CHAPTER ONE

STATE CAPITALIST ANALYSIS—BEFORE THE RUSSIAN REVOLUTION, IN REACTION TO STALIN’S CONSOLIDATION OF POWER, AND AFTER THE COLD WAR

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In the Hebrew Bible, Leviathan is a fearsome sea monster. In early Anglo-Saxon art, the whale-monster Leviathan guards the gates to Hell. And in Thomas Hobbes’ political metaphor, Leviathan emerges as a powerful state manager of deadly violence. Everywhere, the state is part of the society. Leviathan mirrors a key aspect of state capitalism to the extent that powerful states (official governments) enable highly centralized forms of Capitalism. Wrestling With Leviathan highlights the limits of social change under state capitalism in the twenty-first century.

After the Great Recession hit the global capitalist fan in 2008, curiosity about state capitalism reached the Internet. On May Day 2010, for example, a Google phrase search for ‘state capitalism’ elicited 248,000 hits. And if you suspect that international capitalism will experience another major crisis in your lifetime, Wrestling With Leviathan is the book for you.

In the past 100 years, hundreds of millions of urban workers, housewives, other women domestic workers, farmers, ethnic minorities and oppressed groups followed the leadership of political parties that applied the social and political theories of Karl Marx and Vladimir Lenin. In this latest age of globalization, those ‘ideas’ and others are among globe-traveling agents of potential planetary change (Pollard 2004:1). But among these ideas are illusions and misplaced nostalgia based on the unexamined histories of past struggles. Therefore, if you expect that newly radicalized anti-capitalist social movements in Asia, Africa, Europe, North and South America, and the Pacific will again challenge the rule of global capitalism, read this book. Since an understanding of intended pathways and detours taken by earlier social movements is a precondition for beneficial social change, this book will help those who wish to avoid the strategic errors made by earlier
Left political parties. To social theorists and participant-observers, this book presents case studies of communist, non-communist and post-communist state capitalist societies.¹ Those who find analytic and liberating potential in the insights of Karl Marx (and those who are skeptical) need to understand why that potential was not met in the states whose ruling parties claimed Marx’s social and political tradition.

State capitalism’s intellectual pedigree is lengthy but sporadically developed. Yet at least until the advent of China’s Opening Up and Reform period in 1978 and the break-up of the former Soviet Union in 1991, state capitalism was often dismissed on the Left and the Right as a politically suspect topic. In any case, the social and intellectual history of state capitalist analysis began at least four decades before the October Revolution of 1917. But for most of its history, that analytic tradition has been both plural and scattered. Along with differences in language and locale, the lack of interest in sustained exchange among epistemic communities using state capitalist analyses is partly attributable to competing political loyalties. In other words, the potential of pluralism was squandered by parochialism.

Tendencies towards greater state-led concentrations of capital under diverse political regimes have been praised, endured and condemned since the late nineteenth century. A highly centralized variant of capitalism, state capitalism was not clearly envisioned by classical political economist Adam Smith or even by Karl Marx who elaborated Smith’s labor theory of value. Without straining the textual evidence, one certainly may say that discussions of accumulation in Capital (Marx 1971a:713–719; 1971b:246) and perhaps in the Grundrisse (Marx 1973) weakly prefigure the dynamics of one type of state capitalism to emerge in the twentieth century.

In the last quarter of the nineteenth century, social analysts of early industrializing societies in Europe noted emerging indicators of state capitalism. “As long ago as 1877,” for example, “Alfred Wagner, a German public finance theorist, had advanced a ‘law of increasing state

¹ In Chapters 1 and 10, I have refrained from using ironic quotation marks in referring to self-styled socialist or communist parties or to their political vision. While there may be as many definitions of socialism as there are political agendas, the lack of quotation marks is not a political endorsement of any political regime. Nor does it imply that the working classes governed those societies, let alone that they were class-less societies.