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# Power in the Modern Age

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## **Power in the Modern Age: Reconciling the Mechanisms of Historical Political Economy**

This work must begin with an admission of the complexity and scope of the question at hand, that is, 'what is the relationship between political power and economic power'? It is a relationship that is difficult to classify because of its cyclical nature, in that each has the potential to complement or contend with the other. Hence an analysis of this question cannot be framed in terms of cause and effect, as in stating "economic power necessarily begets political power," because there is no coherent and definite causal relationship between them. Rather, there is a complex, constant and sometimes contradictory interaction between political and economic power, with elements of both mutual tension and co-dependency. It can therefore be said that the development of political and economic power has been intertwined, while each has retained its own narrative to some degree. The difficulty of analyzing this relationship has been considered by several pre-eminent scholars of political economy, for example Antonio Gramsci when he wrote that "politics becomes permanent action and gives birth to permanent organisations precisely in so far as it identifies itself with economics. But it is also distinct from it, which is why one may speak separately of politics and economics" (139-40). How, then, to approach the question of the relationship between political and economic power?

By considering the mechanisms that help to bind political and economic power, we may identify the points of contention as well as mutuality, and therefore hope to better understand their relationship. It is the intention of this work to demonstrate that although politics and economics can indeed be spoken of separately, as Gramsci noted, it is essential that the strictly dichotomous approach to their study be disregarded. Instead, their relationship is best viewed through a lens that recognizes the existence of mechanisms which contribute to the increasing scope of both political and economic power. As a result of such mechanisms, issues that have been traditionally defined as belonging to the exclusive realm of economics have begun seeping into the realm of politics, and vice versa (i.e. Wood, 1996). In assessing the processes which have contributed to the apparent 'coming together' of political and economic power, we may begin to understand how they relate to one another within the context of the modern global system.

What follows is thus an account of the two major structural phenomenon of the modern world system: hegemony and the naturalization the accompanying regime of accumulation. The study of these two forces allows for an understanding of how power is reproduced in the modern system, and also how political and economic forces have experienced a kind of 'coincidental collusion' in their capacity to reinforce the norms of the hegemonic power, conceived of in contemporary times as the capitalist United States (Gill, 2005; Harvey, 2001; Panitch & Gindin 2005). This broader-level approach shall be supplemented by a commentary on the separation of economics from politics under the modern global system, which serves to illustrate the tacit ways in which both forms of power are entrenched into the social subconscious.

## **Hegemony and the Naturalization of Political and Economic Systems**

The inclusion of 'hegemony' at the centre of the study of political and economic power is due to its capacity, beyond that of power through force or coercion alone, to instill at a subconscious level the justifications of power. Steven Lukes writes in terms of the "third dimension of power", which is the ability to shape not only what is discussed but

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what is *desired*, with the aim of acquiring the consent to domination by willing subjects. The naturalization of certain norms in this way shall be considered following an explanation of what precisely is meant by 'hegemony'.

Hegemony, taken in the Gramscian sense of the term, necessarily consists of a combination of consent and coercion, with the former reigning in the majority of opposition to the dominant structure and the latter acting as a last-resort guarantor of hegemonic dominance (Cox, 1983). With this definition in mind, how can hegemony be applied to our understanding of the modern world system and its construction of power? 'World hegemony' has been described as the power of one state to "exercise governmental functions over a system of sovereign states", the result of a particular power successfully heeding the international call for "order" and limiting "systemic chaos" (Arrighi, 1993). In this conception of hegemony, the power of a state to lead an international order is greatly enhanced when that state is at least *perceived* to be pursuing a universal interest, that is at minimum "an order which most other states could find compatible with their interests" (Cox, 1983).

What follows is an attempt to discern how the concept of hegemony has developed over time to reach a point of such complexity as to become a driving force behind the maintenance of power in the modern age. While the domination of one state, nation or empire over others is of course not a modern phenomenon, domination through hegemony as outlined above certainly is. What accounts for this transition from power through primarily explicit, militaristic means to power through a relative degree of consent and the shaping of desires? In this case, Giovanni Arrighi's "The Three Hegemonies of Historical Capitalism" is invaluable as an analytical tool. Arrighi provides a historical perspective on the development of hegemony as an instrument of power. Establishing his time frame as beginning with Medieval Venice, carrying through the Dutch and British empires and concluding with the modern United States, Arrighi identifies several ways in which hegemony has become a more socialized and institutionalized phenomenon over time.

One trend which he observes is that each successive hegemonic power listed above relied more on consent than on coercion than the last (1993). This is not to say that the process of acquiring consent did not involve coercion itself, but rather that at minimum the existence of an ever more interdependent international community has increasingly limited the potential for hegemonic powers to act with absolute arbitrariness. Another observation offered by Arrighi is that each successive power has more successfully than the last attached their national interest to ideas which have held some 'universal' appeal, universal at least within their region or social geopolitical context. For example, a central explanation for the rise of the Dutch United Provinces according to Arrighi was its intellectual leadership toward "the liquidation of the medieval system of rule and the establishment of the modern inter-state system", an appeal which concerned all those subjected to Hapsburg and Papal authority (161). It was the British, however, which Arrighi says introduced the most significant rationalization for empire for our study of political and economic power: the market (172).

A modern consequence of the universalization of liberal political and economic norms is the "new constitutionalism", being the regime of international governance, civil society and non-governmental groups which reinforces hegemonic values (2005). Institutions such as the World Bank and World Trade Organization act to further globalize dominant governance and corporate structures, ensuring that the international system is "subjected more and more closely to the capitalist logic of power." (Arrighi 185). This universalization of interests and desires underlies the fundamental resiliency of the modern political and economic arrangement. David Harvey, speaking to this process of naturalization, remarks that,

"For any way of thought to become dominant, a conceptual apparatus has to be advanced that appeals to our intuitions and instincts, to our values and our desires, as well as to the possibilities inherent in the social world we inhabit." (5)

In this way, the hegemonic system becomes more deeply embedded into social life, becoming nearly non-negotiable in its terms, which tend to be assumed away. The reduction of issues to broadly defined ideals, for example in the way that 'freedom' has been utilized in the modern environment, has a way of "infantilising judgment" and promoting "all kinds of failures of rationality and illusory thinking, among them the 'naturalization' of what could be otherwise" (149). Lukes mercifully notes that this form of domination is never total, and is so only in "fictional dystopias" (150).

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What is evident from this brief examination is a historical coincidence in the increasing sophistication and naturalization of the dominant political and economic regime through hegemony. The relationship between economic power and the modern state may now be considered as the next step in understanding the implications of the increasingly complex relationship between political and economic power.

## Markets and the State: Complements and Contradictions

Since what is being argued is a more integrative rather than adversarial approach to political and economic power, it is appropriate to assess how economic power under the modern hegemonic structure relates to the state. Markets and states are, under the dichotomy, seen as holding primarily adversarial interests. This section is dedicated to showing that although there are some adversarial aspects to this relationship, it is more reasonable to conceive of the development of the liberal economy and the state as being more so intertwined than at odds. This in turn lends itself to a more nuanced understanding of the relationship, similar in nature to that constructed by Leo Panitch and Martijn Konings in "Myths of Neoliberal Deregulation".

Having just turned from a consideration of hegemony, it is perhaps fitting to proceed with a crucial historical moment in the relationship between capital and the state which contributed to the dynamism of hegemony. That moment was the shift from a territorialist approach to power to the capitalist approach, which Arrighi argues occurred paradigmatically in medieval Venice (1993). Territorialist rulers identify power with the extent of their physical domain, with the accumulation of wealth being a by-product of endless territorial expansion. Capitalist rulers, in contrast, instead focus on the act of wealth accumulation itself as the goal, doing so "within a small container and increase[ing] the size of the container only if it is justified by the requirements of the accumulation of capital" (154). What this meant for power was that acquiring it would no longer be a question of casting the biggest territorial net from which to extract wealth, but of concentrating the manner in which wealth is accumulated. It was as though capital began to subscribe to Luke's notion of the dimensions of power – it had gone beyond the first stage, that is using simple force to achieve its desires, and arrived at the second, that is beginning to decide what is discussed in the first place (Lukes, 2004).

With the aid of this development, capital became detached from the state in the sense that it began to internationalize, becoming increasingly unrestricted by territorial boundaries in its pursuit of accumulation. Harvey notes that modern capitalists are essentially transnational, and that while they may use a particular state as a base of operations, where they attach themselves to is "no more stable than the capitalist activity they pursue" (2007). While the relationship between economic power and the state is largely considered to have become more contentious under modern neoliberal capitalism, the state remains the basic environment in which not only capital but hegemony, too, develops. For example, a consensus among Harvey (2007), Gill and Law (1989), and Panitch and Gindin (2005) holds that the state remains essential to capital as at the very minimum a facilitator and guarantor of private property. Gill and Law argue, for example, that "markets have historically required some form of political organization and protection, normally provided by the state. By the same token, governmental institutions require finance, which creates an added interest in both facilitating and regulating markets" (479). Gill individually posits a defence of the state, arguing that it serves as more than a facilitator of capital and is in fact the only environment in which a historic bloc may be established (2005).

This work conceives of the relationship between economic power and the state as a "dialectic", wherein the state attempts to reconcile the globalization of economic power with the territorially-bound nature of its own authority (Panitch and Gindin, 2005). The liberalization of economic power does not need to be viewed as entirely detrimental to the state, and the utility of liberalized finance must be weighed as a means by which states can achieve their goals. For example, Panitch and Gindin conclude that liberalized finance has been instrumental in the "reproduction and universalization of American power" (47). Much of the basis for the dichotomous view of politics and economics, and thus for the either-or view of capital and the state, originates from the very successful endeavour of the hegemonic system to separate economic issues from political ones, and vice versa. The following section seeks to explore this claim.

## The Separation of Economics from Politics

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Ellen Wood writes that capitalism's purely economic means of exploitation, such as commodification (explored at length by van der Pijl), have led to the development of an economic sphere formally separate from the political sphere (2003). Conversely, according to Wood, there also exists certain political mechanisms which are independent from economics. This separation can seem troublesome for those seeking to identify how to hold capital accountable for its social repercussions. "Transnational capital", writes Wood, "seems to have escaped the boundaries of the state...and the problem of locating and challenging the centre of capitalist power has apparently become even harder. It seems to be everywhere and nowhere" (14). The obscuring of capitalism's coercive power lay, Wood maintains, in the fact that modern capitalist coercion is detached from appropriation. In contrast, feudal societies experienced a unity of coercion and appropriation, for example in the period of European colonialism where representatives of the exploitative regime were in plain view of the subjects of that exploitation.

The detachment of the two in modern capitalism obscures the source of the exploitation, and in many cases discontent begins to be directed at the very visible, and moreover accountable state (2003). As such, political crises and social unrest are rarely linked to their economic foundations. This perceived division is undoubtedly one of the most integral means of maintaining power within the hegemonic regime.

In instances where a connection is made between capitalist exploitation and the overarching economic system at work, and we are now speaking of modern neoliberal capitalism, that system has proven remarkably capable of co-opting dissent while avoiding any substantial reorganizations of power. As Panitch and Konings correctly and unfortunately observe, the sight of a handful of CEOs being taken away in handcuffs has more than once satiated public fury at what appeared to be systemic crises (2009). But more than this, capitalists have seized upon moments of systemic uncertainty to negotiate for new and more profitable regimes of deregulation and accumulation. Elites have become incredibly adept at using crises to tweak regulatory regimes and to kick-start "processes of 'codification, institutionalization and juridification' which in fact serve to lay the foundations for the further growth of finance capital" (81). However, Gill identifies a contradiction that he posits is pushing towards the realization of the connection between political and economic power: that for more and more people worldwide, "the deepening power of capital expropriates and undermines the basic means of livelihood" (2005). Whether or not this fundamental contradiction proves to be a potent enough force to usher in a societal revelation is an intriguing thought for the future.

Let us now recall the "new constitutionalism" and the reinforcement of hegemonic norms through civil society and global governance structures. One interpretation of how the new constitutionalism functions in the separation of economic and political power is offered by Cox, who states that the maintenance of bourgeois rule in modern capitalism is dependent upon acts of token concessions to the subordinated classes. These concessions, which may include labour rights, political liberties and other social reforms, incorporate dissent into the hegemonic structure by ensuring that methods of protest are directed through state-recognized mediums, thus confirming in the act of protest one's recognition of the legitimacy of the overarching system. However, these concessions have not, argues Cox, challenged capitalism as a structure or the naturalized notion of class privilege. In this way, capitalists do not need to have direct access to political power, for their hegemony is "thus firmly entrenched in civil society" (1983).

Deployed on a global scale in the form of international institutions and organizations reflecting hegemonic values, inter-state tensions are similarly "limited to renegotiating terms of the imperial relationship, not questioning its essence" (Panitch and Gindin, 2005). This domination through civil society seems to satisfy Steven Luke's "second dimension of power", that is the ability to decide what is discussed, yet hegemony manifested through civil society and the separation of political and economic power so far fails to satisfy Luke's "third dimension of power", being the ability to shape unconscious desires through internal and external factors.

Would not, after all, a hegemonic political and economic regime of the complexity herein described reasonably be in a position to execute the most complex form of power?

To realize how the third dimension is achieved through the form of economic organization we recognize as modern capitalism, we can utilize Kees van der Pijl's notion of "commodification" (1998), wherein he points to the marketization of daily life as a major function of the capitalist regime of accumulation. Commodification is the

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process by which individuals and objects are assigned value for the purpose of participating in the world market, for example the transformation of a sustenance farmer into a wage labourer. Polanyi wrote ominously that the objective of commodification “was to annihilate all organic forms of existence”, and that the freedom of contract and labour in effect “meant that the contractual organizations of kinship, neighbourhood, profession, and creed were to be liquidated” (Qtd. in van der Pijl 10). In this state of fetishism, where the market is conceived of as an invisible, quasi-magical entity, van der Pijl writes that “contemporary society retains a primeval helplessness in relation to what it treats as forces of nature” (11). This seems to be an ideal arrangement for a hegemonic system, for what better way to maintain the consent and the willing participation of subjects in a regime of uneven accumulation than to so naturalize that regime as to make it appear semi-divine? In this way, individuals within the capitalist hegemonic system experience intensive day-to-day interaction with economic means of domination, yet are blinded to the connections between these forces and social and political crises. The unconscious perception of the self and of community in individuals experiencing commodification is thus shaped fundamentally by market logic. In so redefining social relationships, the capitalist hegemonic system includes dimensions of Lukes’ “third dimension of power”, being the most intrinsic form of power.

So far, this work has constructed a perspective on the relationship between political and economic power which emphasizes the complex and tacit ways in which they reinforce one another through mechanisms such as hegemony and commodification. Implicit in this line of reasoning is, as has been mentioned, a rejection of the perspective which views political and economic power in terms of a strict dichotomy. What follows is an elaboration on this rejection of binarism, specifically as it applies to the world economy in the twentieth century.

### A Rejection of the Binary Approach to Modern Political Economy

Just as a stark division has been constructed between political and economic power, so too is there a division identified by many scholarly works on twentieth century political economy between two supposedly antagonistic periods of economic organization: the post-war period of the New Deal and Keynesian economics on hand, and the neoliberal era of Friedmanite monetarism and ‘Reaganomics’ on the other. Authors such as Scott Newton suggest that neoliberalism was a direct revolt against the post-war state (2004), implying that the neoliberal regime has been independent of and in conflict with the institutions of the state. This, in turn, has provoked a response from authors such as Panitch and Gindin (2005) who suggest that the neoliberalism does not represent such a ‘clean break’ from the post-war era after all. The twentieth century, they write, is not divided into two eras of Keynesianism and neoliberalism, the latter representing the ‘liberation’ of capital’s capacity, but has instead been a period of the consistent reinforcement of market power through domestic forces (2005).

This does not mean that neoliberalism has not been accompanied by major breaks from the post-war period. It is true, for example, that finance has moved beyond its traditionally limited role of providing credit to take a place at the very centre of the accumulation process, “straddling credit and production” (68). This has resulted in the structural power of capital rising measurably relative to that of governments (although, as emphasized, governments continue to maintain a fundamental role in the process of accumulation). Nonetheless, neoliberalism cannot be said to have entailed the submission of the state as much as it can be said to have involved the tightening of institutional linkages “that sustained the imperial power of American finance” (Panitch and Konings, 2009). Notice the operative usage of the word “tightening” as opposed to “creation”, inferring that the institutional linkages between capital and politics had been established for some time by the late 1970s. This is why Panitch and Konings continue to conclude that the deregulatory regime that accompanied neoliberalism was not done out of any ideological dedication to the neoliberal project *per se*, but was rather driven by actors who had already accrued “decisive momentum under the old system of regulation” (2009). This approach aims to challenge the orthodox view by proposing that the post-war era provided the environment in which private capital was incubated until, by a combination of its own acquired potential and the coincidence of historical-political forces, it was able to forge a new regulatory regime. Viewing the political economy of the twentieth-century United States in this manner, as opposed to in terms of a strict division of eras, complements the notion that the development of political and economic power has been more complex and less linear than it is sometimes perceived to be.

### Towards a Synthesis on Political and Economic Power

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In the introductory section of this work, mention was made of a 'coincidental collusion' between political and economic power. What this refers to is the idea that the mechanisms driving the historical evolution of 'power', such as the construction of hegemony as discussed above, simultaneously yet unintentionally contribute to the development of political *and* economic power. For example, some scholars seem to perceive the continuities between political and economic power in near-conspiratorial terms, such as van der Pijl, who writes of a "strategic class consciousness" within the international capitalist class (Qtd. in Gill and Law, 1989). However, what the idea of a 'coincidental collusion' between political and economic power infers is that this relationship has not developed strategically in the sense of there being a continuous, deliberative attempt to advance it towards a certain, definable end; rather, that the mechanisms of power that have developed since medieval Venice have naturalized the social relations requisite for both political and economic power to emerge as they have in the modern system.

Political and economic power must therefore be recognized as being inextricably linked, with the processes of consolidation for each coinciding throughout history by means of mechanisms such as hegemony and the universalization of hegemonic norms and values. It is important to note that this process, though it naturalizes certain conditions, *must not itself be seen as natural*, a consideration certainly worthy of its own dissertation. As hegemony grew in its sophistication over the centuries, economic power has complementarily entrenched itself in ever more embedded and socialized ways into political life, while political power continues to provide the essential structure for the evolving regime of accumulation.

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