism, we not only see the territorial state emerge as a sovereign legal subject serving to protect and nurture infant capitalism, but we see also the creation of the nation as the ideological complement of the territorial state. Thus, the ideology of “possessive individualism” that flows from the sovereignty of the legal subject needs to be complemented by nationalism which can weld legal subjects together

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into an effective fighting force. The more aggressive the state wishes to be, the more it must foster nationalism. Though nationalism is important in all stages of capitalism, it is most important in the stages of infancy and decline when capitalism needs the support of a strong state. In the mature stage of liberalism, nationalism does not wither away — but it is somewhat tempered by free-trade policies. It would be incorrect to see a strong, internationalist thrust attached to free trade; the capitalist state can never afford to be truly internationalist, given the importance of nationalism to its legitimation and strength.

In an historical sense, the state is, of course, not a capitalist institution. In looking at the historical development of the capitalist state, we are looking at the gradual “domestication” of an alien institution. In the stage of mercantilism, the feudal absolutist state is transformed gradually, or by fits and starts, into a state that is conducive to the development of merchant capital. Trade wars require a strong state with a strong currency, and economic growth in this period rests mainly on trade. It is necessary to create a standing army and navy, independent of the feudal aristocracy, to carry out such mercantilist policies successfully; and this depends upon a system of orderly taxation and the development of a domestic market. This development of the state as a centralized administrative and repressive apparatus requires a process of gradually breaking with dependency on the feudal aristocracy — a process the aristocracy naturally resisted. Already, in the mercantilist stage in Britain, we see the emergence of more legal forms of domination and, indeed, some of the most important political theory written in this period advocated legal domination and constitutional (as opposed to absolute) monarchy — e.g., Locke.

With the development of industrial capitalism and the stage of liberalism, we see the state increasingly adopt laissez-faire and free-trade policies. This stage reaches its purest expression, in Britain, in the 1860s with the general abandonment of protectionism in favour of free trade. In turn, the factory acts become necessary in order to secure the reproduction of labour-power and to quell the growing rebellion of workers. These acts represent the recognition that continued availability of the commodity, labour-power, requires some protection of the human substance.

The stage during which liberal ideology and liberal policy become most dominant is one in which the mode of accumula-
tion of capital is typified by cotton manufacturing in Britain, or, in other words, by the light manufacturing of consumer goods when competition is fostered by the ease of entry into an industry. It is in this stage that the idea of legal subject becomes most apparent in the dominant form of government — "representative democracy" (in practice, not very "representative" or "democratic"). Just as the liberal stage is closest to pure capitalism, so the ideal of representative democracy is closest to the state as sovereign legal subject. In theory, representative democracy does not require any sort of political community since it can be created entirely by isolated legal subjects who cast their ballots, just as they spend their money, in commodity exchange. In this case, the impersonality of the market is transferred to the government which, presumably, reflects the interests of legal subjects as expressed by voting. Also, representative government, combined with checks and balances, assures a relatively weak government and an impersonal rule of law.

The development of heavy industry results in the stage of imperialism wherein the dominant form of capital accumulation is finance capital. Finance capital requires a strong state with protective policies, both at home and abroad. Protective tariffs give cartels a home base, safe from foreign competition. The state is also needed to protect finance capital in its aggressive expansionism, so that the resulting national chauvinism and militarism culminate in an array of policies we may label "imperialist". The development of heavy industry and monopoly also fosters the rapid socialization of the labour process, with very large numbers of workers being controlled by one corporation or one cartel. This, in turn, fuels the class struggle which, concretely, takes the form of a trade-union movement and a socialist movement. Capitalism is now sufficiently developed that it can, through taxation, support a growing state apparatus, with a growing standing army and an embryonic welfare state.

As Weber argues, the legal-rational authority of the capitalist state tends to foster bureaucratic forms of social organization. This tendency is also fostered by military developments, as in the example of the Napoleonic army. But by far the most important source of bureaucratic organization is the capitalist enterprise, based on the commodification of labour-power. No
historic event so fostered the spread of bureaucratic forms in
society as the merger movement of the late nineteenth century.
The development of giant, monopolistic corporations provided
a model that government was soon to imitate, as the needs of
finance capital required a large, powerful, and interventionist
state. The state began to imitate scientific management's crea-
tion of artificial hierarchies which served to control and under-
mine growing worker solidarity and militancy.

Since Germany represents the purest expression of finance
capital, I turn to Germany to arrive at the most typical political
and ideological institutions in the stage of imperialism. Just as
monopoly and political intervention begin to undermine the
law of value in this stage, so the development of a bureaucratic
state, as opposed to representative democracy, begins to under-
mine the rule of law. Insofar as the interventions of the state
begin to move economic resources around, the universal and
impersonal character of the law — which accords so well with
the impersonal rule of the market — begins to break down in
favour of particularistic bureaucratic decrees. Therefore, al-
though the bureaucratic state is still in basic form a rechtsstaat,
and the type of legitimacy is still legal-rational, the rule of law
per se is, to some extent, undermined by the rule of bureau-
cratic expertise.

Let me summarize this section. At the level of stage theory,
we conceptualize the dominant political and ideological forms
as required by the dominant form of capital accumulation in
the nation-state where this dominant form is located. Thus, we
look to Britain to find the material-types of policies and
ideologies that are most conducive to the operation of mer-
chant capital; we look to Britain again for the types of policies
and ideologies that accord with the material-type of industrial
capital; and we look to Germany for the dominant material-
types that accord with finance capital. At the level of pure
theory, we derive the cell-forms of the superstructure; at the
level of stage theory, the superstructural forms begin to take
on a material content as they take on an historical and geo-
graphically specific location, but they still represent only domi-
nant, abstract types. To a very large extent, the concrete mate-
rial content to the theory of the capitalist state and ideology
must be developed at the level of historical analysis (guided by
pure theory and stage theory).
Few analysts of crisis theory have considered the relevance of different stages of capitalist development. E.O. Wright has done this to some extent, but there are problems with his approach. First, he does not consider which crisis theory is most appropriate to the law of value per se, or to capitalism in its inner logic; and second, he does not consider the possibility that, at the level of stage theory, crisis theory cannot any longer be purely economic but must include a political/ideological dimension. From the point of view that I am developing, it is clearly inadequate to say that the rising organic composition of capital theory is appropriate to competitive capitalism, that underconsumption theory is appropriate to monopoly capitalism, and that profit-squeeze theory is appropriate to state-monopoly capitalism.

I do not want to repeat here the analysis of periodic crisis at the level of pure capitalism, as developed in a recent article. Suffice it to say that the price mechanism can regulate standard commodities without difficulty, and that it is primarily labour-power and fixed capital that cannot be so easily regulated. So, it is to the role of these commodities in accumulation that we must turn, in order to clarify periodic crisis.

Crisis is rooted in the widening and deepening phases of accumulation, and the result of crises is the restructuring of the basic capital-labour-value relation on a new basis — one that permits another round of expansion. Crises force capital to renew its technological base and to replenish the reservoir of surplus population. All of this assumes the total reification and complete commodification of a purely capitalist society. But, at the more concrete level of stage theory, crises will take different forms, depending on the dominant type of capital accumulation. Because the dominant type of use-value production in the stage of liberalism is closest to the ideal use-values of pure theory, we would expect crises in Britain, in this stage, to conform most closely to the periodic crises of a purely capitalistic society.

In the stage of mercantilism, crises are another matter altogether because neither labour-power nor fixed capital is yet extensively commodified, so that crises would not be generated by the logic of the law of value. Crises are instead generated by external factors (external to the law of value) or by the extremely imperfect working of the law of value. Crises would
likely be produced by sudden price changes due to speculation, new discoveries, new markets, monopolistic price manipulation, political price manipulation, or class struggle in the form of popular resistance to price changes and to the commodification of labour power. Thus, we would not expect general periodic crises in the stage of mercantilism but, rather, crises of an occasional and partial character associated with the growing pains of capitalism in its early development.

Again we need to reconsider the whole question of capitalist crises in the stage of imperialism. I shall not try to explore this question in depth here, but shall raise some points that need to be considered. First, the size and the monopolistic character of firms in this stage gives them greater capabilities to stave off full-blown crises. Indeed, such crises become less and less tolerable, the larger the units of capital. Protectionist policies guard against international price competition, and aggressive expansionism and support for finance capital on the part of the state can forestall crises by exporting the problems that give rise to them, or by shifting those problems onto the non-cartelized sector, or, onto the backs of workers. When crises do finally occur, recovery is likely to be slower because cartelized industries will attempt to maintain high prices, even in the face of a depression, and this, of course, makes recovery much more difficult for non-cartelized industries.

Even when cartel prices finally do collapse, a renewed technological base and value proportion which would ensure another round of expansion will not necessarily occur. This is because the health of the economy depends increasingly on aggressive expansionism, protectionism and nationalism. But this requires a strong state and aggressive imperialist policies, so crises can no longer be theorized in purely economic terms. In fact, it is precisely because crises in the imperialist stage can no longer accomplish all the functions they perform in a purely capitalist society, and because each core state tries to aggressively export its economic problems, that imperialist wars become likely.

Consideration of crisis theory, in the context of the stage of imperialism, indicates the close connection between economics and politics at the level of stage theory. Further, distinguishing between levels of analysis, in connection with crisis theory, may help us to sort out some of the debates around this issue, and to gain greater clarity on the current crisis.
Class and class struggle In a purely capitalist society, there can be no class struggle because classes are simply "personifications of economic categories." Yet, at this level of analysis, we achieve an objective and clear conceptualization of capital and labour: the two basic classes of capitalism. Using these clear and precise conceptions as a reference point, it is possible to consider class struggle at the level of stage theory — that is, from the point of view of the dominant mode of accumulation.

In the stage of mercantilism, class struggle cannot take the form of capital versus proletariat, since the proletariat does not yet exist in the putting-out system. What is possible is the rebellion of cottage weavers against the prices that the merchants pay for their cloth; or a rebellion of consumers in general against high prices (e.g., bread riots); or the rebellion of peasants uprooted by enclosures; or, in general, the rebellion of populations that are unsettled by primitive accumulation. These forms of resistance against the commodification of socio-economic life and, particularly, against the commodification of labour-power may be seen as class struggles in embryo; but, in reality, the groups in question are not classes and, in part, their rebellion is against being made into a class — in particular, a landless proletariat. Even in the core states, capital only manages to subsume the labour and production process partially, through the putting-out system; so it is not surprising that pre-capitalist modes of forced labour are used in the new territories.

This struggle against being made into a class continues well into the stage of liberalism, but here we see the victory of industrial capitalism and the commodification of labour-power. With these events, the industrial proletariat becomes a reality and the beginning of class consciousness is evident, with various movements putting forward demands that clearly represent the interests and the point of view of the industrial proletariat. We would also expect manifestations of class struggle in its classical form: capital versus the industrial proletariat. Moreover, the commodification of labour-power, which is the prerequisite for this stage, is also an historical process that occurs over the course of centuries but picks up momentum and proceeds with great rapidity in the eighteenth and nineteenth centuries, culminating symbolically with the completion of the enclosures in Britain. The stage of liberalism is not only the be-
ginning of classical class struggle. Internationally, it is a period when sufficient numbers are pushed off the land to begin populating the great new settler colonies.

In the stage of imperialism, class struggle takes new forms again. The cartelized sectors give rise to strong unions and a socialist movement, while the existence of cartelized and non-cartelized sectors stratifies the working class. Furthermore, the relation between centre and periphery creates a further stratification, with many colonial workers suffering the violence and super-exploitation of primitive accumulation. The growing power of the working class in the core states, and the need of finance capital for a more stable labour force, give rise to the beginnings of the welfare state and to political parties in the modern sense. The dangers of a growing socialist movement are offset by concessions and by a nationalist and inter-imperialist rivalry that finally issues in world war.

We can see from these examples that class struggle is not a simple, straightforward issue, and that the tendency towards the two-class capital-proletariat polarization of pure capitalism is only dominant in core states during the liberal stage. Strictly speaking, capitalist classes do not even exist in the stage of mercantilism (except possibly in embryo); and in the stage of imperialism, class structure becomes complex both within the core states and, even more so, when viewed globally. Class struggle still takes place, but the operation of the law of value is weakened so that a tendency towards homogeneous classes no longer exists. Class struggle is overlaid with national struggles and struggles of particular strata and fractions within classes, or even of intermediate strata between classes. In fact, the strong state required by the imperialist stage, with its welfare state policies, is the beginning of the modern service sector with its intermediate strata that have fuelled so much controversy within the Marxist discourse on class.

From the stage of imperialism on, class polarization may still occur for conjunctural reasons, but there is no further world-historic tendency for the law of value to become more prominent in history (and, with it, the simple polarization between industrial proletariat and capital). Stage theory suggests that the forms of class structure and class struggle differ between the main world-historic types of capital accumulation. This consideration may take some heat off recent debates over the
precise boundaries of the working class. Precise boundaries are determined at the level of pure capitalism, and, at more concrete levels, we can be less precise as long as we are grounded in the law of value. For example, the struggle between landlords and tenants may be called a "class struggle" as long as we are clear on how it relates to the main capital-labour relation. In the present phase of dying capitalism, many groups suffer from the irrationalities of the system in such a way that both theoretical and strategic considerations point away from "class reductionist" theory and practice.31

The Current Conjuncture The choice of a date to mark the beginning, or end, of a stage is always only a rough approximation. For symbolic reasons, I choose the date 1917 to mark the end of the imperialist stage and the beginning of a phase of transition away from capitalism. The efforts to reinstall the international regime of finance capital between the wars was largely unsuccessful, resulting in war and fascism. The political economic system that developed after World War II was markedly different from that which existed before World War I. I agree with Baran and Sweezy that monopoly and excess capital exist in both periods, and that this is important to take into account. However, there are also extremely important differences that their theory downplays. Before World War I, no socialist movement had achieved power. Now, half of the world favours some form of socialism, even if often in primitive forms. The capability of monopolies and the state to manipulate the economy are much greater today than in the pre-World War I period. The trade union movement is much better organized, and it is stronger now than then. Then, production was internationalized only to a minimum extent and the state lacked the capability to manage social demand. Now demand is managed as a matter of course. Then, the international gold standard was operative. Today it is not. Then, indebtedness was sharply constrained compared to today's incredible debt expansion.

Since 1917, more and more of the world's economy has escaped the regulation of the law of value. This is primarily for two reasons. First, capitalism has developed forces of production that can be operated less and less according to commodity-economic logic; and second, the growth of trade unions and so-
cialist movements has undermined the self-regulation of the law of value both from within and without. This means that a new dynamic has been established-one within which the economic becomes less self-regulating and requires political regulation (which requires yet more political regulation). The capitalist economy depends more and more on exogenous factors in the form of wars and political intervention. It appears that more and more of the world's economy is coming under the sway of the commodity form. But this is spurious, since the commodity form itself has become weakened. Many government contracts operate on a cost-plus basis. Large debtors are not allowed to go bankrupt. Many corporations are kept afloat by large infusions of government welfare. These are only some of the indications of the decommodification of capital. Labour-power has also become partially decommodified, due to the growth of trade unions and the regulation of the reproduction of labour power by the state.

The commodity-economic logic of the law of value works best with use-values that can be produced in any number, in response to an impersonal market. Space stations, or other use-values, where only one or a few are manufactured for a specific buyer, are not so manageable purely by capitalistic principles. Insofar as services involve a human element, they cannot be managed well economically as commodities. The commodity form, and hence the law of value, becomes weakened where automation replaces workers; where services come to replace commodity-production as the dominant economic activity; where labour becomes skilled; or where the types of use-values that are prevalent are highly complex and social, or are one-of-a-kind complex systems like communications systems.

Theorizing this period as a transitional phase, rather than a capitalist stage proper, is important if we are to understand the character of the period. It is necessary to understand both that the law of value has largely lost its grip on history and why it has, in order to understand the statified economies that have developed. The world-historic failure of the law of value must be fully grasped if we are to criticize effectively the tragically inappropriate "free enterprise" ideologies still put forward by some of the most powerful economic powers.

The transitional phase from 1917 to the present can be divided roughly into two periods: the inter-war period; and, the
post-World War II period. In the inter-war period, the aim was to re-establish finance capital and the gold standard. For various structural reasons this aim was thwarted, resulting in depression, fascism and, eventually World War II. The post-World War II period is based on an American-dominated international system aimed at keeping as much of the world open to American investment as possible. This is combined with quasi-Keynesian policies, domestically, and the internationalization of production. Some of the contradictions of this system are now becoming all too manifest as the world faces the threat of financial crisis and governments everywhere begin to adopt wrenching austerity policies.

This view of twentieth-century capitalism has important theoretical and strategic implications. If the commodified sector of the economy is increasingly dependent on the decommodified sector, then the law of value can no longer be hegemonic. The economic must increasingly be dependent on the political and ideological. Though a semblance of “free enterprise” is kept alive by massive political and ideological supports, clarity about the basic character of the current conjuncture requires that we conceptualize it as a phase of transition: a phase of dying, quasi-capitalism. The disintegration of capitalism does not automatically produce socialism, since various kinds of statified economies are also possible. Democratic socialism is a likely outcome only to the extent that humanity often brings about that which is both possible and desirable.

Conclusions The levels of analysis approach, developed by Uno, clarifies the meaning of the law of value and how to use it. The law of value is a powerful explanatory tool; but its use is, at the same time, limited. It cannot be applied directly to capitalist history because that history goes through stages of development, and each stage represents a partial and distorted concretization of the law of value. However, the theory of a purely capitalist society helps us to theorize the dominant form of capital accumulation for each stage. Pure theory and stage theory together serve to orient and guide historical analysis. Uno’s analysis indicates that the theoretical object of the theory of imperialism is a distinct level of analysis, located between the law of value and historical analysis. Furthermore, it suggests that the stage of imperialism extends roughly from 1870 to 1917.
The relation between the theory of a purely capitalist society and the stage theory which Uno sets forth, gives us a framework for developing a more accurate theory of the dominant mode of accumulation in each stage—a theory that grasps the mode of accumulation as a determinant relation between the economic, the political and the ideological. In this article I have not presented such a theory fully worked out, but I have tried to indicate some of its basic features. I have argued that the period from 1875 to the present is not one stage (monopoly capitalism), or two stages (as in monopoly and state-monopoly capitalism), but rather one stage and a phase of transition which can be divided into two periods. If this is true, it follows that neither Marx's Capital (the law of value) nor Lenin's Imperialism can be applied directly to the current conjuncture. Or, within the Uno problematic: neither the theory of a purely capitalist society nor stage theory can be applied directly to the current conjuncture. Still, the theory of the current conjuncture should be developed with reference to the law of value and stage theory. How I think this should be done would be the subject of another essay.

Notes
4. By "law of value," I do not refer simply to the labour theory of value, but to Marx's entire three volumes of Capital, which in my view subsumes socioeconomic life in the self-expanding motion of value. The "law of value" is not meant in some narrow sense to refer only to value categories, as opposed to price categories.
5. Lenin's largely polemical pamphlet fails to do this. Hilferding's Finance Capital is, by far, the most theoretically sophisticated of the classical works on imperialism, but it is weakened by the lack of a conception of stage as a distinct level of analysis.
10. The only text by Uno available in English is Principles of Political Economy: Theory of a Purely Capitalist Society, trans. Thomas Sekine (1980). His student, Sekine, has a number of texts available. Sekine's immensely important Dialectic of Capital is a completed manuscript, but is not yet published. He has translated and contributed an important methodological essay to Uno's Principles of Political Economy. Also see: Thomas Sekine, "The Necessity of the Law of Value," Science and Society (Fall 1980); idem, "Uno-Riron: A Japanese Contribution to Marxian Political Economy," Journal of Economic Literature,
Studies in Political Economy


11. I have worked closely with Sekine at York University for the past eight years.

12. I realize that it is dangerous to present what amounts to a completely new paradigm (at least in the West) in a brief article, because misinterpretation is quite possible. For example, to understand fully the approach to stage theory being adopted here, it is necessary not only to understand its relation both to the theory of pure capitalism and capitalist history, but also to understand more fully the overall methodology that guides the approach. For those interested in pursuing these issues further, see my forthcoming book, A Japanese Reconstruction of Marxist Theory.

13. For example, in volume three of Capital, Marx writes that “in theory it is assumed that the laws of capitalist production operate in their pure form” (Karl Marx, Capital, trans. Ben Fowkes, 5 vols. (Moscow), 3:175.) Elsewhere Marx adds: “in order to portray the laws of political economy in their purity . . .” (Ibid., 1:1014.)

14. Marx, Capital, 3:831

15. Ibid., 2:108-9


17. Kozo Uno, “Types of Economic Policies Under Capitalism” (unpublished, partially translated manuscript); see also Uno, Principles of Political Economy, 173, 179 (see n. 10 above.)

18. I use “material types”, as opposed to “ideal types”, to distinguish the type concepts arrived at following a dialectical materialist approach adapted from Weber’s interpretive sociology.

19. The distinction between a stage proper and a phase of transition is difficult to establish in a brief paper, and it is always debatable since it depends on a judgment concerning the extent to which a mode of production has become undermined or dependent on exogenous supports.

20. I realize that this is a debatable point, but further exploration of it is beyond the scope of this paper. Suffice it to say that on this point I agree more with Brenner than Wallerstein. (See n. 8 above.)

21. Though recent historical studies show differences between woollen and worsted manufacture, and different ways in which the putting-out system was organized, I would still argue that the historically decisive form was the organization of the putting-out system by merchants because this tied in local small-scale production with a wider domestic and international market. See Pat Hudson, “Proto-Industrialization . . .,” History Workshop 12 (Fall 1981).

22. Uno, Types of Economic Policies Under Capitalism, 48-9. (See n. 17 above.)

23. Sekine, Dialectic of Capital, 71. (See n. 10 above.)

24. Ibid., 72

25. Of course, "laissez-faire" was never actualized; in reality the state always played a major role.

26. Ibid., 74

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27. The German term, *rechtssstaat*, seems more accurate than the English term, "legal state."

28. Wright, *Class, Crisis and the State*. (See n. 3 above.)
29. Albritton, "Dialectic of Capital." (See n. 10 above.)
30. Marx, *Capital*, 1:89
32. For example, see E.O. Wright's article, "Capitalism's Future," in *Socialist Review* 68 (March-April 1983).