CAPITAL’S SOVEREIGN EXCEPTION: THE LIBERAL MATRIX AND ITS DISCONTENTS

Yahya M. Madra and Ceren Özselçuk

The end of neoliberalism?

Neoliberalism, as an ideology with claims for global cosmopolitanism, is argued to be in decline. According to its predominant conception, neoliberalism is understood to be synonymous with capitalist globalization, where the national markets are integrated with one another through trade and financial liberalization, where the institutions of the welfare state are dismantled through privatization, the Keynesian full employment mandate is replaced by a prioritization of price stability, and the historic accord between capital and labor is broken through a rapid deregulation of labor markets. The Thatcher-Reagan axis, when it came to power on both sides of the Atlantic, entailed all of this and more. We call this tendency historical neoliberalism because what is referred to as neoliberalism in these arguments is a particular and historically specific institutionalization of what Michel Foucault distinguished as the governance of the social through the modulation of economic incentives.

Simultaneously, commentators highlight a return to versions of populism that claim to be in part the voice of those rendered “superfluous” and deemed “deplorable” by the acephalic (headless) movement of the global circuits of capital. These new right-wing forms of populism aim to re-cycle some earlier Keynesian ideas (in the form of direct government investment in areas of infrastructure, armament, and security), to revitalize a mercantilist vision of international economic order, and to reclaim economic nationalism. In the face of the recent electoral successes of this neo-mercantilist populist orientation, the mainstream tendency is to pathologize it, to argue that it is a form of economic illiteracy—undoubtedly, the inchoate nature of these populist discourses justify this sentiment. Moreover, when juxtaposed with the “progressive” cosmopolitan pretensions of neoliberalism, nationalist and in many cases, outright racist pronunciations of the proponents of neo-mercantilism yield a stark contrast.
These accounts suggest that what is transpiring is a shift from a neoliberal imaginary of rational and global markets to a neo-mercantilist imaginary of power-grabbing and gain-seeking nation-states. While the old may be dying and something new coming into existence, our intention in this intervention is to entertain the idea that neo-mercantilism is a monster created by neoliberalism—and not only in the sense that it aims to resolve the intractable contradictions and crises created by the three decades long reign of neoliberalism (“Making America Great Again” is a yearning for the pre-neoliberal golden age of capitalism in the US, while “Brexit” positioned itself against the neoliberal technocracy of the EU). We think that neo-mercantilism is a product of neoliberalism in a more immanent manner. In fact, we argue that both neoliberalism and neomercantilism are moments within a broader “liberal matrix” and what we are observing today is essentially a crisis of liberalism.

In a commentary, some years ago, anthropologist John Comaroff took a skeptical stance towards those who announced the end of neoliberalism and pointed towards a novel dynamic pertaining to the reorganization of the “nation-state” as corporation (as also attested by the way in which various state-leaders have been characterizing themselves as entrepreneurs, or CEOs). We can reformulate this and apply it to the current conjuncture in the following way: the modern corporation, which originally emerged as an apparatus of the mercantilist state, is now projecting its organizational logic back to the nation-state in the wake of neoliberalism. Our contention is that this projection is possible because three decades’ worth of neoliberal critique, audit and transformation of the modern liberal welfare state has prepared the latter for this pending reformatting. For this precise reason, we do not expect the neo-mercantilist reconfiguration of the nation-state to be a return to the Keynesian welfare state of the Beveridge Plan or New Deal American liberalism. Yet, on the other hand, even though it will make use of many “adjective and adverbial capillaries” (to use Comaroff’s terms) of the neoliberal program (in line with Foucault’s “thin” definition of neoliberal governmentality through economic incentives), we do not expect the neo-mercantilist state to be a purely economic proposition. The emerging sovereign nation-state as a corporation will be a novel combination of political economy
and political theology: we can anticipate it to entail an unprecedented expansion of the domain of applicability of “the sovereign decision on the exception” towards the domain of the economy\(^8\)—perhaps a tendential suspension of the economic rule of markets in the name of corporate sovereignty.\(^9\)

But, from a Marxian perspective, the capitalist corporation and the *appropriation* of surplus value has always entailed the articulation of commodity abstraction and corporate sovereignty. To make sense of this emergence of sovereign state as a corporation, or the modern nation-state conducting its sovereign right to decide on the exception in a corporate mode, we will be repeating Marx’s movement into the “hidden abode of production” as a “zone of exception” where the law of exchange of equal values among equals is suspended. In a manner that concretizes Walter Benjamin’s declaration that “the state of emergency in which we live is not the exception but the rule,”\(^10\) Marx’s discussion of capitalist production suggests that the exception to the law of the market has the status not only of a structuring principle but also of a *norm*—an insight that is systematically occluded by bourgeois economists.\(^11\)

Our intention is to begin to theorize this emerging neo-mercantilist imaginary as the problem that our present poses to our critique of political economy. We will take up this problem of neo-mercantilism, first, as an ideological construct embedded in the symbolic universe of liberalism (the liberal matrix), and then, in its historicity, from the vantage point of Marx’s discovery and object of critique. In Marx, we find two important insights. The first one pertains to his theorization of the appropriation of surplus value as an articulation of commodity abstraction and corporate sovereignty. From this insight, we trace the genealogy of capital’s sovereign exception as it metastasizes back into the body of the modern state. The second insight pertains to his communist critique of the bourgeois doctrines of social reproduction (production, appropriation, distribution and consumption) and their visions of harmonious reconciliation (re-staged in most banal ways by the neo-mercantilist imaginary). From this insight, we sketch the contours of communist interruption of the logics of exception that organize not only corporate sovereignty (through hierarchical/racialized regimes of “ability”) but also commodity abstraction (through prohibitive and permissive injunctions around “need”).
The Liberal Matrix

Periodization involves historicization. Historicization, in turn, is to impose a narrative structure to a sequence of events. Historicization as narrativization requires to be treated as a narrative production, as an ideological formation. In reading the liberal matrix as a narrative production, the Greimassian “semiotic” square, the mode of formalization most frequently mobilized by Jamesonian critique, provides a powerful framework to begin appreciating neo-mercantilism as an immanent product of the liberal matrix.

Figure 1. Greimassian semiotic square.

In a semiotic square, S₁ and S₂ form a binary opposition, but one that, when it is transformed into a square, now reveals to encompass far more than two available positions. More specifically, neither not-S₂ (~S₂) is exhausted by S₁, nor does not-S₁ (~S₁) by S₂. The semiotic square, like a lever jack, opens up the binary to its underside, to its unarticulated others. And as we will see below, as the binary turns into “a quadripode,” in addition to the contrary relation between S₁ and S₂, two new relations are introduced: S₁ and ~S₁ form a contradictory relation, and S₁ and ~S₂ form a relation of implication. In addition, we can note that ~S₂ and ~S₁ forms a subcontrary (or, secondary binary). Fredric Jameson, in his commentary on the Greimassian semiotic
square insists on the dynamic nature of what appears to be a synchronic structure and points out that deciding on the very sequence of inscription of the terms (which will come first?) has crucial operative implications.\textsuperscript{15} “The square,” Jameson writes, “is in that sense not symmetrical but ‘temporal’ or positional”.\textsuperscript{14}

We begin our liberal matrix with its constitutive dichotomy between \textit{market} and \textit{state}. These terms have a contrary relation between them; they form an ideological binary that structures the field of “liberalism”—a very primal binary, indeed. Most importantly, the binary splits liberalism from within, rather than separating \textit{liberalism} as the political ideology of market from \textit{socialism} as the political ideology of the state. It is true that classical liberalism defines itself as a break from its mercantilist and colonialist past and claims to wrestle away markets from the arbitrary interventions of the mercantilist state.\textsuperscript{15} Yet it is also true that classical political economists were not only complicit, as documented in their private communications and political interventions, with the implementation of primitive accumulation by the British Crown,\textsuperscript{16} but also their notion of the limits of private property (i.e., the necessity of the state for enforcing private property, the impossibility of provisioning certain goods and services through the private sector) implied that the state is an integral part of the liberal frame.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure2}
\caption{Liberal matrix.}
\end{figure}
But even if it is internal to liberalism, market and state form a contrary in the sense that the state has come to function as the signifier of socialism within the discursive field of the liberal matrix. One of the definitions of socialism is the public ownership of means of production and the replacement of market prices with those of administrative prices decreed by a planning board. At least this was how Oskar Lange, a Marxist intellectual and a neoclassical economist who taught Walrasian general equilibrium theory at the University of Chicago (right before the institution became the birth center for American neoliberalism), defined socialism, during the Great Depression, in a debate that is known as the socialist calculation debate.\footnote{Lange’s main interlocutor in that debate was none other than Friedrich von Hayek.} We can provide a couple of reasons in explaining our choice of sequence with market first, state second. First, even though the mercantilist state predates liberalism, the latter constructs its own narrative as a break from mercantilism, as a foundational discourse. Then, there is the chronological order of the 1789 French Revolution (or even before that, the 1776 American Revolution) and the 1917 October Revolution. This chronology highlights the anteriority of classical liberalism, and inevitably ties the notion of socialism to the Soviet experience. But here we must be careful to separate the modernist notion of state socialism not only from utopian socialists of the 18\textsuperscript{th} and 19\textsuperscript{th} centuries but also from the Paris Commune, as their politics did not operate within the market-state binary of the liberal matrix. So, when we refer to socialism, first and foremost we refer to a fantasmatic figure that functions as the intimate other of the liberal frame. In this sense, the reference to Polish émigré economist Oskar Lange is not accidental, since he represents the figure of a socialist who had intellectual ties to the modernist five-year plans of the USSR (he even became an ambassador to Poland after the war, before relocating to Poland where he served in the Polish government) but was also well-versed in the mathematical general equilibrium theory that was and, even to this day, continues to be at the heart of the neoclassical paradigm.\footnote{Jameson notes that one should also consider the compound or “synthetic” positions created by both the primary and secondary binaries. The first term should be a complex unity or utopia, representing a harmonious reconciliation of contraries. The proper name here could be John Maynard Keynes and the signifier that presents an ideal combination of market-friendly classical lib-}
eralism and the redistributionist socialist planning position is *social democracy* with its many instantiations across different geographies (in the form of pre-war FDR liberalism and post-war “Great Society” in the US, the Beveridge plan in the UK and the indicative planning experience in France). In fact, taking the long first century of modern capitalism as its historical background, we identify the Great Depression of the 1930s and the New Deal as the privileged temporal locus of the market-state binary. In the US, even to this day, the referent of the signifier “liberalism” remains to be the state as the privileged vehicle for redistribution. And much of the foundational debates of post-war neoclassicism occurred in this context when the state is presented as the solution to the failures of the market.

What are we to make of the underside of the square, the sub-contrary formed by the simple negations or contradictories of market and state? If state is the negation of market, the negation of negation, while implying the market, cannot be reduced to the market; it encompasses it. Market should be one of the possible actualizations of what *non-state* implies. Similarly, *non-market* also does not necessarily imply the state as the negation of market. In this sense, we can think of state as “an opposing system of meaning [S2]” whereas non-market is “the absence of that meaning [~S1].”

We would like to line up *neoliberalism* and *neo-mercantilism* respectively with non-state and non-market. It is possible to write, instead, anti-state and anti-market and not many would object; but we don't wish to reduce the possibilities opened by the absence of state or market. As Jameson recommends, “the four primary terms need to be conceived polysemically, each one carrying within it its own range of synonyms, and of the synonyms of its synonyms—none of them exactly coterminous with each other, such that large areas of relatively new or at least skewed conceptuality are registered.” While non-state does include market, it is not reducible to it. In other words, the negation of the negation does not necessarily entail a return to classical liberalism and its notions of market—it is quite possible that something new can emerge. Similarly, non-market is not reducible to socialism and its notions of state, even though it does encompass it. The only condition in choosing these new terms is to remind ourselves that a contrary is an opposition that belongs to the (Lacanian) Imaginary register. In other words, the opposition between neoliberalism and neo-mercantilism, just like the one between classical liberalism and socialism, is an imaginary opposition.
Figure 3. Liberalism between utopia and truth

Neoliberalism can be thought of in at least three different ways: as an adjective to capitalism marking a historical period that begins roughly in the 1970s, peaks in the early 1990s and becomes a crisis-ridden proposition after the 2008 Crash; as a historically situated “thought collective” and network of social thinkers, economic philosophers, academic entrepreneurs, funding institutions, wealthy benefactors, and crafty politicians; and as an episteme that informs a particular biopolitical turn in governmentality that seems to persist even after the crisis of 2008. While all three definitions are relevant to our understanding of this moment of negation of negation, neoliberalism as a biopolitical turn indicates a much deeper ontological shift in the way governmentality operates and in this sense, while itself historical in its emergence, it may outlast historical neoliberalism.

In *The Birth of Biopolitics*, Foucault refers to the *state-phobia* of German ordo-liberals, Austrian liberals and American (Chicago) neoliberals of the postwar era. While these three strains constitute a heterogeneous field, we can highlight one major attribute that distinguishes them from classical liberalism. For neoliberals, the central problem is not to protect spontaneous markets from the arbitrary interventions of the state but rather to design and construct the requisite institutional frameworks to facilitate the governance of the population through economic incentives. The latter may be achieved through markets but not exclusively. To appreciate this point, we may need to extend the neoliberal field to include the descendants.
of Oskar Lange’s neoclassical socialist lineage, modern post-Walrasian economists (e.g., Joseph Stiglitz), who acknowledge the endemic nature of market imperfections (adverse selection, moral hazard, missing future markets, etc.) and claim that non-market incentive compatible mechanisms can substitute for both clumsy state interventions and failing price mechanism. These mechanisms must be considered as dispositifs that can function independent of the states (and hence independent of the control of sovereign powers) and not necessarily limited to markets. In this sense, we can argue that true neoliberalism is a post-market constellation.  

The typical example here is the “cap-and-trade” schemes developed to curb environmental pollution. The traditional social democratic response to pollution has been to tax (called “Pigouvian tax” after the British economist Alfred Pigou [1877–1959]) the polluters and use the tax revenues to abate the environmental pollution. In contrast, the cap-and-trade scheme replaces this state-centered redistribution mechanism with a market-like dispositif where the amount of pollution shall be capped to a “sustainable” level and then pollution rights up to the capped level will be issued and distributed to the corporations based on their market-size or some such criteria. Corporations would then make their own cost-benefit analyses and decide whether to reduce pollution and sell their allotment of deeds to other corporations or to purchase deeds from other companies in order to be able to pollute. What makes this post-market scheme quintessentially neoliberal is that it introduces, by institutional design, a market-like mechanism where there are no markets. From the perspective of the neoclassical paradigm, environmental pollution is precisely a problem of the absence of markets and property rights—if there were markets and property rights, there would have been prices, and if there were prices, corporations would be compelled to internalize the externalities. 

**Neo-mercantilism as an emerging response to the crises of capitalism**

Let us now situate this emerging neo-mercantilist imaginary in its historicity. And indeed, the conditions of possibility of the neo-mercantilist/populist tendency have been in the making for some time. Not only due to the failures of historical neoliberalism to fix the contradictions and conflicts unleashed by the movement of the circuit of capital but also due to the contradictions and
conflicts that it itself provoked. First, it was the rise of China (itself a product of the relocation of production to the South due to trade liberalization) and the so-called “sovereign democracy” of Putin (an outcome of the first major victory of neoliberalism, the end of the Cold War). Then, there was Chavez and the rise of a neo-Bolivarian socialism in Latin America as an explicitly anti-neoliberal program. While the case of China has been unique and perhaps an early harbinger of the coming to rise of the nation-state, Putin and Chavez, given their strategic use of oil (both as a source of revenue and as a strategic commodity), were largely considered, from the dominant neoliberal perspective, to be inevitable outcomes of a “resource curse”—a theoretical move that serves to isolate them as deviations from the norm. (Notice the proliferation of exceptions to the rule.) However, in a world with growing middle classes, who demand more and more commodities, and with increasingly limited energy and mineral resources to meet this demand, securing and organizing for strategic resources progressively does require all nation-states to step in and take charge of the acquisition process. In this sense, China, while not particularly rich in strategic resources, is a major actor in this scramble for resources as the Chinese state actively leads the process of acquisition in Africa and Latin America.  

Then, there was the 2007–2008 crisis and the colossal collapse of the financial markets. Here, the nation-state had to step in, at the very capital of global neoliberalism, in the US, to save the too-big-to-fail financial corporations from the edge of the abyss. While the US Government had to implement an unprecedented (at least since the days of the Great Depression) fiscal stimulus packet, the Fed had to invent a number of “unconventional” policies (dubbed “quantitative easing”) to inject liquidity and reduce the returns on long-term Government bonds as they were unresponsive to the “conventional” open market operations. Despite this dramatic change in the role of the state in the face of economic crisis, the dominance of the “austerity” paradigm prevented a deep and far-reaching discussion of historical neoliberalism. Nevertheless, the role the state played in preventing total economic catastrophe and saving the financial system from a demise of its own doing had irreversible effects. First, in the domestic scene, the social consequences of the crisis and the subsequent austerity constraint paved the way towards left-wing (Occupy!) and right-wing (Tea Party in the US, varieties of National Front in the UK and the rest of Europe) populist reactions against an
increasingly coalescing capital-state complex. If the Occupy! movement tended to oppose the capital side of the complex, the Tea Party tendency was more inclined to question its state side (or in Europe, the EU). These two tendencies found renewed platforms in Bernie Sanders’ and Donald Trump’s election campaigns, respectively.

A second, and perhaps surprising, consequence of the US Government’s intervention to save US capitalism from falling into depression is the effect it had on the emerging economies. The unprecedented injection of liquidity through three rounds of “quantitative easing” flooded the global financial markets with liquidity. Since the returns on investment vehicles, compared to the so-called “emerging economies,” have been relatively low in the US and other advanced capitalist formations, the liquidity rather than creating growth in the North, eventually flowed to countries such as Brazil, Turkey, and Mexico, enabling the latter to get out of the crisis much more rapidly than the US and EU. In these social formations, this inflow of foreign capital (even if it mainly had a short-term, arbitrage orientation) provided an unexpected opportunity and fertile conditions for the national governments to entrench their sovereignty through major infrastructural projects. In these social formations, the state, already historically strong in the face of a weak civil society, emerged as a sovereign that actively intervenes in and manages the economic domain, not only in the sense of regulating (and if necessary substituting) the workings of the market, but also as an ultra-, or better yet, meta- market actor, as a sovereign corporation (and this is its post-neoliberal quality), endowed with exceptional powers of a nation-state, with a capacity to determine the winners and losers. These emerging economies were once the darlings of global neoliberalism. They could attract foreign capital to the degree that they have been able to do so precisely because they dutifully followed the rules of the game as dictated by the international institutions (the IMF, WTO, the World Bank, etc.) of historical neoliberalism.

Let’s connect these developments to the structural crises of capitalism that the neoliberal program has either failed to address or further exacerbated during its reign. If “resource wars” among nation-states is one important way in which historical neoliberalism has reached its limits (as a manifestation of “the limits to growth” that the ecologists have been announcing since the 1970s), another one is the deep debt crisis that continues to plague the stability of highly financialized economies of advanced capitalist formations. To be precise, the debt crisis is “structural” in the proper Marxian sense of the
term. Debt has become a systemic problem not because of the “greediness” of lenders and borrowers (a humanist explanation). Rather, in the absence of the redistributive policies of the liberal/social-democratic welfare state, both the extension of credit to consumers and the invention of new financial instruments (derivatives) ended up being the responses of the capital-state complex to the crises of disproportionality plaguing the circuit of capital: under-consumption and over-accumulation, respectively. On the one hand, with the rolling back of the welfare state through the decades of historical neoliberalism, the privatization of the sectors that provided the essential public goods (e.g., education, health, housing, transportation, child care) that supplement the combined budgets of households meant that consumers needed to borrow to make ends meet. On the other hand, the deregulation of the financial markets (the repeal of the Glass-Steagall Act in 1999, the characteristically anti-regulationist stance of the [Ayn Randian] Fed Chair Alan Greenspan) and the breathtaking innovations in communication technologies enabled the unprecedented deepening, expansion and diversification of the financial instruments. This process, known as “securitization” in the literature, provided novel instruments for the profitable allocation of the surplus value accumulated in the hands of, not only the global 1% as the Occupy slogan went, but also the money managers of Chinese state and private capital, the sovereign wealth funds of resource-rich countries and the pension funds from all around the world—searching frantically across the globe for profitable investment opportunities.

Double articulation of capitalist appropriation

From the perspective of neoliberal reason, given its technocratic tendencies and cosmopolitan pretensions, this capture of the state by corporate sovereignty is both very familiar (because neoliberal reason dwells in corporate culture) yet at the same time very uncanny (because suddenly sovereign power and its potentially unpredictable acts emerge as a source of uncertainty). In other words, neo-mercantilism renders undeniably visible what bourgeois economics refuses to see: the dimension of sovereignty that structures the capitalist corporation from day one of its inception. It is in this sense, we argue in Figure 3, that the synthetic term of the secondary binary, corporate sovereignty, is the truth of liberalism. Here we follow Phillip Wegner’s reading of Greimas with
Lacan. According to Wegner, the synthetic term of the primary binary functions as the Symbolic, operating “as both the third to, and the ground of, any of the concrete exchanges and encounters that take place on the plane of the Imaginary.” In contrast, the synthetic term of the secondary binary, the neutral term, is homologous to the Lacanian Real and as such it marks the traumatic truth that disrupts the harmonious reconciliation (social democracy) promised by the liberal matrix.

Indeed, from the exchange perspective of bourgeois economists, the corporation is a problematic institutional formation. If markets are the most efficient way to organize economic activities, why is there a need to create hierarchical organizational forms such as firms and bureaucracies? What explains the existence and even the persistence of the modern corporation as an institutional form in market-dominated societies? While for standard neoclassical economics (in particular, the Walrasian vision of the markets), the firm remained a black box where inputs (capital and labor) enter in and output (commodities) is churned out, late neoclassical economics began to explain the mutually delimiting co-existence of hierarchies and markets through the grid of transaction costs. All organizations, including markets, incur costs to function. Corporations come to existence when and as long as organizing economic activities through hierarchies is more efficient than doing so through markets. In this vision, the dimension of sovereignty that structures the corporation is subordinated to the economic logic of markets. At the end of the day, neither a real heterogeneity, nor an articulation exists between the markets and hierarchies that is worth the name: the hierarchy is contained as a realm of exception (and not an exception which is actually the norm pace Benjamin) whose boundaries are determined not by the sovereign, but by the calculus of costs and benefits, which in turn is rendered possible by the commodity abstraction that assigns values to all the factors of production, including even to the entrepreneurial function.

Coase’s “The Nature of the Firm” was written in response to Frank Knight who theorized the entrepreneur as the sovereign of the corporation who, in the face of true uncertainty, takes a risk and makes all the relevant decisions (to supply what, how much, where, and so on). For Knight, what distinguishes the entrepreneur with respect to the other agents is his capacity to take the risk and, of course, be rewarded for it. In a way, unlike Coase, Knight acknowledges that the corporation (the decisions pertaining to the organization of production and distribution) constitutes a zone of exception but does so in order to
legitimize the function of the entrepreneur as the agent that has the right to appropriate the profit. Keynes’s relation to the entrepreneur is somewhat different: he, like Knight, conceptualizes the corporation as a zone of exception (especially in relation to investment decisions); but does so in order to highlight the fallibility of the entrepreneur (hence the series of anthropological concepts that highlight either his irrationality [*animal spirits*] or speculative rationality [*beauty contest*]).

Marx, on the other hand, articulates commodity abstraction and corporate sovereignty in a manner that neither reduces one to the other, nor idealizes the entrepreneur. From the perspective of commodity abstraction, what distinguishes the capitalist form of appropriation from other forms (feudal, slave, ancient, and communal) is the representation of labor-power to the battery of signifiers representing the world of commodities through its unique signifier: *the value of labor-power*. The capitalist corporation can appropriate the surplus labor of direct laborers through the form in which they are remunerated: direct laborers sell their labor-power, and the value of labor-power (wage) is determined through the basket of commodities (values) that are socially and morally deemed necessary for the reproduction of the capacity (*potentia*) of the direct laborer to perform labor, day in day out. From the perspective of corporate sovereignty, on the other hand, *the capitalist form of appropriation* entails the suspension of the law of exchange of equivalences that is supposed to rule all the exchanges that take place in the marketplace. The terms of Marx’s articulation are very precise. Just as there is no capitalist sovereignty without the mediation of commodification of labor-power, there is no capitalist extraction of surplus value without corporate sovereignty derived from the Sovereign.

Corporate Sovereignty

What distinguishes Marx as a singular figure in the history of political economy is the fact that his critique of capitalist discourse uniquely revealed the constitutive role of the articulation of the economic and the political registers, the spheres of exchange and production, or the processes of commodity abstraction (non-state) and corporate sovereignty (non-market) (in the intersection of which lies the moment of capitalist appropriation). Surely, Marx’s discussions of the hidden abode of
production do not make a theory of the state. Nor do his discussions of primitive accumulation—even though several commentators linked them to Schmitt’s notion of sovereignty. But our contention is that the elements of a theory of the (capitalist) state can indeed be teased out from Marx’s theorization of (capitalist) appropriation. For instance, a genealogy of the corporation reveals how it emerged as a state of exception, a zone, located at the very core of the economy as its institution of reproduction, where the rule of law is suspended, not only as a constitutive element but also as the modality in which the “ordinary business of life” is being conducted. Genealogically, this suspension is a sovereign act, or more properly a “sovereign gift” bestowed upon capital by the absolutist state through the granting of charters. Through these charters and grants, the mercantilist state “created conditions for governing indirectly in a liberal and decentralized way” beyond the political borders of the state, throughout the colonial territories. In this sense, at this very early moment, the incorporation of the act of appropriation, in its colonial mode, refers to what Marx named as so-called primitive accumulation. In the nineteenth century, Joshua Barkan notes that there was a shift of focus from chartered grants to property rights, “with its etymological links to proper, appropriation, and propriety,” from the state to the market, that is, to the incorporation process through which a new legal form “rooted in the civil society and its social relations” emerges. With this shift, the privilege to appropriate (territories, trade routes, natural resources, slaves) extended by the state transforms into an exception to the law of the markets (located in “the hidden abode of production”), the privilege to receive “something for nothing,” to appropriate the surplus labor performed by the direct laborers. As a delimited form of sovereignty, the corporation is a site of power struggles among those who perform surplus value, those who appropriate and distribute the surplus value, and those who receive a distribution from the surplus value. As an institutional form, its internal structure is organized to extract as much surplus value as possible from the direct laborers—in other words, the political structure of the corporation, as an institution of appropriation, foregrounds the implementation of dispositifs that aims to exploit the capacity of direct laborers as much as possible given the amount of variable capital (or value of labor-power) that must to be extended to hire them.
Let us now return to the question of neo-mercantilism and try to read it through Marx’s articulation of commodity abstraction and corporate sovereignty. What defines neo-mercantilism as it is manifested in the cases of China and Russia, or Turkey under Erdoğan, or even Trump’s inchoate discourse, is the intention to run the state as a corporation. Berlusconi, Putin, Erdoğan, Trump—they all consider themselves to be CEOs that command a sovereign corporation with vast resources and capacities. Here, we must emphasize and differentiate our position in two ways. First, Foucault famously defined neoliberal transformation as the way in which governments cease to relate to their subjects as citizens with rights and obligations and begin to govern their actions (through the grid of *homo economicus*) by assuming that they are essentially economic actors who comprehend and respond to economic incentives in predictable ways. We believe that while this will continue to be an aspect of neo-mercantilist populism, the model of the sovereign corporation exceeds this neoliberal turn. However, it also exceeds the notion of corporate sovereignty in the sense that under the model of the sovereign corporation, what we are referring to is not simply the mutually constitutive relation between the sovereign state and the corporation as an institutional form that enjoys a delimited form of sovereignty. Here, almost in a Hegelian negation of the negation, what we have is a state that is on the cusp of being re-organized along the lines of the corporate form of sovereignty that first came to existence as a sovereign gift. Then it became an independent legal form that defined itself in opposition to the incursions of the state. After becoming the platform through which the neoliberal critique and audit of the state is launched, it has finally become the model for the state to re-position itself as a corporate actor with sovereign powers. In this sense, while taking many policy tools from the Keynesian toolbox, we think that neo-mercantilist populism will not take the form of a return to the social-democratic welfare state.

Communist interruption

To conclude we return to the question of *social reproduction* as a fundamental element in the critique of political economy. While Marxian political economy can be regarded as the privileged discourse to respond to this
question, mainstream economic theory does not foreclose the issue of social reproduction. In fact, one can suggest that regardless of their particular imaginary (mercantilist, classical liberal, New Deal liberal, neoliberal or neo-mercantilist) all versions of capitalist discourse aim in some way to address the dual problem of production and consumption—that is, what differentiates each imaginary from one another is the manner in which each (fails to) fix the problem of reproduction of the social while maintaining the system of exploitation.

For instance, for neoliberalism, it is the rational preferences of homo *oconomicus* (more consumption, improvement of life standards, optimization of human capital, being paid according to the marginal productivity of one’s resources, thus, realizing an efficient social allocation and so on), which is to be put into operation through incentive mechanisms, that fixes this problem (with the ideological imperative of freedom to choose). On the other hand, for neo-mercantilism, rather than a clear break with this neoliberal imaginary, we can perhaps mention a certain instrumentalization of it, as well as its embedding (back) into a national division of labor, in which wealth (use value) producers and consumers are interpellated, not only as “free” individuals, but also as “deserving” national-subjects participating in the production and consumption of more and new commodities. (One wonders whether what we are witnessing is the vengeance of a new insurgence of mass consumption and production, an emergence of a new type of Fordism, by those who are intent on not losing the middle-class status that is constantly threatened; held hostage by the debt economy.) In this sense, the massive and conspicuous infrastructural investments under way today from China to Turkey, i.e., transportation nodes (airports, fast trains), residential gateways, mega shopping centers, entertainment parks that connect with one another to form small cities, attempt not so much to solve the adequation of mass consumption with production as to make up for the impossibility of such adequation by way of channelling surplus value towards some future, “imaginary” large-scale productive consumption. They thus postpone the realization problem to “a bad infinity of things spinning out of control.”46 So, in some sense they represent a distorted acknowledgement of the problem of social reproduction.

What could be a communist intervention to interrupt these interdictions that attempt to fix social reproduction (the interdependency of production and consumption), if this interruption is to be thought, not as an exhaustive
description of a program, but as an orientating assertion toward movement? At this point we want to turn to Marx’s intervention, as he articulated it in the Critique of the Gotha Program, “from each according to his [sic] ability, to each according his [sic] needs.” There are a number of reasons for why we want to invoke this historical statement. First, we find here one of Marx’s original enunciations on social reproduction that recognizes not only the interdependence of production and consumption, but also the singularity of everyone (with respect to her particular “needs” and “ability,” thus enabling us a distance from the generalizing and pre-given configurations of production and consumption). Second, we find here Marx’s rigorous challenge to the bourgeois notions of social reproduction that rest on the idea of equality as exchange of equivalents and of delimited property.

We recognize a certain ambivalence in this statement. It can be interpreted to be describing a “higher phase” of communism as a transparent society where the problem of social reproduction is once and for all solved, where because for Marx “individual labour no longer exists in an indirect fashion but directly as a component part of the total labour” the boundary between the individual and the social, as well as the adequation of consumption with production, as social sites of negotiation and antagonism, all disappear. And there is support in Marx’s text for taking this teleological route. At the same time, it can also be interpreted, at the risk of reading Marx against himself, as advancing not a final destination of social reconciliation, but on the contrary, enabling the politicization of the domain of both “needs” and “abilities,” the two key social realms of social reproduction that nonetheless remain invisible not only in mainstream but also critical discourses of political economy. Certainly, this enunciation needs to find new statements of expression for the politicization of both “needs” and “abilities,” that would make possible a space for the idea that neither needs nor abilities are to be taken as given, but are always open to collective negotiation and solidaristic experimentation.

By problematizing the way in which the neoliberal administration of enjoyment clogs up desire through the “tyranny of choice”, or, in its neomercantilist version, by demanding its subjects to enjoy the spectacular dreamscape of built environment, the communist axiom invites us (and introduces a space) to ask ourselves not what we want or need per se but whether or not we really want or need what we are supposed to want and need—in other words, mechanisms to deliberate on what and how we consume and invest—a necessary precondition to refuse to accept the very
terms of the problem that neo-mercantilist imaginary nominates itself to solve: how to achieve economic growth? In this regard, communist interruption is a necessary pre-condition for a “degrowth” program to gain momentum.

On the other hand, by problematizing not only the exceptional abilities of the Entrepreneur but also all the hierarchical, naturalized and stratified regimes of ability, the communist axiom opens up radical experimentations in the sphere of production. In this regard, the communist interruption is, once more, a pre-condition for a renewed solidarity and internationalism (or in Étienne Balibar’s terminology, a trans-national “counter-populism”) against the forms of racism (e.g., class racism, bioracism) that is produced and structured by capitalist forms of sovereignty. These two axiomatic interruptions of the capitalist discourse are two places to begin to reconstruct a communist discourse in the face not only of structural economic crises but also of the (otherwise intractable) ecological and political crises of our times.

NOTES

1 Different parts of this essay were presented at the Rome Conference on Communism, January 18-22, 2017, Italy and the lecture organized by the Marxist Reading Group at Duke University, January 28, 2017, Durham, NC.


3 David Harvey, A Brief History of Neoliberalism (Oxford: Oxford University Press, 2007).


5 While this may be the claim, the class composition of, for instance, those who actually voted for Donald Trump betrays a much more complex picture. Ben Casselman argues that “economic anxiety” rather than “economic hardship” was the driving force: fear of being outsourced, fear of losing retirement, fear of foreclosure, fear of losing health care. In short, while Hillary Clinton won in the low-income districts, Trump received votes from those who have something to lose but whose economic prospects are in steep decline. See Ben Casselman,

And in fact, neo-mercantilism will fail to resolve, or might even exacerbate, these contradictions for two reasons. First, in so far as these contradictions are global contradictions that in turn demand a globally coordinated and instituted response, neo-mercantilism, by reprimanding globalization as the culprit is going to deter the contemplation of any comprehensive “solution.” Second, neo-mercantilism simplifies these contradictions in the figure of a social polarization and through a paranoid discourse of enmity. In a fantasmatic denial of the reality principle, it promises a return to a mythical and insular past that is uncorrupted.


Michael Perelman, The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive


23 Foucault, The Birth of Biopolitics, 75-95.


27 For an early class analysis of the household under Reaganomics, see Harriet Fraad, Stephen Resnick, and Richard Wolff, Bringing the Household Back In (London and New York: Pluto Press, 1994).


31 Ibid., 227
Ibid., 239-240.


Marx’s is indeed a theory of sovereignty, and one that is becoming increasingly relevant in our contemporary conjuncture. Despite Marx’s double articulation of the moment of appropriation through the economic and the political paths, the Marxian tradition seems to have lost this insight and tended to read the capitalist discourse exclusively through the grid of the fetishism of commodities and the abstractive force of the economic. Even when the sphere of production figures in, it is usually treated in a localized, ghettoized manner, without exploring metaphorically its implications pertaining to the theory of sovereignty. In this regard, Gramsci’s notion of integral state which comprehends the state and civil society as an articulated field, or Althusser’s insistence on posing the problem of reproduction from the perspective of the state and its repressive and ideological apparatuses, provide rather valuable correctives to those Marxist analyses that foreground the horizontal dimension of commodity abstraction at the expense of the vertical dimension of sovereignty.


Ibid., 38.

Ibid., 51.

Ibid., 38.

This is not to say that the earlier “primitive” form disappears; today it remains in the form of “accumulation by dispossession.” See, for instance, David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2005).


Marx expends tremendous effort in deconstructing in detail the Lasallian idea that in a communist society the laborer receives “undiminished proceeds” from his labor. Ibid., 22.

Ibid., 23. It is as if socialization through abstraction has found its ultimate negation and realization as pure singularity, where “labor has become not only a means of life, but life’s prime want,” ibid., 24.