Surface and Deep Structure: Moishe Postone and the History of the Neoliberal Era

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ABSTRACT

This article argues that historians of neoliberalism could benefit from Moishe Postone's call to move beyond the "surface" of market dynamics and engage the "deep structure" of capitalist value. Postone's approach offers several suggestions for historians of neoliberalism: (1) to resituate the neoliberal era as one of many different "historical forms" of capital; (2) to write a history of the 1970s crisis through the categories "value" and the "composition of capital" explicated by Marx; (3) to frame the 1970s less as a "terminal crisis" or "distortion" of capitalism's normal operations than as the latest in a long-term series of restructurings; and (4) to open up the historiographical fixation on north Atlantic deindustrialization and to think about stagnation more expansively. This article offers a suggestive exploration of Asia-Pacific history in the second half of the twentieth century that gestures toward a more global, capital-centered account of 1970s restructuring.

The history of neoliberalism continues to be written. Following generations of social scientists and journalists, historically minded scholars have begun taking on the story of global stagnation and the dominance of free-market ideology since the 1970s. In that decade the US-led world economy witnessed a decline in postwar growth rates, rising trade deficits and inflation, and spiraling

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unemployment—all set against the backdrop of a costly neo-imperial war in Vietnam and panic over oil shortages from the Arab world.[1] The global north responded with drastic reductions in government spending, assaults on labor, and an interest rate shock that devastated much of the global south. Accordingly, fascinating new studies have recounted the deindustrialization of the rust belt, the near bankruptcy of New York City, the rise of Chicago, Austrian, and Virginia school dogmas, and above all the spread of ideas about individual freedom and market fundamentalism at the expense of class-based political projects.[2]

Exemplary is the groundbreaking work of Melinda Cooper, who argues that the 1970s inflation crisis produced a "counterrevolution" by neoliberal intellectuals in the United States, attacking redistributive policies by waging a campaign against sexual liberation and civil rights in defense of the traditional family—a culture-war complement to the politics of austerity.[3] She carefully distinguishes between the "political" history of social conservatism and the "technical," economic problems of stagflation, restoring historical indeterminacy to a period of crisis.[4]

Often, however, the recent emphasis on intellectuals, policymakers, and cultural changes has overshadowed deeper analysis of the social and material crises they were reacting to. Few works directly address explanations for the downturn itself. However, in "concentrat[ing] on . . . the intellectual logic and history of ideologies and modes of government, rather than investigating processes of accumulation, production, and distribution," Adam Tooze has warned, historians risk "playing the neoliberals at their own game," reproducing the very worldviews they seek to criticize.[5] Central to these, Amy Offner cautions, has been the image of intellectuals "in

1. The 1973 oil shocks have largely been misunderstood as a straightforward embargo, when really they were more like a collective panic over higher tax rates and a slight decline in production. See Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (Verso, 2011), chap. 7; Robert Vitalis, *Oilcraft: The Myths of Scarcity and Security That Haunt U.S. Energy Policy* (Stanford University Press, 2020), chap. 3.

2. Wendy Brown, *Undoing the Demos: Neoliberalism's Stealth Revolution* (Zone Books, 2015); Angus Burgin, *The Great Persuasion: Reinventing Free Markets Since the Depression* (Harvard University Press, 2012); Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (Princeton University Press, 2012); Philip Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown* (Verso, 2013); Kim Phillips-Fein, *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics* (Metropolitan Books, 2017); Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard University Press, 2018); Gabriel Winant, *The Next Shift: The Fall of Industry and the Rise of Health Care in Rust Belt America* (Harvard University Press, 2021).

3. Melinda Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism* (Zone Books, 2017), chaps. 1–2.

4. Melinda Cooper, *Counterrevolution: Extravagance and Austerity in Public Finance* (Zone Books, 2024), 11, 36–38; Cooper, *Family Values*, 26–30.

5. Adam Tooze, "Neoliberalism's World Order," *Dissent Magazine*, Summer 2018, https://www.dissentmagazine.org/article/neoliberalism-world-order-review-quinn-slobodian-globalists.

the North Atlantic projecting power southward," obfuscating the global, more quotidian dimensions of late-century transformation.[6]

Without addressing the economics of the 1970s crisis, it strikes me, intellectual and political histories run into problems of specificity and causality. The neoliberalism story presupposes that ideas about market freedom were not new in the '70s but a revival and modification of the nineteenth-century original, what Quinn Slobodian calls "paleoliberalism."[7] Its resurgence must logically be partly attributable, then, to forces external to the ideas themselves. Had the "glorious" years of mid-century Keynesian and socialist economics continued without crisis, that is, would the neoliberal consensus have caught on in the same way? If liberal ideas were so familiar, then why did they disappear and only later regain dominance at a specific moment? By contrast, many of the earliest explanations of the 1970s crisis were more materialist and economics-oriented in their concerns. Revisiting such works can be instructive for reintegrating the structural and intellectual histories of neoliberalism into a single story that points to forces beyond the control of individuals and classes yet which retains the strengths of the political and conjunctural approaches found in recent works.

This article was written to help mark the thirtieth anniversary of the publication of Moishe Postone's (1942–2018) influential rethinking of Marx's political economy as critical theory, *Time, Labor, and Social Domination* (1993).[8] It proceeds by revisiting Postone's own exploration of three classic texts on the 1970s crisis in his essay "Theorizing the Contemporary World: Robert Brenner, Giovanni Arrighi, David Harvey" (2010), which extends the historical analysis originally hinted at in *Time, Labor*. In that essay, he addresses canonical accounts of crisis by historian Robert Brenner, sociologist Giovanni Arrighi, and geographer David Harvey. However, for reasons of space and argumentative coherence, I focus only on the first two (not least of which because Postone found Harvey's approach most similar to his own). The goal is to revisit Postone's original analysis and in particular the distinction he draws between surface and deep structure, aimed at pushing our understanding of crisis and stagnation beyond market circulation into the sphere of the production. Crucial is Marx's category of value, analyzed in detail in *Time, Labor*.

In "Theorizing the Contemporary World," Postone's own objective is to explore the meaning of the '70s crisis and what it can tell us about the historical possibilities

6. Amy C. Offner, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton University Press, 2019), 286.

7. Slobodian, *Globalists*, 76–87.

8. "Moishe Postone's *Time, Labor, and Social Domination* at 30," panel, Social Science History Association, Washington, DC, November 16–19, 2023.

for a world beyond capitalist value, an argument I explore in the conclusion. Nevertheless, his analysis also draws on a layered, dynamic approach that enables him to critically analyze existing accounts of the twentieth century, pointing to a deeper theoretical understanding of capital and its history. Those are the directions I take up here.

To place my conclusions up front, the observations and suggestions I find most useful for historical scholars are first, to resituate the neoliberal era as but one of many distinct "historical forms" of capital, alongside its nineteenth-century liberal and twentieth-century illiberal, state-organized forms, without fetishizing it as a unique set of processes nor as a stand-in for capital itself. The second suggestion is to write a history of the 1970s crisis by taking seriously the category of value. This means not dismissing market dynamics as mere "shams" but embracing the difficult work of connecting "surface" indicators, such as rising prices and falling profit rates, to the more "fundamental" dynamic of constant and variable capital in production—or, for Marx, living and dead labor. More than a nostalgic romanticization of manufacturing, paying attention to value can help decipher contradictory processes of deindustrialization, financialization, and globalization as part of a broader, global reorganization of accumulation. Third is to frame the 1970s moment less as a "terminal crisis" or "distortion" of capitalism's normal operations than as the latest in a long-term series of restructurings, neither the first nor the last. As Marx wrote in his own time, the pressing question was not to explain why capitalism would collapse but rather why it had not—how it had continually evolved into new forms. Such questions present an instructive challenge to critics today who decry neoliberal decline from the standpoint of a "golden age" of Fordist industry, without grasping how and why capital entered a new phase or manufacture departed overseas. The fourth suggestion, finally, is to open up the historiography of the 1970s beyond its fixation on North Atlantic deindustrialization and to think about stagnation more expansively, in terms of (a) intersectoral dynamics, from manufacturing to services, finance, logistics, and so on; and (b) geographical unevenness, namely, resituating the neoliberalism story of the "West" within the historical experience of "the rest." In particular, I draw on my own research on the Asia-Pacific in the second half of the twentieth century, which evolved into the latest historical "workshop of the world."

The rich and sophisticated literature on Euro-American intellectuals, economists, and policymakers is clearly a crucial aspect of the neoliberalism story. My modest hope is that bringing more attention to the interplay between capital and labor in production can generate complementary investigations into the global dynamics of stagnation itself and their attendant connections to politics, ideology, and culture.

I. THE HISTORICAL ARGUMENT OF *TIME, LABOR, AND SOCIAL DOMINATION*

Moishe Postone's commentary on the history of neoliberalism becomes more legible when connected back to arguments first laid out in *Time, Labor, and Social Domination*. That earlier work was not itself an economic history; yet along the margins, he sketched the outline for a historical argument about the long-term trajectory of the capitalist epoch.

In Postone's telling, the earliest attempts to critically analyze capital were responding to the "conditions of nineteenth-century *liberal* capitalism." Capital was characterized "in terms of class relations, structured by private ownership of the means of production and a market-regulated economy." Writers posited an opposition between industry, on the one hand, and against "private property and the market" on the other. The goal of socialism was to liberate industry and labor from bourgeois "class domination and exploitation." It was out of this diagnosis that first-world governments came to organize a kind of postwar "state-interventionist capitalism," while newly established second-world states instituted "actually existing socialism," not to mention the diversity of mixed economies throughout the global south. But if liberal capitalism had surrendered to its successor by the 1950s, then what could earlier critics say about the later glaring unfreedoms witnessed in both welfarist, "interventionist" capitalism and Soviet systems alike? Marxist writers were not only unprepared to make sense of postliberal regimes with any critical edge, according to Postone, but they also reacted too slowly to their unraveling by the 1970s and '80s. The lesson was the importance of not reifying discrete instantiations of capital as a substitute for its broader history and essential logic, an argument that mirrored Marx's own exploration of commodity fetishism.[9]

Published in 1993, *Time, Labor* naturally never invokes the term "neoliberal," but Postone does describe contemporaneous changes that encompassed the same idea.[10] He also hints that in the future he would undertake a more thorough investigation of "contemporary" capitalism. The most instructive can be found in his 2010 essay "Theorizing the Contemporary World," in which he critically reviews the influential works of Brenner, Arrighi, and Harvey. In doing so, Postone extends a familiar, sympathetic critique he first voiced against "traditional Marxism": that theorists of

9. Moishe Postone, *Time, Labor, and Social Domination: A Reinterpretation of Marx's Critical Theory* (Cambridge University Press, 1993), 7–12.

10. For instance: "Our historical situation since the early 1970s has also been characterized by the reemergence of 'classical' manifestations of industrial capitalism, such as worldwide economic dislocations and intensifying intercapitalist rivalry on a global scale." Postone, *Time, Labor*, 13.

neoliberalism should be careful not to one-sidedly conflate one historical form with the whole. Brenner and Arrighi, in particular, he feels, were unable to usefully distinguish between capitalism's "surface and deep structure," a line of criticism extended from Postone's reading of Marx's formal analysis.

II. ROBERT BRENNER AND VALUE-FORM ANALYSIS

In the *Economics of Global Turbulence* (1998), Robert Brenner's goal is to explain the enduring "long downturn" of the global economy, starting in the 1965–73 period, consisting of "reduced economic dynamism and *declining* economic performance."[11] He focuses on manufacturing in the advanced world, giving primacy to the United States and its allies West Germany and Japan.[12] Because cutting-edge firms had slashed costs through technological innovation, he argues, older firms had to endure "reduced profitability" by selling at lower prices. He names this phenomenon "overcapacity" or "over-production," defined this way:

> Under these conditions, the line can be said to be characterized by overcapacity or over-production because—or in the sense that—there is insufficient demand to allow the higher-cost firms to maintain their former rates of profit; they have been obliged to cease using some of their means of production and can make use of the rest only by lowering their price and thus their profitability. There is over-capacity and over-production, with *respect to the hitherto existing profit rate*.[13]

Part of the problem was the large swathes of "fixed capital" in postwar industry, namely, large investments "sunk" into equipment and infrastructure for "steel mills . . . car factories, or chemical plants." In a frictionless world of liquidity, capital could simply adapt new technologies in response to competition or disinvest from one sector and leave for another. But for older firms with fixed, illiquid assets, it made sense not to upgrade equipment, even as they suffered a lower profit rate. Such equipment was "costless" and "free" to continue using, relative to catching up or entering new sectors. Inertia was exacerbated, further, by historical patterns of engineering, in which "technically interrelated" investment deterred further innovation, for instance, with rail, coal, and steel in the nineteenth century and crude oil, automobiles, and highway construction in the twentieth.[14] As Aaron Benanav, a student

11. Robert Brenner, *The Economics of Global Turbulence* (1998; Verso, 2006), xix.
12. Brenner, *Economics of Global Turbulence*, 101.
13. Brenner, *Economics of Global Turbulence*, 28.
14. Brenner, *Economics of Global Turbulence*, 29–32.

and interlocutor of Brenner's, wrote, the story boiled down to "high-cost firms [that] decide to *stay and fight*," alongside "low-cost firms [that] do not back down."[15]

Assessing this work years later, Postone first commends Brenner for recognizing the "universal" and "global character" of the 1970s crisis—a point I revisit below. Next, however, he remarks that the overcapacity story was too economistic, ignoring any of the "social, cultural, and political dimensions of life that could be related to the economic processes [Brenner] discusses."[16] Implicitly, Postone contrasts Brenner with his contemporary Harvey's critical analysis of postmodern aesthetics—or, more recently, works by Cooper, Wendy Brown, and Nancy Fraser, who describe how novel economic logics came to undergird commonsense ideas about family, the individual, and society.[17] Ultimately, though, Postone's biggest point of disagreement is Brenner's disavowal of any serious engagement with categories of value.

In particular, Postone makes repeated reference to the surface and deep structure of capital. He also introduces other synonyms for this multilevel scheme, referring to the "core," or "essential" and "more fundamental," logic of capitalist value. In his telling, both Brenner and Arrighi faltered by remaining at the level of "surface." Their works represented a kind of "critical political economy" that remained wedded to the framework of mainstream economics, while Postone himself champions an alternative "critique of political economy."[18]

What does this opposition mean? As surface phenomena, Postone lists notions such as competition, uneven development, and profit. For deep structure, he points to the categories commodity, value, and capital. Admittedly, after initial readings, I found Postone's distinction unclear, if not frustrating. It seemed related on some level to the Hegelian reading of Marx, organized around the distinction between forms of appearances and essence. But when reading Marx's *Capital* itself, all these categories—commodity, competition, profit, capital—almost blur together in messy and indistinguishable ways. In his essay, Postone warns that he "only touch[es] upon" but will not fully explore what he means by surface and deep structure.[19]

15. Aaron Benanav, "A Dissipating Glut?," *New Left Review*, nos. 140/141 (2023): 67; emphasis added.

16. Moishe Postone, "Theorizing the Contemporary World: Robert Brenner, Giovanni Arrighi, David Harvey," in *Political Economy and Global Capitalism: The Twenty-First Century, Present and Future*, ed. Robert Albritton, Bob Jessop, and Richard Westra (Anthem, 2010), 9–10.

17. David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* (Blackwell, 1989); Brown, *Undoing the Demos*; Cooper, *Family Values*; Nancy Fraser, *Fortunes of Feminism: From State-Managed Capitalism to Neoliberal Crisis* (Verso, 2013).

18. Postone, "Theorizing the Contemporary World," 13, 15, 16, 12.

19. Postone, "Theorizing the Contemporary World," 12.

A clearer sense can be found by revisiting *Time, Labor, and Social Domination*. In that work Postone had opened by announcing his intention to "separat[e] conceptually . . . the fundamental *core* of capitalism from its nineteenth-century *forms*." His deployment of the surface and deep structure distinction for neoliberalism, it turns out, overlaps with his earlier discussion of nineteenth- and mid-twentieth-century forms.[20] In *Time, Labor*, Postone most clearly describes surface and deep structure when discussing Marx's critique of "bourgeois civil society" that ends part 2 of the first volume of *Capital*. Marx writes in a well-known passage:

> The consumption of labour-power is completed, as in the case of every other commodity, outside the market or sphere of circulation. Let us therefore, in company with the owner of money and the owner of labour-power, leave this noisy sphere, where everything takes place *on the surface* and in full view of everyone, and follow them into the hidden abode of production, on whose threshold there hangs the notice "No admittance except on business."[21]

Postone's surface and deep structure, I believe, corresponds to Marx's opposition between the "sphere of circulation" and the "hidden abode of production." Further, Marx's description of the relationship was crucial for Postone's own structure of criticism. In that same passage, Marx describes the sphere of circulation as the "exclusive realm of Freedom, Equality, Property and Bentham."[22] The point was to historicize Enlightenment thought and its naturalization of liberal ideals, locating notions of equality, fairness, and justice within the historically specific realm of commercial exchange, developed only in recent centuries. By contrast, it was in the "deeper," hidden abode of production where such values were practically negated by labor exploitation and surplus-value extraction.[23]

Importantly, the structure of criticism was more than "simply dismiss[ing]" liberal values as "mere shams" that masked the truth of exploitation. Equality, freedom, and justice certainly *were* emancipatory notions that achieved widespread resonance by the eighteenth and nineteenth centuries. Marx did not deny this. Instead, he argues that liberalism was the logical outcome of expanded "commodity circulation" in human society, a historical outcome that should not be naturalized

20. Postone, *Time, Labor*, 3.

21. Karl Marx, *Capital: A Critique of Political Economy*, vol. 1, trans. Ben Fowkes (Penguin Books, 1976), 279–80; emphasis added.

22. Marx, *Capital*, 1:280.

23. At the same time, neither is it the case that the "sphere of production" is self-evident and free from any of its own mystifications. For instance, the category of "profit"—surplus value divided by total capital—obscured the true relationship between surplus value and living labor (variable capital). See Beverley Best, *The Automatic Fetish: The Law of Value in Marx's "Capital"* (Verso, 2024), pt. 1.

and divorced from deeper changes. Circulation is "*only a moment* of a more complex totality—and [Marx] thereby decries any attempt to consider this moment as if it were the whole."[24]

Similarly, by locating Brenner's story along the surface of capitalism, Postone "does not mean that it is illusory" but rather "that it does not grasp what is most essential to capitalism."[25] Brenner's work takes place almost exclusively in the realm of circulation, namely, market competition. Though competition was crucial to Marx's analysis of accumulation, it could only ever explain one "moment" in the "whole" of the system's transformations.

But is this characterization accurate? After all, much of Brenner's work centered on changes in production, with newer firms cutting costs through technological innovation, older firms managing inventories of fixed capital, and, later, employers and employees struggling over shares of shrinking profits. All took place within the "abode" of production. Nevertheless, the final mechanism of change remained located in the movement of goods in circulation. Brenner's keyword "over-capacity" hinges on the problem of insufficient market demand that in turn lowered prices. Just pages earlier, Brenner suggests that the long downturn would not have taken place "in a world where firms can predict what their competitors will do and perfectly adjust," because then even cost-cutting firms would not produce too many goods and tip the balance of aggregate demand.[26] Stagnation was not caused directly by innovations in production. Instead, the key variable was the chaos of the market, vivified throughout the book with adjectives such as "anarchic" (xx), "frenzied" (xxii), "oversupplied" (xxiii), "uncoordinated" (110), and "unplanned-for" (110).

By contrast, how would Postone explain stagnation through an emphasis on the deep structure of production? To be clear, his interest in this essay is less to provide an original account of the 1970s than to show how such crises can help us conceptualize the possibilities for a postcapitalist future, as I discuss below. At the same time, in his critical assessment of Brenner and Arrighi, he does point toward what an empirical reconstruction of value in crisis might look like. He states that falling profits were for Marx a "surface economic manifestation of a more fundamental historical development, the tendency of the organic composition of capital—that is, the ratio of constant capital (machinery, raw materials, etc.) to variable capital (wage labour)—to rise."[27]

24. Postone, *Time, Labor,* 274; emphasis added.
25. Postone, "Theorizing the Contemporary World," 12.
26. Brenner, *Economics of Global Turbulence*, 27.
27. Postone, "Theorizing the Contemporary World," 16.

The "organic composition of capital" emerged in the first volume of *Capital*, part of Marx's explication of the "general law of capitalist accumulation." At a certain point "in the course of accumulation," he writes, geographic, political, and other nonmarket advantages have been overcome, and the "most powerful lever of accumulation" becomes the "development of the productivity of social labor." Capitalist production thus passed through the phases of division of labor, cooperation, and large-scale industry. Such transformations both were premised on, and encouraged greater investment into, "constant capital" (c)—buildings, raw materials, machinery, transportation—relative to money spent on "variable capital" (v), or wages for living labor. The ratio of c/v Marx called capital's organic composition. In short, the rise in productivity of human labor also meant, logically, that relatively less human labor would be employed to process and operate ever greater amounts of raw materials and equipment.[28] In the third volume of *Capital,* Marx elaborates on the consequences. In capitalist production, the measure and basis of enlarged "surplus value" (s) came exclusively from labor time. But precisely because labor grew more productive and shrank relative to constant capital, then even if the rate of surplus value (s/v) stayed constant, the overall rate of profit ($s/c + v$) necessarily fell. The falling rate of profit, he avers, was simply an incontrovertible mathematical relationship at the heart of capitalist accumulation.[29]

Brenner, however, disagreed that falling profit rates originated in production. Such explanations were too "Malthusian" and pessimistic, he argues, contravened by the "inherent dynamism of the capitalist economy over the long run." Brenner saw capitalism as a system with both never-ending productivity gains and a rising profit rate—as long as capitalists "have no trouble selling what they produce." Greater labor productivity meant a firm could "produce the consumption goods it needs and the tools it needs to produce those goods in less and less time." The costs of both constant c and variable capital v would thus fall, and the profit rate ($s/c + v$) continue to rise. Though rising productivity would eventually create problems of market overcapacity, then, such turbulence was analytically distinct from the composition of capital in production.[30]

Brenner was not alone in questioning the logical and mathematical rigor of Marx's so-called law. Others have similarly argued that rising productivity produces indeterminate effects on the rate of surplus value (s/v), the costs of machinery and raw materials (c), and the costs of reproduction embodied in the wage (v), such that

28. Marx, *Capital*, 1:772–81.

29. Karl Marx, *Capital: A Critique of Political Economy,* vol. 3, trans. David Fernbach (Penguin Books, 1981), 317–19.

30. Brenner, *Economics of Global Turbulence*, 13–14.

the rate of profit ($s/c+v$) was not guaranteed to fall: The question boils down to whether the numerator rises fast enough to offset the growth of the denominator.[31]

But what was Marx's goal in laying out a theory of falling profit rates? When he first discussed the problem, in his *Grundrisse* (1858–59), the aim was to supplant the theories of Thomas Malthus and David Ricardo, especially, who attributed crisis tendences to food supply and soil quality. He set out to prove instead that the "explosions, cataclysms, crises," even the final "violent overthrow" of the system, did not originate outside in nature but from within the "inner laws of capital."[32]

Postone correctly notes, however, that by the time of the third draft of *Capital* (1864–65), the "thrust of [Marx's] critique" was less to "'prove' the inevitable [Malthusian] economic collapse of capitalism than it [was] to uncover a growing disparity

31. These debates cut both ways. For instance, Brenner points to falling wages and equipment costs as the source of a rising profit rate. Here, however, he defines productivity in terms of concrete, natural, and qualitative use values ("goods" and "tools") rather than in terms of abstract, quantitative exchange (monetary) values. "This interpretation," Postone criticizes, "completely conflates value and use-value in Marx" ("Theorizing the Contemporary World," 18). As argued throughout *Capital*, the two sides of value move in almost opposite directions, as the proliferation of material wealth undercuts the exchange value of goods. If we restate Brenner's argument in only monetary terms, as he proceeds to do (Brenner, *Economics of Global Turbulence*, 14), then it is again possible to see how, even if c and v fall, the value of s could fall even faster due to the "treadmill effect" (referenced below), in which the rate of exploitation is reset after new methods are generalized. The overall effect would still be a falling profit rate.

Another criticism of Marx comes from Michael Heinrich, who argues that if we rewrite the rate of profit as $s/v/(c/v + 1)$, there is no general guarantee that the organic composition of capital c/v rises faster than the rate of surplus value s/v. He provides the counterexample of a small increase in constant capital that produces a much larger increase in the rate of surplus value, such that the overall rate of profit grows: Imagine an improved tool that costs 1 percent more than before but that can enable a rate of surplus value to grow by 10 percent. See Michael Heinrich, *An Introduction to the Three Volumes of Karl Marx's "Capital"*, trans. Alexander Locascio (Monthly Review Press, 2012), 151–52.

However, this very scenario was accounted for in Marx's own exploration of the "counteracting factors" against the falling rate. If those improved tools were to increase the rate of surplus value, then that firm would then employ fewer workers (v) relative to their outlay on tools (c). Or, in other words, the same number of workers (v) would then employ more tools and raw materials (c) to stay employed. The result would still be a rising organic composition (c/v), offsetting a rising rate of surplus value. In Marx's words: "The same reasons that permit the *level of exploitation* of labour [rate of surplus value] to increase make it impossible to exploit *as much labour* as before with the same total capital. *The same number of workers* is exploited to a greater degree, but a *smaller number of workers* is exploited by *the same* capital." Marx called this the "real secret" of his theory. See Karl Marx, *Marx's Economic Manuscript of 1864–1865*, trans. Ben Fowkes (Haymarket, 2015), 337. Notably, this work, the recently published manuscript on which volume 3 was based, clarifies Marx's argument more than does Engels's edited version. Compare Marx, *Capital*, 3:340.

Of course, it lies beyond the scope of this article to adjudicate the debate, theoretically or empirically. My point is to indicate that Brenner and Heinrich raise important objections that Marx himself already wrestled with in his own time, and they lead us only to further clarify the real goal of Marx's argument, which I attempt in the main body of this article.

32. Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, trans. Martin Nicolaus (Random House, 1973), 750–54. For prior theories of capitalism's limits, see E. A. Wrigley, "Two Kinds of Capitalism, Two Kinds of Growth," in *Poverty, Progress, and Population* (Cambridge University Press, 2004).

between what is and what could be."[33] In the third volume, Marx followed up the exposition of the "law" of the falling rate of profit (chap. 13) with a chapter on "counteracting factors," detailing the same dynamics raised by subsequent critics, such as an increased rate of surplus value and a "cheapening" of both constant and variable capital. Given the awesome economic expansion in his own lifetime, Marx readily acknowledges he could not definitively solve "the problem that occupied previous economists, the problem of explaining the fall in the profit rate." Rather, "we have the opposite problem of explaining why this fall is not greater or faster." He modified the original language of "law" (*Gesetz*) to one of "tendency" (*Tendenz*), or "a law whose absolute realization is held up, delayed and weakened by counteracting factors."[34] Rather than predicting a terminal collapse, the theory's significance was to clarify a logical contradiction at the heart of accumulation, one that needed to be calibrated with the chaos of history. The falling rate of profit, Beverley Best puts it, "operates on the level of capital's concept, like a force of gravity," within which counteracting forces battle it out.[35]

From the tendency, Marx derived a series of subsequent effects. As the organic composition rises, capitalists hire more workers to produce more goods. Even if the rate of profit slows, the absolute mass still rises—or the economy grows, but it grows more slowly. The rising ratio of constant to variable capital (c/v) is further accompanied by concentration in the hands of bigger capitals; overaccumulation and, without profitable lines of investment, devaluation of capital; a relative surplus population without employment; and a competitive struggle between "enemy brothers" to avoid losses.[36] Thus Marx's theory was neither as pessimistic or dogmatic as it is often portrayed. It entailed the deeper relationship of a rising organic composition alongside counteracting forces on the surface. It is the latter that resembles Brenner's description of overcapacity and the "stay and fight" mentality between struggling firms.

Zooming out, then, we see that Brenner's and Marx's theories in fact overlapped and could be reconciled partially. The difference lay in casual mechanism: market competition for Brenner, capital composition for Marx. And Marx himself noted that the full story required an integration of both spheres.[37] It was perhaps an overcorrection by Postone, then, to argue that the "market mode of circulation"

33. Postone, "Theorizing the Contemporary World," 17.

34. Marx, *Capital*, 3:341–42.

35. Best, *Automatic Fetish*, 106.

36. Marx, *Capital*, 3:324–25, 358–62.

37. *Capital* was not entirely successful in this task, as Harvey, among others, found Marx's text suffered from an unrigorous integration of production with circulation. David Harvey, *Limits to Capital* (Verso, 1999), 181.

was not "essential" to the commodity form of value, that markets could be replaced by administrative coordination, as in the Soviet model, without suspending the operation of value.[38] The value of Brenner's work is thus to remind us that even if surplus value is created in production, the process is only complete with "realization" in the marketplace.[39]

Conversely, Postone's analysis shows how an emphasis on competition only captured the surface of circulation. Really, for Marx, competition was mostly an "expression" of capital's contradictory dynamics, of a falling rate alongside a rising mass of profit. Firms acted as the mere "personifications," "functionaries," and "trustees" of capital.[40] By focusing on the market at the expense of value in production, capitalists and economists alike—this is where Postone locates Brenner—perceive competition "upside down" (*verkehrt*), as a collection of independent, individual choices made by sellers to "voluntarily" and "arbitrarily" lower prices while "compensating" themselves by moving greater numbers of goods.[41] For them, competition in circulation assumes the appearance, once again, of the realm of freedom, equality, and Bentham. The result, though not inaccurate, is incomplete: a story of stagnation that is nonspecific and indifferent to underlying forces—something Brenner's work shared in common with Arrighi's account, for all their historiographical disagreement.[42]

38. Postone, *Time, Labor*, 291. Postone moves too far in this direction, I believe, in order to challenge "traditional Marxist" accounts that overemphasized the marketplace. At the same time, his goal was not simply to glorify the sphere of production as the real engine of history but also to indicate that labor time is the main form of social mediation for industrial production within capitalist society. By extension, in state-organized forms, even socialist ones, industrial production remains "intrinsically capitalist," insofar as it is still mediated by the valorization of labor, albeit through nonmarket, bureaucratic means (Postone, *Time, Labor*, 389–92). For an illustration of this argument, see Jake Werner, "The Making of Mass Society in Shanghai: The Socialist Transformation of Everyday Life, 1949–1958" (PhD diss., University of Chicago, 2015).

39. Marx himself wrote that "production" of surplus value was only the "first act in the capitalist production process." The "second act" was the "realiz[ation]" of value when the commodity is sold. *Capital*, 3:352. I am more sympathetic to the position of Chris Arthur, for instance, who characterized the Soviet system as "post-capitalist," having successfully suspended the operations of the law of value but also being unable to find a new "motor of reproduction" that could supersede capital. Chris Arthur, "A Clock Without a Spring: Epitaph for the USSR," in *The New Dialectic and Marx's "Capital"* (Boston: Brill, 2003), 221. What remained was a "clock without a spring." For Chinese history, I am partial to the analysis of the Chuang collective that the "socialist developmental regime" was neither capitalist nor communist. "Sorghum and Steel: The Socialist Developmental Regime and the Forging of China," *Chuang*, no. 1 (2016): 21–22, https://chuangcn.org/journal/one/sorghum-and-steel/.

40. Marx, *Capital*, 3:373, 375.

41. Marx, *Capital*, 3:331–32, 337–38.

42. Marx explicitly disagreed that competition causes the falling rate of profit and rather argued the reverse. Rising organic composition of capital leads to concentration and therefore a higher barrier to entry for new and small capitals. Much of total social capital is then left "idle," "devaluing" it, or it is employed "so as to shift the idleness of the additional capital onto the more recent interlopers and onto their competitors

III. GIOVANNI ARRIGHI AND SMITHIAN THEORIES OF CRISIS

Arrighi's *The Long Twentieth Century* (1994) began as an inquiry into the crisis of the 1970s, but his journey grew far more expansive than Brenner's, culminating in a sketch of a comprehensive history of capitalism on a world scale starting in the fifteenth century. He traced the cycles of expansion and collapse experienced by its major hegemons, from Venice to the Dutch Republic, to Britain, and, finally, to the present-day United States. Each cycle represented the back-and-forth swing of a pendulum, from an initial financial and commercial ascent to an expansion in material production and then a retreat back to finance. For Arrighi, history follows the logical sequence of Marx's formula for capital, from liquid "money capital" to fixed "commodity" capital and back to "*expanded* liquidity, flexibility, and freedom of choice" ($M\text{-}C\text{-}M^1$).[43] Arrighi drew on the influential works of Karl Polanyi, Immanuel Wallerstein, and Fernand Braudel, whose writings, notably, had historically clashed with Brenner's.[44] Arrighi adopted Braudel's conception of capitalism as the highest layer of a three-tiered global social structure. The bottom was the "self-sufficient economy" and the middle, the "market economy." Capitalism rested atop quotidian, local dynamics yet also towered over them. It was, for Braudel, "the zone of the *anti-market*, where the great predators roam and the law of the jungle operates."[45] Arrighi contended that market activities long predated the fifteenth century, so the uniqueness of capitalism must lie elsewhere, namely, the emergence of powerful Euro-American states that conquered global networks and combined commerce with military force, novel corporate and monopoly forms, and state-backed credit. Today, his work seems to have anticipated historian Sven Beckert's recent formulation of pre-industrial "war capitalism," characterized by nonmarket state violence and globe-spanning trade.[46]

Arrighi's global emphasis on finance provides a useful counterpoint to Brenner's story of US deindustrialization. First he introduces a political dimension absent in Brenner's "long downturn" thesis, provincializing the United States. Capitalism was not a unified system of market competition but a series of hegemonic cycles, in which one state rises above others through violence. Any apparent system-wide crisis was

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in general, even at a temporary loss"—that is, Brenner's "stay and fight" story. The subsequent "competitive struggle" is the result of the falling rate of profit and not the cause. Marx, *Capital*, 3:359–61.

43. Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (Verso, 1994), 5.

44. See Robert Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," *New Left Review*, no. I/104 (1977): 25–92; Immanuel Wallerstein, "The West, Capitalism, and the Modern World-System," *Review* 15, no. 4 (1992): 561–619.

45. Fernand Braudel quoted in Arrighi, *Long Twentieth Century*, 11; emphasis added by Arrighi to Braudel's original.

46. Sven Beckert, *Empire of Cotton: A Global History* (Knopf, 2014), chaps. 2–3.

really the murky transitional period between one power falling and another rising. The crisis of the 1970s US was not unique, then, but was preceded by northwest Europe and would be succeeded elsewhere, probably Japan—though by the new millennium Arrighi's attention turned to China.[47] On this point, his work dovetailed with Postone's insistence that we analyze the neoliberal period in terms of "continuity and change," lest we reify one historical phase for the whole.[48]

Second, Arrighi disagreed with Brenner's view of manufacturing as a stand-in for the capitalist system, that falling profitability in one sector would lead to worker gains that in turn "result[ed] in a fall in profitability for the economy as a whole."[49] Capital historically had moved into fixed investments not as "an end in itself" but "as a *means* towards the end of securing an even greater flexibility and freedom of choice at some future point." Capitalists prefer liquidity, and the neoliberal era's deindustrialization and financialization merely revealed capital's "predominant tendency."[50] By extension, the two disagreed over what so-called normal capitalism looks like. Where Brenner framed the long downturn as a sort of unprecedented problem in capitalism's history, Arrighi opened by suggesting "long periods of crisis . . . have been far more typical of the history of the capitalist world-economy than those brief moments of generalized expansion . . . that occurred in the 1950s and 1960s."[51]

Nevertheless, Postone finds that Arrighi's work had "under-theorized" the dynamics of capital. It narrated capitalism's history "instrumental[ly]," through the presentist frame of the United States. Where Brenner's economistic framework prioritized the global market, Arrighi's political approach spotlighted military state power. If Brenner had fetishized capitalism in its nineteenth-century liberal form, with Victorian Britain the implicit model, then for Arrighi the model was the twentieth-century postliberal, Fordist US.[52] And where Brenner emphasized manufacturing, afflicted by illiquidity, Arrighi overcorrected by defining capitalism as the highest layer of the global economy—finance—separated from the material expansion of production and trade.

Thus, despite differences of geography, temporality, and sectoral emphases, Brenner and Arrighi converged on similar explanations of the 1970s depression. Where Brenner stressed the overproduction of material goods, Arrighi emphasized

47. Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (Verso, 2007).

48. Postone, "Theorizing the Contemporary World," 19.

49. Brenner, *Economics of Global Turbulence*, 31.

50. Arrighi, *Long Twentieth Century*, 5, 309.

51. Brenner, *Economics of Global Turbulence*, 1–7; Arrighi, *Long Twentieth Century*, 1.

52. Arrighi, *Long Twentieth Century*, xii; Postone, "Theorizing the Contemporary World," 15–16. By extension, it is possible to argue that for Brenner, the twentieth-century US acts as a surrogate for the nineteenth-century Britain of Marx's *Capital*.

an overcapacity of money capital, which exited material expansion and sought refuge in speculative finance. The key contradiction was not between labor and capital but between the "transnational expansion of US corporate power and the national foundations of US world power."[53] Crucial was the Eurodollar market, starting in the 1950s, when Communist countries deposited dollar reserves in European banks, then intensifying in the early 1960s when US multinationals and banks moved their funds beyond the control of the Federal Reserve. By 1968 European investment in the world market began to match that of US firms, "result[ing] in an intensification of competitive pressures." The "overabundance of capital seeking investments in [inelastic] commodities" was only exacerbated by the 1973 OPEC oil shock, "result[ing] in world-wide cost inflation and in a massive flight of capital to offshore money markets," including dollar-denominated "Petrodollars."[54] As dollar liabilities outpaced gold reserves, the Nixon administration finally floated the currency in 1971, indirectly pushing OPEC to raise tax rates to recover lost revenue two years later.

The similarities between Brenner and Arrighi can be illuminated by relating their explanations back to the historical theories of falling profitability dating back to the eighteenth century.[55] Surprisingly, Arrighi claimed Marx's "tendency" was no different than Adam Smith's theory of market competition: that the prices and profits of "any new manufacture, any new branch of commerce, or . . . any new practice in agriculture" will begin very high, but "when the trade or practice becomes thoroughly established and well known, the competition reduces them to the level of other trades."[56] This, it should be clear, also resembled Brenner's story of overcapacity, a story of imbalance that could prevail in any exchange-oriented society, even those without capitalist production. Indeed, Arrighi applies the theory to every major crisis of the last few centuries, starting with Renaissance Florence, a period of market activity that he himself distinguished from capitalism proper.[57]

I find the equation surprising, because Marx's own approach was to consciously break from that earlier tradition. Rather than focus on natural limits—land, food supply, material demand—he told a story specific to modern value. To better clarify the subtle distinction, it could be useful to briefly outline how the Smithian, equilibrium-based version of competition differed from competition specific to modern capital.[58]

53. Arrighi, *Long Twentieth Century*, 310.

54. Arrighi, *Long Twentieth Century*, 314–15.

55. Postone, "Theorizing the Contemporary World," 16–17.

56. Adam Smith, *The Wealth of Nations*, bk. 1, chap. 10, quoted in Arrighi, *Long Twentieth Century*, 228.

57. Arrighi, *Long Twentieth Century*, 326.

58. An exploration of the historical development of these contexts can be found in Andrew B. Liu, *Tea War: A History of Capitalism in China and India* (Yale University Press, 2020), chap. 5.

IV. A CAPITALISM-SPECIFIC THEORY OF COMPETITION

The logical distinction between forms of competition was laid out in Marx's historical notes on merchant capital. As with other elements crucial to modern society, such as wage labor, competition in prices long predated the capitalist era. But earlier price behavior was less predictable, determined on a monopoly basis by a variety of political factors—"compulsory guild membership, government regulation, internal tariffs and the like"—as well as natural ones, such as physical distance and weather.[59] "At first," prices did not resemble the exchange of equal values measured by average labor time but appeared "completely accidental." Before world-market integration, profits came from relations of political domination or simply arbitrage, buying cheap and selling dear, or what the eighteenth-century economist James Steuart called "profit upon alienation."[60]

Over time, however, political limitations began to erode, and barriers of space were annihilated by time-saving technologies, the result of capitalist production.[61] The crowding of commodities forced down prices into identifiable patterns. "Continued exchange," Marx wrote, "gradually abolishes this accidental character." This phenomenon resembled the Smithian theory of falling prices driven by market competition. For Marx, however, falling prices not only signified a saturated economy hitting its limits, or, "over-capacity," but also the transition from a world of commercial capital dominating production to its inverse: "Commercial capital is demoted from its earlier separate existence to become a particular moment of capital investment in general, and the equalization of profits reduces its profit rate to the general average. It now functions simply as the agent of productive capital."[62]

It was through the outer surface of market competition that the "inner laws of capital . . . are for the first time posited as laws." Prices began to stabilize and point toward an underlying basis of value premised on the measurement of socially necessary labor time. Firms felt competitive pressures to develop and raise productivity. They perceived them as a natural law, canonized in major treatises as the science of political economy, starting with Steuart. In the new age, market competition

59. Karl Marx, *Grundrisse*, 649.

60. James Steuart quoted in Karl Marx, *Capital*, 3:447. Economic historians have tracked the emergence of true world-market integration as a nineteenth-century phenomenon. See Kevin H. O'Rourke and Jeffrey G. Williamson, "Once More: When Did Globalisation Begin?," *European Review of Economic History* 8, no. 1 (2004): 109–17.

61. Marx, *Grundrisse*, 649–50.

62. Marx, *Capital*, 3:444–47. The same comparison between Brenner's theory of market competition and Marx's description of merchant capital was made by Anwar Shaikh as well. Shaikh, "Explaining the Global Economic Crisis," *Historical Materialism* 5, no. 1 (1999): 128.

was no longer only the medium but also expression of the laws of motion of capital and its organic composition.[63]

This picture stands in contrast to Brenner's and Arrighi's focus on excess goods and money in the marketplace, respectively. Mainly, theories of market overcapacity point toward solutions aimed at regulating markets better, or a "critical political economy" (Arrighi's diagnosis of crisis resembled that of monetarism and its prescription for high interest rates), without capturing the evolving relationship between human labor and technology. But it was this latter question, Postone writes, that served as the true horizon of Marx's own inquiry. Ultimately, for Postone, the profit rate "expresses, indirectly, a process of the ongoing structuring and restructuring of social life, one marked by a growing gap between the actual structuring of labour and social life and the way they could be structured in the absence of capital."[64]

Still, rather than predicting capital's collapse, Marx's exposition in the third volume wound up exploring capital's own strategies for survival amid crises, strategies that, importantly, were as contradictory as the value form itself: facing overaccumulation, capital is devalued and "forced onto adventurous paths; speculation, credit swindles, share swindles"; productivity gains lead to "dismiss[ing] workers," whose wages fall below average, resulting in the "existence of excess capital alongside a surplus population"; and capital also "extend[s] the external field of production" and is "sent abroad" to poorer societies, where the share of variable capital and rate of profit is higher than at home.[65] Such descriptions of nineteenth-century restructuring uncannily anticipated the turbulence of the late twentieth. How exactly to connect this concrete history with the underlying deep structure is the task Postone calls for in our ongoing exploration of the present.

V. HISTORIES OF THE NEOLIBERAL ERA BEYOND INDUSTRY AND OUTSIDE EURO-AMERICA

Where do these critical insights lead us in constructing a positive research agenda? To start, there is already much wisdom in the elementary historiographical point that any account of the late century benefits from a clearer sense of what made

63. "Competition merely expresses as real, posits as an external necessity, that which lies within the nature of capital; competition is nothing more than the way in which the many capitals force the inherent determinants of capital upon one another and upon themselves." Marx, *Grundrisse*, 650–51; see also *Capital*, 3:1020.

64. Postone, "Theorizing the Contemporary World," 17; see Marx, *Grundrisse*, 749–50: "When it has reached this point, capital, i.e. wage labour, enters into the same relation towards the development of social wealth and of the forces of production as the guild system, serfdom, slavery, and is necessarily stripped off as a fetter."

65. Marx, *Capital*, 3:350, 359, 363, 353, 364–65.

neoliberalism distinct from, but also continuous with, the longer history of capital. As Postone originally wrote, what are "contemporary capitalist society['s] . . . significant new dimensions and [what constitutes] its underlying continuity as capitalism"?[66] Without this perspective, linear accounts risk reifying surface-level historical forms as a stand-in for the thing itself, resulting in a mistaken faith, for instance, that the dilemmas of nineteenth-century liberal capitalism could be resolved once and for all by twentieth-century postliberal forms, which could in turn be remedied by twenty-first-century neoliberal forms, and so on in a kind of bad infinity. Postone and critics such as Harvey and Fredric Jameson reserved their antipathy for ahistorical postmodern celebrations of freedom in reaction to the major state projects of the postwar.[67] Likewise, criticisms of neoliberalism that romanticize mid-century Fordism falter without a clear understanding of why industry dispersed globally in the first place.

The more technical question is how to write a history of the contemporary era that centers the changing composition of capital. Again, Postone does not substantiate the story concretely. A more empirical take comes courtesy of economist Anwar Shaikh, who reconstructed 1970s stagnation by parsing the data on manufacturing profitability in the United States, West Germany, and Japan. Disaggregating the sources of falling profit into numerous factors, he showed that stagflation ultimately boiled down to a falling ratio of output to capital. In "Marxian terms," he writes, the crucial determinant "correspond[ed] roughly to the ratio of dead to living labour."[68] Shaikh, like Postone, challenged Brenner's story of market competition, especially the privileging of US manufacturing as the source of falling profits globally. Even at its 1970s peak, US manufacturing represented only 25 percent of national GDP and only 12 percent of the advanced world's. Further, basic economic theory indicated that Brenner's scenario—falling prices due to market saturation but without deeper changes in value composition—cannot explain society-wide patterns, because cheaper capital goods would reduce production costs in downstream industries and increase profits for intermediate producers and income for consumers.[69]

An emphasis on capital composition makes visible certain dynamics overlooked in stories of market competition. There are two major questions, I believe, that follow logically, and they are inseparable historically. First is the question of intersectoral

66. Postone *Time, Labor*, 13; see also Offner, *Sorting out the Mixed Economy*, 289.

67. Harvey, *Condition of Postmodernity*; Fredric Jameson, "Postmodernism, or The Cultural Logic of Late Capitalism," *New Left Review* 1, no. 146 (1984): 59–92.

68. Shaikh, "Explaining the Global Economic Crisis," 114.

69. Brenner, *Economics of Global Turbulence*, 31–32; Shaikh, "Explaining the Global Economic Crisis," 104–5, 117–19. Shaikh's point was that falling prices in circulation have systemic effects only when they are extensions of changes in the sphere of production.

dynamics, namely, opening up Brenner's fixation on manufacture, and Arrighi's on finance, by exploring the diversity of production processes and workforce arrangements underpinning the global division of labor. In the global north, the most prominent story has been the decline of unionized manufacture and the rise of services and finance since the 1970s.[70] Such processes have been the subject of recent analyses, but they have been typically methodologically nationalist in framing, naturalizing countries as the unit of analysis. Yet, second, transformations within a nation's "vertical" economic food chain—from ultra-rich finance to flexible retail labor—necessarily intersect with the "horizontal" movement of industries between and across territories, guided by a general logic. To be sure, there has been a concerted effort to begin globalizing neoliberalism's history, led by scholars such as Johanna Bockman, Patrick Neveling, Offner, Vanessa Ogle, and Isabella Weber. Rather than elevate the '70s as a "rupture" with American origins, Neveling writes, the decade can be reimagined as the "consolidation" of diverse international experiments, across South and Southeast Asia, eastern Europe, and Latin America.[71] Below, I briefly turn to the Asia-Pacific, not to exceptionalize it but because it played a specific role as the site of novel industrialization in the second half of the last century, at the very moment of alarmism in the global core.

First, the intersectoral dynamics of the post-1970s economy has received greater attention in recent years, with two works indicative of the debate's broader stakes. One inspired take comes from Benanav, who provides an original reinterpretation of Brenner's story. Taking to heart Shaikh's observations, he argues that "the key to *fixing* Brenner's theoretical framing is to introduce" the intersectoral analysis of economist William Baumol and his theory of the "cost disease."[72] Baumol posited that the economy could be categorized into two sectors: "technologically progressive" industry versus "non-progressive," stagnant services.[73] Manufacturing tasks are amenable to innovations, for instance, the automation and computerization of factory work, and productivity spikes. Services, however, are more resistant: teaching

70. Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Harvard University Press, 2011).

71. Patrick Neveling, "The Global Spread of Export Processing Zones and the 1970s as a Decade of Consolidation," in *Contesting Deregulation: Debates, Practices and Developments in the West Since the 1970s*, ed. Knud Andresen and Stefan Müller (Berghahn Books, 2017), 23; Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford University Press, 2011); Vanessa Ogle, "Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s," *American Historical Review* 122, no. 5 (2017): 1431–58; Isabella Weber, *How China Escaped Shock Therapy: The Market Reform Debate* (Routledge, 2021).

72. Benanav, "Dissipating Glut?," 71; emphasis added.

73. William J. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis," *American Economic Review* 57, no. 3 (1967): 415–17.

or musical performance, to use Baumol's examples, face obvious productivity limits. Consequently, the prices of goods fall faster than those of services, but people also thus spend less money on goods in the long run. The postwar "goods to services" shift meant that productivity gains in manufacturing led to overall growth and rising incomes but also that, over time, demand for manufacturing began to fall, leading to Brenner's overcapacity. Compounding this, Benanav writes, productivity gains in industry push firms to shed workers, who then find employment in services, where productivity is flatter. Paradoxically, innovation in manufacture resulted in a growing share of less productive service work, with the cumulative result of stagnation.[74]

Benanav's theory is more sophisticated than Brenner's, but in foregrounding the theme of market overcapacity, it remains open to the criticism of sidestepping value in production. For comparison, Jason Smith has also taken up Baumol's cost-disease theory by foregrounding Marx's concept of value. The goods-to-services shift appears compelling, he admits, reflected in publicly available statistics. The manufacturing share of employment in the United States and United Kingdom peaked in 1955, and it now stands around 10 percent; meanwhile, service makes up 80 percent of current jobs and 95 percent of new ones going forward. However, Smith questions the very coherence of the category "service," which patches together jobs as unalike as healthcare, childcare, education, food, warehousing, maintenance, and retail work. Many jobs listed as service in fact contribute to the creation of new goods, such as restaurant work or equipment maintenance. At the same time, many manufacturing jobs, such as factory oversight or internal sales and marketing divisions, are not really directly involved in production—for instance, at Apple, whose main costs come not from offshore production but shipping, design, and marketing.[75] What is really going on, Smith writes, is that many service jobs are stagnant in capitalist terms, because, first, they are resistant to automation—here, in agreement with Baumol and Benanav—but also, crucially, they are unproductive in the classical sense of not producing commodities in the circuit of accumulation. Examples include the circulation labor of supply-chain logistics, accounting, law, finance, and insurance and the supervisory labor of management and oversight.[76]

Smith then brings the automation story back to the question of capital composition and the limits of accumulation. Labor-saving, capital-intensive industries, he

74. Benanav, "Dissipating Glut?," 71–78.

75. Jason E. Smith, *Smart Machines and Service Work: Automation in an Age of Stagnation* (University of Chicago Press, 2020), 70, 114–15, 136, 77–80. See also Benanav, "Dissipating Glut?," 72.

76. Smith, *Smart Machines and Service Work*, 98–106. Hence, whether labor is productive and unproductive in this context is not a moral judgment but a question of locating tasks objectively within the circuit of expanded reproduction.

finds, have obviated the need for human workers at a rate faster than they are being absorbed into other, more labor-intensive ones. More than a goods-to-service shift, the problem is that there is less labor overall employed in productive, value-creating industries, resulting in a fall in the rate of surplus value and profit.[77] Consequently, many workers have been pushed into wages below the costs of reproduction, Marx's "relative surplus-population": both the result of and the countervailing force against falling profits, as firms stay competitive by simply squeezing vulnerable workers more.[78] Many contingent service jobs require "subtle, learned" human skills in terms of their qualitative content but, due to the quantitative surplus of labor, are economically and socially devalued as "unskilled." This is clearest with tasks considered "women's work," historically secured at little to no cost due to extant gendered divisions of labor, such as food preparation, cleaning, and child and hospice care. Such labor-surplus patterns do not originate in market cycles but fundamentally in the realm of production.[79] In line with Postone and Arrighi, then, Smith describes late-century stagnation less as a terminal crisis than as a major moment in the periodic "structuring and restructuring of social life" endemic to capitalism's longer history.[80]

The historic shift from manufacturing into putatively unproductive services is powerfully illustrated in Gabriel Winant's study of late-century Pittsburgh. As the US steel industry suffered decline by the 1960s, prior union victories that cemented health insurance for aging workers, along with Medicare, fueled the expansion of the care industry. The largely white male steel proletariat was cared for by a mostly Black, female hospital workforce, creating the demand to sustain the latter's employment.[81] But where did the steel go?

By the 1970s, it turns out, the United States had already been eclipsed by Japan (the USSR remained number one), which in turn was overtaken by South Korea, then China, today's world leader. Sectoral transformations in one locale, then, have corresponded historically to shifts elsewhere in the world, and it makes sense to view them together. East Asia, fittingly, was the world's fastest growing region in the last third of the twentieth century.[82] By now, a common refrain in histories of neoliberalism is to start with crisis in the North Atlantic and conclude somewhere in the

77. Smith, *Smart Machines and Service Work*, 96–97. On the distinctions between these categories, see Best, *Automatic Fetish*, chap. 1.

78. Marx, *Capital*, 3:343–44.

79. Smith, *Smart Machines and Service Work*, 122–25.

80. Postone, "Theorizing the Contemporary World," 17.

81. Winant, *Next Shift*, chaps. 4–6.

82. World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (Oxford University Press, 1993), 1–26.

western Pacific. Arrighi early on pronounced East Asia as the "most dynamic center of processes of capital accumulation on a world scale."[83] Other early entries included the work of Brenner, Harvey, and Michael Piore and Charles Sabel. More recent works include those by Slobodian and Nelson Lichtenstein and Judith Stein.[84]

Explanations for the Asia boom are abundant but without any obvious thesis. Hong Kong and Taiwan have served as exemplars of market-based development, with minimal state support, at least in the dynamic sectors of small-scale enterprise.[85] Japan and South Korea, meanwhile, have long been seen as pioneers of "industrial policy," in which governments promote industrialization through cheap credit, protectionism, and subsidies.[86] Compounding the confusion is that reform-era China (ca. 1978–92) borrowed from a variety of Asian models, both the market freedom to pursue foreign direct investment in coastal regions and industrial policy to promote "national champions" in heavy and high-tech industries. The market/state dichotomy is significant, to be sure, but it is often couched in national terms. Such a "country-by-country approach" to Asia, Bruce Cumings has warned, "misses, through a fallacy of disaggregation, the fundamental unity and integrity of the regional effort this century."[87]

Some clearer answers can be found by examining the comparative social compositions of the region: agrarian and urban working classes, local and global capital, and trajectories of industrial upgrading. There is a tendency in the deindustrialization literature to view Japan's manufacturing sector, for instance, as a carbon copy of that of the United States, only with cheaper labor. For Brenner, this enabled Japan to "flood" or "invade the markets of their main overseas competitors."[88] But by focusing on the quantitative growth of supply outpacing demand, he ignored the qualitatively specific mixture of labor and capital that animated the region's rise.

83. Arrighi, *Long Twentieth Century*, 343.

84. Michael Piore and Charles Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (Basic Books, 1984); Slobodian, *Globalists*; Nelson Lichtenstein and Judith Stein, *A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism* (Princeton University Press, 2023).

85. Gary G. Hamilton and Kao Cheng-shu, *Making Money: How Taiwanese Industrialists Embraced the Global Economy* (Stanford University Press, 2017), 12–14; Wu Yongping, *A Political Explanation of Economic Growth: State Survival, Bureaucratic Politics, and Private Enterprises in the Making of Taiwan's Economy, 1950–1985* (Harvard University Asia Center, 2005); Peter E. Hamilton, *Made in Hong Kong: Transpacific Networks and a New History of Globalization* (Columbia University Press, 2020), 193–94. On the perception of Hong Kong by the neoliberal collective, see Quinn Slobodian, *Crack-Up Capitalism: Market Radicals and the Dream of a World Without Democracy* (Metropolitan Books, 2023), chap. 1.

86. Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford University Press, 1992); Chalmers A. Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford University Press, 1982).

87. Bruce Cumings, "The Northeast Asian Political Economy," in *What Is in a Rim? Critical Perspectives on the Pacific Region Idea*, ed. Arif Dirlik (Rowman and Littlefield, 1998), 101.

88. Brenner, *Economics of Global Turbulence*, 88, 93, chap. 6.

In its postwar alliance with the United States, Japan, similar to West Germany, was an engine of global accumulation but without political and military power. It came to "resemble a sector as much as a nation-state," Cumings wrote, anchoring the US-led regional order as a "semiperipheral," "second-rank economic power."[89] Japan relied on technology transfer, oil, food and raw materials, and military security from the United States. On the other end, Japan exported light industry, textiles, and relatively capital-intensive goods to its own periphery of former colonies in northeast and southeast Asia. The complementary "triangular" structure between the United States and postcolonial Asia was later adopted by the upwardly mobile Korea and Taiwan in the 1970s. Kaoru Sugihara laid out the regional logic: "The United States specialised in resource- and capital-intensive military, aircraft, and petrochemical industries, leaving East Asia to industrialise light industries, the non-military and relatively labour-intensive segments of heavy and chemical industries, including shipbuilding, automobiles, and consumer electronics."[90]

For each Asian power, the initial comparative advantage was an inexpensive workforce; at the same time, a relatively cheap workforce has historically assumed a developmental trajectory only when combined with other factors, such as state intervention, geopolitics, and technology.[91] For Sugihara, the crucial difference was that Japan's workers belonged for centuries to proto-industrial social patterns, creating complementary rural and urban export industries such as cotton and silk yarns, textiles, matches, paper products, and medicines. As a result, Japan featured "internationally competitive labour"—that is, "wages were not just nominally cheap, but cheap relative to its efficiency." A young female worker in Japan earned one-sixth the wages of her English counterpart, for instance, but achieved more than one-sixth the productivity. Consequently, Japan, and East Asia's, capital composition sat somewhere in the middle, already "much more capital-intensive than traditional weaving industries" yet also "more labour-intensive than heavy industries in Germany and the United States."[92]

Less triumphalist accounts of East Asia's "industriousness" point to Japan's early twentieth-century empire, one modeled after Euro-American powers.[93] This trajectory was accelerated by the "fifteen-year war" starting with the Manchurian invasion in 1931. Afterward, US planners identified Japan as the anchor of an anti-communist

89. Cumings, "Northeast Asian Political Economy," 114–15.

90. Kaoru Sugihara, "The Second Noel Butlin Lecture: Labour-Intensive Industrialisation in Global History," *Australian Economic History Review* 47, no. 2 (2007): 140.

91. Cumings, "Northeast Asian Political Economy," 131.

92. Sugihara, "Second Noel Butlin Lecture," 134, 132, 136.

93. Cumings, "Northeast Asian Political Economy," 105–12.

"great crescent" that would integrate the entire Pacific along an economic spectrum, ranging from industrial exporter Japan to an agricultural and labor-intensive perimeter comprising China and northeast and southeast Asia (even, speculatively, India and Australia).[94] But Japanese planners defied American expectations that it would stay a second-class economy, leapfrogging from a regional to global power. They capitalized on the experience of empire-wide industrialization, in concert with Manchuria, Korea, and Taiwan, a "revolution in the heavy and chemical industries that occurred under wartime pressures—and the creation of a huge cadre of engineers, middle managers, and skilled workers capable of carrying this revolution forward."[95] The Japanese "miracle" relied on a combination of capital-intensive, heavy industries alongside the resilience of "traditional" small and medium enterprises. Indeed, in the most scrutinized industry, automobiles, Japan's leaders Nissan and Toyota distinguished themselves from vertically integrated US rivals by their extensive and efficient subcontractor networks.[96]

By the 1960s and '70s, Japanese wages had risen, and other Asian societies now openly pursued exports themselves. Labor-intensive goods such as textiles, toys, and electronics were handed off to Taiwan, Hong Kong, and Korea, followed by computers, finance, steel, and automobiles, each of which had first been mastered in Japan. Each society began by exploiting their "well-educated and skilled, but low-paid, labor"—largely young women from the countryside—seen in the export-processing zones of Masan and Kaohsiung, for instance, before aggressively upgrading.[97] Crucial was the large Japanese trading company (*sōgō shōsha*) that mediated between European and US consumers and the newly industrializing Korea and Taiwan.[98] For outside observers, this constituted a region-wide "miracle." Within Asia, this pattern recalled an earlier model of "flying geese" development (*gankō keitai*), coined in the 1930s at the height of empire. By this logic, "the relatively labour-intensive low-technology industry of a more advanced country (such as Japan) would be rapidly transferred to the country next in line (such as Taiwan), which in turn would transfer it to another (such as Malaysia)," and so on, forming a V-shaped pattern of staggered development.[99]

94. Michael Schaller, "Securing the Great Crescent: Occupied Japan and the Origins of Containment in Southeast Asia," *Journal of American History* 69, no. 2 (1982): 392–402.

95. John W. Dower, *Embracing Defeat: Japan in the Wake of World War II* (Norton, 1999), 537.

96. Sugihara, "Second Noel Butlin Lecture," 136; Michael A. Cusumano, *The Japanese Automobile Industry: Technology and Management at Nissan and Toyota* (Harvard University Press, 1985), 377.

97. Cumings, "Northeast Asian Political Economy," 123–29.

98. Robert Castley, *Korea's Economic Miracle: The Crucial Role of Japan* (Palgrave Macmillan, 1997), chap. 6; John Lie, *Han Unbound: The Political Economy of South Korea* (Stanford University Press, 1998), chap. 4; Hamilton and Kao, *Making Money*, 62.

99. Sugihara, "Second Noel Butlin Lecture," 140.

This depiction was bloodless and idealized, to be sure. But it usefully described the conscious, vocal aspirations of Asia's industrial planners. Cumings also offered the concept of a "product cycle" to capture how "given industries—textiles, steel, automobiles, light electronics"—seemed to follow a predictable pattern of "origin, rise, apogee, and decline" marked by a "jumping off place, that is, a point at which it pays to let others make the product or at least provide the labor."[100] By the late 1980s, reformers in China were readily looking to its Asian neighbors as inspiration for export-oriented development along its southern and eastern coasts. In 1988 Party general secretary Zhao Ziyang (1919–2005) introduced a "coastal development strategy" by offering his audience of Party officials a brief lesson in world economic history. "In the development of the world economy," he announced, "labor-intensive industries generally migrate to places with lower labor costs. From the perspective of the Asia-Pacific, early on they migrated from the United States to Japan. After, they again migrated to Taiwan, South Korea, Hong Kong, and Singapore."[101] The time was right, he continued, for China to join in next.

For many in Asia, then, the late-century boom made perfect sense not as a collection of individual miracles but as a complex whole. It was intelligible only through its transnational linkages, both in terms of intra-Asian interdependence as well as the region's place within the US-led world order. Details about fluctuating ratios of labor to technology get overlooked in market-centered accounts that explain Asia's rise through recourse to accusations of extra-economic, political tactics, as Brenner does, or which divorce the region's global financial power from its earlier industrial experience, as in Arrighi.[102]

Such patterns, of course, depend on the concrete nature of different sectors. Jason Smith's exploration of growing labor-intensive work in the United States mostly refers to in-person jobs that cannot be fully performed remotely, such as education and healthcare. Basic manufacturing, however, is another story.[103] Not only can textile, electronic, and automobile production be relocated overseas, but it has even been sliced up into global value chains consisting of hundreds of component parts and tasks—molding, fabricating, assembling, packaging—that span multiple continents. Economists describe this pattern as "vertical specialization" rather than integration, and the shift from the trade in "final goods" to the global "trade in tasks," all of which

100. Cumings, "Northeast Asian Political Economy," 100–101.

101. Zhao Ziyang, *Zhao Ziyang Wenji (1980–1989)*, vol. 4, ed. Zhao Ziyang wenji editorial group (Chinese University of Hong Kong Press, 2016), 342.

102. Brenner, *Economics of Global Turbulence*, 45; Arrighi, *Long Twentieth Century*, 345–49.

103. Smith, *Smart Machines and Service Work*, 145.

constitute for William Milberg and Deborah Winkler a "new wave" of globalization.[104] How does this relate to the goods-to-service shift?

The common understanding of Marx's history of capital, Jason Smith points out, is one of secular productivity gains enabled by a rising organic composition, often shorthand for "labor-saving innovation."[105] But that is not the full picture. Analytically, the composition of capital is merely the ratio between capital and labor, c/v. What do they actually measure? In isolated instances, it is conceivable to describe c and v in physical terms: For instance, how many blue jeans can ten seamsters with ten sewing machines produce per day? Marx called this the "technical composition of capital." Scaled up, however, it becomes impossible to capture the technical properties of diverse processes—how to commensurate sewing with semiconductor lithography machines?—except through money. Capital composition needs to be expressed in "value" terms.[106] A rise in the c numerator, naturally, is no different mathematically than a decrease in the v denominator. The organic composition can thus increase without increased capital investment, perhaps because technology has plateaued or because innovations are unattainable. Owners can lower the v denominator by extracting more output from the same number of workers and wages, through brutal disciplining and "sweating." An easier solution is simply paying workers less for performing identical work. Productivity in value terms can be raised even if the technical composition is unchanged. The clearest example is simply "moving production units to labor markets in which lower labor costs prevail."[107] Seamsters in Los Angeles and Dhaka may work at roughly the same speed, physically, but in terms of the bottom line, the latter counts as more productive.

Marx was certainly aware of international differences in wages in his time. In presenting countervailing factors to the falling rate of profit, he listed "more intense exploitation of labor"—especially women and children—and the "reduction of wages below their value." Still, he bracketed these gaps as "completely outside the scope of," and having "nothing to do with," his analysis of nineteenth-century capital.[108] But in recent decades, perceptive analysts have highlighted the relevance of wage differentials in a world of offshore production. Brazilian economist Ruy Mauro Marini foregrounded it in his sophisticated take on Latin American dependency, but

104. William Milberg and Deborah Winkler, *Outsourcing Economics: Global Value Chains in Capitalist Development* (Cambridge University Press, 2013), 40, 35–36.

105. Smith, *Smart Machines and Service Work*, 85.

106. Marx, *Capital*, 3:245.

107. Smith, *Smart Machines and Service Work*, 86.

108. Marx, *Capital*, 3:340–42, 242. Marx's refusal to entertain these ideas also stemmed from his commitment to analyzing capital as though price aligned with value, to demonstrate how capital relied on exploitation even in its most properly functioning form.

with examples derived from the classic formula of southern raw materials exchanged for northern manufactures.[109] John Smith has updated Marini's analysis for our current era of globalization, which inverts the classic colonial formula. "The defining feature of the neoliberal era," he declares, has been the "large-scale shift of [industrial] production processes to low-wage countries."[110]

International differences become sharper if we switch our unit of analysis from nation to industry, what Cumings sought to capture with the product cycle. The concept is also central to Beverly J. Silver's history of the global movement of industry.[111] Focusing on the "quintessential" commodities of the previous two centuries, she explains how mechanized textiles began in Britain in the 1810s, confronted major global north strikes in the 1870s, and then, from the 1950s on, aggressively relocated to the (semi)periphery of Asia and Latin America. Meanwhile, automobiles, first mastered in Michigan in the 1910s, confronted waves of militancy in the 1930s US Midwest and 1960s western Europe, before relocating to Brazil, South Africa, South Korea, and China starting in the 1970s. Each set of national actors was "linked behind their back by systemic processes" and a general logic of accumulation. "Industrialization in low-wage areas and de-industrialization in high-wage areas," Silver argues, "have been two sides of the same coin."[112] More recently, Milberg and Winkler have shown that global production has also shared a "mutually supporting" relationship with financialization since the late 1970s. While pressures to increase short-term shareholder value encouraged the search for cheap overseas production, especially in China, this strategy also "raised profits and permitted a shift of resources from long-term investment in firm growth to financial assets."[113]

Capital composition thus enables us to see connections across seemingly contradictory pictures: cutting-edge, labor-saving automation; the proliferation of in-person services and finance in the richest societies; and strategies of offshore labor arbitrage to the rest of the world. We can also begin to see how linkages across national economic policies (Pittsburgh and Pohong steel) and distinct sectors (from steel to hospitals to private equity) are expressions of a deeper, constantly shifting interplay between local labor and global capital. National political economy matters

109. Ruy Mauro Marini, *The Dialectics of Dependency*, ed. Amanda Latimer and Jaime Osorio (Monthly Review Press, 2022), 121–36.

110. John Smith, *Imperialism in the Twenty-First Century: Globalization, Super-Exploitation, and Capitalism's Final Crisis* (Monthly Review Press, 2016), 234.

111. Beverly J. Silver, *Forces of Labor: Workers' Movements and Globalization Since 1870* (Cambridge University Press, 2003), 76.

112. Silver, *Forces of Labor*, 39, 84, 78, 27.

113. Milberg and Winkler, *Outsourcing Economics*, 213.

greatly, of course, but it belongs squarely within wider patterns of interdependence forged across the global neoliberal era, animated by crises and miracles alike.

* * *

It has been over fifty years since the 1973 oil shocks, a longer duration than the time between 1973 and the Great Depression. The middle "glorious decades" of the last century, marked by high growth and employment and low inequality in the industrialized world, increasingly appear less as a normative ideal than one of capitalism's ephemeral phases. In recent years, meanwhile, labor-intensive industries have left East Asia for its neighbors to the south and southeast; China and the United States have entered a rivalry over high-tech dominance in semiconductors and renewables, including over resources in Africa and Latin America; and since 2008, vocal criticisms of runaway finance have become commonplace, including by the IMF itself.[114] It is likely future historians will look back on the present as the close of the post-1970s neoliberal era, the dusk that enables perspective for self-conscious reflection. It has not entailed a terminal crisis but only continued rearrangement of capitalism's particular patterns.

There is still much to learn about the late-century era of stagnation, and the concept of capital composition foregrounded here is only one part of the story, alongside transformations in money, ideology and culture, and postcolonial and socialist experimentation. All these need to be connected. For instance, the intrinsic link between falling profit rates and cultural shifts is briefly discussed in Postone's "Theorizing the Contemporary World," in the final section on Harvey's *Condition of Postmodernity*. Amid the '70s crises, US firms pursued new accumulation strategies that were more decentralized, deregulated, and geographically expansive. The resultant, attendant "postmodern" ideology celebrated novelty, individualism, and, as the new neoliberalism histories document, liberation through markets. Such ideas, for Postone, merely "hypostatiz[ed] one side" of the dialectic of capital, between "decentralization and centralization, heterogeneity and homogeneity."[115] As such, ideology and subjectivity, too, can be fruitfully mapped onto an analysis of surface and deep structure.

For Postone, finally, it is important to remember that every transformation of capital simultaneously presents an occasion to reflect on what it would mean, theoretically and practically, to see beyond the contours of value itself. Underlying the contradiction between rising productivity and falling profit rates, Postone believes,

114. Jonathan D. Ostry, Prakash Loungani, and Davide Furceri, "Neoliberalism: Oversold?," *Finance and Development*, June 2016, 38–41.

115. Postone, "Theorizing the Contemporary World," 19.

is the more fundamental "growing contradiction" between "value production" and "the enormous use-value production capabilities generated by capitalism."[116] Marx's writing constantly wrestled with the dialectical intertwining of quantitative abstraction (exchange value) alongside material wealth (use value).[117] With value undergoing cyclical crises, the two inevitably diverge, as material wealth outpaces spasmodic economic growth. Postone dubbed this the "treadmill effect," in which advances in productivity create more "material wealth" yet, once generalized, yield only "the same amount of *value* per unit [of] time" as before. Crises of over-accumulation and unemployment only crystallize the "growing disparity" between the two forms of wealth, simultaneously marking the "growing gap between the actual structuring of labour and of social life and the way they could be structured in the absence of capital."[118]

Historically, this disparity resulted in the paradox of surplus "unoccupied capital" alongside an "unemployed working population," of "the existence of poverty . . . in the midst of apparent plenty."[119] In the nineteenth century, Marx remarked on the puzzling "lack of demand for those very goods that the mass of people are short of."[120] In our own time, we see the combination of excess profits and savings alongside falling growth rates, rising unemployment, and the panacea-like pursuit of automation. Global income inequality reached a nadir in the last decades of the twentieth century, the golden age of neoliberalism; meanwhile the inequality of wealth, resulting from excess savings and financial deregulation, reaches new historic extremes with each passing year.[121] That growth has become increasingly detached from material activity by human labor, Postone writes, means that wage labor, and, indeed, "value itself," had become "potentially anachronistic" as a way of organizing society.[122]

Capital's historicity, Marx wrote, was illuminated by its periodic crises. Where Malthus and Ricardo viewed such crises—capital's "barriers"—as rooted in nature, for Marx, the "immanent," tendential falling rate of profit demonstrated that the "*true barrier* to capitalist production is *capital itself*." Such instability and unsustainability

116. Postone, "Theorizing the Contemporary World," 17.

117. Marx, *Capital*, 3:352, 358.

118. Postone, *Time, Labor*, 288–89, 297; Postone, "Theorizing the Contemporary World," 17.

119. Marx, *Capital*, 3:359; Postone, *Time, Labor*, 362.

120. Marx, *Capital*, 3:366.

121. Lucas Chancel, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, *World Inequality Report 2022* (World Inequality Lab, 2021), chaps. 2, 4, http:wir2022.wid.world/.

122. Postone, *Time, Labor*, 359; cf. Postone, "Theorizing the Contemporary World," 17.

indicated that capital is "not an absolute but only a historical mode of production, corresponding to a specific and limited epoch."[123]

Historicity, however, is concealed by analyses of crisis confined to market overcapacity, with the Smithian implication that falling profits are not the logical result of capital itself but only its irrational form of distribution. Similar assumptions about market equilibrium have undergirded subsequent accusations against Japan in the 1980s, and China today, for illegally dumping their exports on the global market. The flipside is an idealized, healthy, and normal state of growth whose turbulence can be administered away or corrected by the market itself. Indeed, the height of the neoliberal era saw endless commentators singing the praises of a natural, inevitable globalization. But if neoliberalism was born out of the crises of the 1970s, then the only clear guarantee was that it too would someday face its own "violent eruption," expressed concretely through real estate crises, violent backlash against globalization and immigration, and fragmentation by hegemonic rivalry.[124] As historians continue to write the history of the neoliberal era and the crisis from which it arose, then, we can only benefit by remaining mindful of the historicity of the crises of our own time.

123. Marx, *Capital*, 3:358, 368. Engels was more predictive, adding in his revisions that capital "shows once more that it is becoming senile and has further outlived its epoch" (371). Notably, these were not Marx's own words.

124. Marx, *Capital*, 3:357.

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