



Hartmut Elsenhans and a Critique of Capitalism, Conversations on Theory and Policy Implications.

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Book Review by Christoph Sorg

“Hartmut Elsenhans and a Critique of Capitalism: Conversations on Theory and Policy Implications“ is a compilation of ten interviews to introduce the reader to the main thoughts of established political economist Hartmut Elsenhans.

The two authors Corina Scholz and Neil Wilcock are two former students of Elsenhans in a Master’s program on Global Studies. Two years separate this book from a class on the “Rise and Demise of the Capitalist World-System” taught by Elsenhans which started an intellectual curiosity to finally manifest in this piece. Their curiosity is quite understandable, as Elsenhans’ opus and unconventional and provocative theories reject fitting into any larger epistemic community, be they mainstream or critical. Elsenhans takes concepts and lines of thought from classical political economy, Marxism, Keynesianism and the world-systems approach to come up with his own grand theory. This book constitutes both an excellent complement and introduction to his work-in-progress life’s work, a six-volume series on the “Rise and Demise of the Capitalist World-System.”

Through a series of ten interviews conducted with Elsenhans at his home in Leipzig, Germany, the authors aim to introduce the pivotal streams structuring Elsenhans’s approach to social reality. They begin by elaborating his – mainly economic - theory of the capitalist world-system in six conversations, to then illustrate these theoretical concepts and their political implications in three chapters on NGOs, current European developments and social movements. In a final chapter the authors fill some final gaps by conversing with the interviewee on his personal career and somewhat challenging his views on culture and environmentalism, among others. Despite this evolutionary structure and recurrent interlinkages, chapters are constructed in a standalone format.

Scholz and Wilcock aimed (and managed) to translate Elsenhans’s complicated theories and often convoluted language into a more accessible account and fortunately succeeded to do so. This is a necessary endeavor, as Elsenhans’s approach combines a sophisticated reading of heterodox theories from classical political economy, Keynesian economics and Marxist as well as world-systems social theory, owing to the fruitful background in

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interdisciplinary social science the interviewers share with the interviewee. The authors seem to not always agree with the interviewee, and occasionally make this transparent,¹ but sensibly opted for staying in the background as much as possible in order to leave the stage for Elsenhans's thought paradigms and leave most evaluation to the readers. They thus chose to let Elsenhans speak for himself and give his approach the attention he was unfortunately often denied.

His paradigms can best be subsumed as a historical-materialist Global Keynesianism. Elsenhans shares with Marx a materialist conception of history and the centrality of class struggle, but mainly aims to "generalise Keynesian ideas in a historical theory of the world."² Pivotal to this approach is the distinction of rent and profit as the two forms of surplus, the latter being defined as discrepancy between return of income and amount needed to reproduce a system. Rent (chapter 2) is "surplus appropriated by political means ... and not used for mass consumption; contrasted by profit, which is earned on markets under the condition of competition."³

Elsenhans differs from neoclassical economists and Marxists in perceiving of labor as not necessarily being value-creating, thus establishing his concept of marginality (chapter 3). If workers cannot produce as much as they need for survival, they are not value creating and thus marginal. Reducing marginality overcomes underdevelopment (chapter 4), as high demand in labor and existence of mass markets entail incentives to develop technologies satisfying popular demand. Such a conception reflects his Global Keynesian interpretation of development:⁴ underdeveloped economies devalue their currencies in order to become more competitive and thus industrialize, while rich countries and their large internal markets provide the necessary global demand. Elsenhans terms this "a convoy model of globalisation" (chapter 5). Along the same lines the current global economic crisis is perceived as a large underconsumption crisis (chapter 6), wages not having kept up with productivity and financialization constituting massive rent extension not related to the productive economy. In a rather theoretical chapter on capitalism (chapter 7), the authors then close and recapitulate these theoretical reflections by interviewing Elsenhans on his position with regards to established thinkers and epistemic communities.

In the following chapters, the reader learns more about practical applications of these theoretical paradigms, which renders the latter more comprehensible. Elsenhans sees NGOs (chapter 8) as completely integrated into capitalist power relations, as they are economically dependent on donors and thus constitute no threat to the system. In chapter 9 he then argues that the Great Divergence, i.e. the rise of Northwestern Europe to

1 Neil Wilcock and Corina Scholz, *Hartmut Elsenhans and a Critique of Capitalism: Conversations on Theory and Policy Implications* (London: Palgrave Macmillan UK, 2016), 5, 163ff.

2 Ibid., 89.

3 Ibid., 7

4 For Elsenhans in particular and Global Keynesianism in general, see for instance: Gernot Köhler, "What is Global Keynesianism," last modified Sept. 1998, <http://wsarch.ucr.edu/archive/papers/kohler/kohler2.htm>.

prosperity and global hegemony, is neither related to cultural superiority (the Smithian-Weberian reading) nor colonialism (the dependency perspective). Instead, it stemmed from Europe's lack of competitiveness and the resulting need to develop internal markets, which in turn precipitated industrialization. Elsenhans then states that the formation of the European Union was crucially related to French ambitions to institutionalize potentially hegemonic German power and that the current Eurozone crisis could either be remedied by cutting Greek debt or throwing Germany and its export-dependent beggar-thy-neighbor policies out of the Eurozone.

The authors then move on to investigate the interviewee's perspective on social movements, from their historical emergence to contemporary developments (chapter 10). Elsenhans sees current Northern movements as having transformed into "network social movements," that is movement organizations not being interested in distributional conflict, but elite-level networking. In contrast, he terms contemporary Southern movements as "New Cultural Identitarian Political Movements," by which he means identity-based coalitions of different social groups emerging due to failures of state developmentalism. In the last chapter the reader finally obtains some rare personal reflections on the interviewee's career and work as well as an interesting discussion of his views on culture and the environment.

As usually with grand narratives and theorizing, there is much to be criticized and challenged in Elsenhans's approach – needless to say without discarding the manifold valuable contributions stemming from said approach. The reasons that made this book necessary at the same time render it virtually impossible to comprehensively engage with Elsenhans's theories in a brief book review. I will thus zero in on what I feel are weaknesses and gaps of his approach only in a few examples and leave more critical engagement to others.

I will start with a conceptual problem: if capitalists have no particular interest in free markets and profits because of rents and monopolies promising more and easier surplus, as Elsenhans agrees with Fernand Braudel and the world-systems approach in assuming; if "non-regular" labor constitutes the pivot of work relations instead of the capital-wage-labor-nexus, as feminists and post-colonial scholars have pointed out long ago;⁵ then what is capitalism after all? Although Elsenhans never defines capitalism exactly, and the interviewers unfortunately do not push him to do so, he seems to implicitly define capitalism as a decentralized system of market coordination within a nation-state via profit - which he does explicitly elsewhere -⁶ not as a transnational system privileging

5 For a brief overview, see among others: Maria Mies, "Patriarchy and accumulation on a world scale – revisited (Keynote lecture at the Green Economics Institute, Reading, 29 October 2005)," *International Journal of Green Economics*, no. 3/4, (2007), accessed March 16, 2016, http://collectiveliberation.org/wp-content/uploads/2013/01/PatriarchyAccumulationOnAworldscale_Revisited2005_MariaMies.pdf.

6 Hartmut Elsenhans, *Kapitalismus kontrovers: Zerklüftung im nicht mehr so kapitalistischen Weltsystem* (Potsdam: Universitätsverlag Potsdam, 2009).

the endless accumulation of capital on a global scale.⁷ But rents and dispossession have historically always been crucial for capital accumulation and not a feudal remainder. Beneath the sphere of market exchange has always lied a huge universe of care labor, various forms of coerced labor and slavery and subsistence production rendered invisible by an excluding focus on wage labor shared by orthodox Marxists, classical economists and Keynesians such as Elsenhans alike. Or to quote Claudia von Werlhof: “Tendencies for the normal wage labor system to disappear do not mean a disappearance of capitalism, but, to the contrary, its [deepening] and expansion.”⁸

Only from such a perspective can rent be seen as a threat to capitalism necessitating statist responses, not as a classed, gendered and racialized part of it. Along the same lines he concludes that social struggles surrounding abortion or war, for instance, are (important but) not altering hegemonic capitalist logic.⁹ He seems to thus either perceive capitalism and patriarchy as separate social systems (the latter then apparently not being worth including in a theory of the world-system), or interpret “non-economic” gendered inequality as a “side contradiction” not central to social change, a tendency progressives should have buried decades ago.

Related to these conceptual questions, property is not a central issue for Elsenhans, which differentiates him from neo-classicals and Marxists on the one hand, but leaves some space for synergies with various heterodox anti-capitalist traditions on the other. Thus Elsenhans can arrive at conclusions such as: “[P]rivate property is not at all necessary [for capitalism] [...] profit does not imply that you have to maintain private property in any case. Even if you socialized all your economy, you would have profit in the company sector which you are running according to the market.”¹⁰ Such thoughts are not terribly far from market socialists à la Raúl Prebisch or Gustav Cassel demanding a combination of democratic polities, free markets and the socialization of the means of production. Innovative thinkers such as Johanna Bockman have recently pointed out the potentially progressive effects of (actually) free trade and globalization on social and global inequality, while Giovanni Arrighi combined Adam Smith and Karl Marx to point out that capitalism has historically been quite different from actual market-led development.¹¹ However,

7 Note that capital accumulation and wealth accumulation should not be conflated, as Elsenhans does not surprise Marxists by arguing that capitalists cannot increase their consumptive share under competitive pressures. Marx pointed out capitalists’ agency being limited by structural forces even before Rosa Luxemburg and more recent leftist debates have discussed this awareness as a good remedy against personalizing anti-capitalist critiques, demonizing capitalists as well as structurally antisemitic anti-capitalism. Wilcock and Scholz, *Hartmut Elsenhans*, 95-96.

8 Claudia von Werlhof, “No Critique of Capitalism without a Critique of Patriarchy! Why the Left Is No Alternative,” last modified April 3, 2007, <http://emanzipationhumanum.de/downloads/critique.pdf>.

9 Wilcock and Scholz, *Hartmut Elsenhans*, 145.

10 Ibid., 104.

11 Johanna Bockman, “Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order,” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1, (2015); Johanna Bockman, “Markets in the

these perspectives have avoided the trap of conceptually lumping together markets and capitalism, thereby avoiding the trap of reproducing hegemonic neoliberal conceptions of capitalism being about free markets and free trade.

A final point: while Elsenhans makes some observations on economic structures influencing social movements, and his concept of “New Cultural Identitarian Political Movement” is certainly very interesting, social movements studies have long pointed out that grievances do not simply translate into collective action. While grievances often exist, they do not always precipitate contentious politics. It is true that grievances correlate with protest to a certain extent, but they are mediated by subjective perception and collective action relies on resource mobilization, political opportunities and framing choices.¹² Elsenhans also follows theories about alleged new social movements in assuming that social movements have permanently changed from a class-focus to an identity-focus, while this temporary shift has more to do with the now abandoned class compromise of the post-war period and the quite necessary incorporation of identity struggles into movement-interior knowledge production. While class transformations do influence movement composition and identity, it would be economicistic to reduce the causes of these process to a growing middle class (and in the South additionally to the emergence of corrupt state classes under developmentalist projects). The “identity turn” among social movements for instance also relates to responses of subalternized groups such as LGBTI rejecting the economicistic class-fetishism and its exclusionary focus on (male) wage labor of the traditional labor movement.

Returning to the fact that Elsenhans is not the author, but the object of study, however, Scholz and Wilcock have presented a highly valuable and fun-to-read piece. The act of making complicated concepts easily accessible necessarily brings with it the trade-off of occasional simplification, as the authors themselves acknowledge.¹³ However, such limits are unavoidable and readers ranging from newcomers to political economy all the way to advanced theory enthusiasts looking for heterodox approaches will profit greatly from this innovative book. It is a great present Scholz and Wilcock have made them (and indeed Elsenhans himself) in making his original theories and concepts challenging conventionally accepted axioms potentially more accessible to a wider public. **GPR**

Name of Socialism: The Left-Wing Origins of Neoliberalism” (Stanford: Stanford University Press, 2011).

12 This finding is expressed in the work of renowned social movement scholars such as Charles Tilly, Sidney Tarrow, Doug McAdam and Donatella della Porta.

13 Wilcock and Scholz, *Hartmut Elsenhans*, 5.