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Value and Method in Desai's *Geopolitical Economy*

Radhika Desai has produced an engaging and insightful theoretical, institutional and historical account of twentieth century British and American geopolitical involvement, one that is both illuminating and engaging. In developing her theoretical framework, she both rediscovers and builds upon elements of a Marxian theory of uneven and combined development. The outcome is a highly original reconceptualization of International Political Economy (IPE) as geopolitical economy (GPE). The depth, scope, and thoroughness of the project provide a rich field for engagement. I begin by identifying the key conceptual contributions of Desai's analysis. I then take issue with two aspects of her book – her characterization of Western Marxism and a methodological economism and theoretical essentialism that I will argue have the unintended effect of reinforcing a marginalization of Marxism that the book sets out to overcome.

Desai's main theme is that the theory of uneven and combined development has been overlooked and that, properly reintegrated into political economy, it provides the basis for a powerful new theoretical approach, geopolitical economy or GPE. The great strength of her analysis lies in the ability to develop a single theoretic framework that offers a three-fold critique of existing explanations of international relations in the twentieth century. The first argument, the materiality of nations, insists that the interaction of states is "governed by the economic role each must play in managing capitalism and its crisis tendencies (2)." Desai uses this argument to undermine "cosmopolitan" views of the global economy in which most states play no real role. The second argument takes aim at hegemony stability theory to argue that the U.S. has never been hegemonic and, due to the nature of contemporary geopolitics, it cannot be hegemonic. This argument challenges the characterization of the U.S. as a reluctant global leader. The third argument directly critiques two theories of U.S. dominance – globalization and empire. Here Desai provides a compelling account of the history of the U.S. dollar. Using geopolitical economy, with its basis in uneven and combined development, she argues that efforts to control the dollar as the *de facto* world currency are by their nature not tenable. By integrating political and institutional analysis with an economic framework that incorporates class analysis, Desai thus provides an innovative and insightful contribution to political economy.

A great strength of her analysis lies in reclaiming the theory of uneven and combined development (UCD) by integrating the early theoretical contributions

with Brenner's historical analysis of capitalism. Unfortunately, in re-conceptualizing UCD Professor Desai produces an account of Western Marxism that overlooks many important contributions that could provide theoretical ground for developing her framework. In so doing she inadvertently reinforces the view that Marxism is ill suited to understanding the economic underpinnings of global capitalism and she therefore reinforces the marginalization of Marxian contributions to economic thought that she seeks to correct.

Professor Desai's critique of Marxism, in Chapter 2, correctly points out the shortcomings of a number of important theorists but focuses on a subset of contributions and characterizes this subset as representative of Western Marxism. I was tempted initially to overlook the narrowness of this rendering, but I found I could not. The dismissal of contemporary Marxism is central to the claim she makes – that International Political Economy (IPE) is hampered by its refusal to engage with key elements of Marx's economic thinking. But Professor Desai, herself, falls victim to this criticism, overlooking key elements of the development of Marxian value theory within Western Marxism.

Professor Desai argues that only by incorporating Marx's theory of **crisis**, primarily through a focus on under consumption, can we understand key aspects of international political economy. She rightly rejects Marxian theorists – Okishio chief among them - who have rejected Marx's theoretical insights on the basis of a misapprehension of his theory. But by portraying these Marxian contributions as the whole of Western Marxism, she overlooks the contributions of other important schools of thought within Western Marxism and inadvertently undercuts those foundations on which geopolitical economy could be built.

Some of these contributions include those who reject the Okishio theorem and argue that the tendency of the rate of profit to fall remains important to the understanding of accumulation and competition (Cullenburg [1994], Kliman [2007], Moseley [1997]), those that reject the Sraffian framework upon which Okishio's theorem is based (Wolff, Callari and Roberts [1984]; Foley [2000]); those that argue that integrating money into Marx's analysis is critical for understanding the accumulation and competition, nationally and internationally (Bellofiore [1989], Carchedi [1991], Crotty [1985], Lapavistas [2000], Moseley, 2005); those that argue that international competitiveness can be understood from the perspective of value theory by integrating that theory with the theory of uneven development (Shaikh [1980]); and those that are applying empirical models and measurement methods to quantify these analyses (Bakir and Campbell [2010]).

Of course many issues remain to be resolved and it is helpful to note these in order to establish that the theoretical underpinning of global political economy will, in fact, rely on developing these branches of Western Marxism. In order to develop the argument that international political rivalries are principally devoted to responding to under consumption and a falling rate of profit, it is necessary to address the contending attempts to measure the rate of profit. The measurement of the rate of

profit requires engaging ongoing debates over productive and unproductive labor, and how unproductive labor impacts on the overall level of effective demand. It requires the further development of a theory of investment to determine whether and how non-economic (i.e., cultural/political/natural) factors influence investment decisions potentially undermining the so-called “imperative to accumulation” on which the theory of the falling rate of profit relies (c.f. Norton, 2001). It also requires us to evaluate the extent to which the countervailing influences on the rate of profit offset its decline.

Underlying these issues are thorny questions in value theory itself. How are value and exchange value affected by variations in demand? How do these variations affect the value of money and financial assets? How does the resulting deflation/inflation impact accumulation? What effect do these changes have on exchange rates? The conceptual development necessary to tell the story that Professor Desai wants to tell about the falling rate of profit is being hammered out of the debates currently going on within Western Marxism, a Marxism that Professor Desai renders too narrowly and thus wrongly dismisses as misrepresenting Marx. Bringing Marx’s theories of imperialism and uneven and combined development to bear on 21st century events, a project that I firmly support, requires the further intellectual work of resolving these debates and developing key elements of Marx’s economics. Her dismissal of Western Marxism thus has the effect both of reinforcing the marginalization of Marxism that she wishes to correct and, in so doing, of undercutting the foundational efforts of Marxist economists to provide the theoretical underpinnings upon which geopolitical economy must surely rest.

I also see a methodological essentialism in Desai’s work that has important implications. On the one hand, it renders the class component of her theory – the class struggle that results in the lack of effective demand – as a necessary, logical outcome of capitalist competition, a position that is curiously at odds with the sophisticated political and institutional analysis she develops. On the other, the epistemological basis of her theory is ambiguous, leaving her account open to the very critiques she levels at the existing theoretical frameworks she seeks to replace.

Professor Desai presents a deterministic interpretation of crisis theory in which “(u)ltimately paucity of demand, specifically workers’ demand, arising from the extraction of surplus value, remains capitalism’s chief contradiction” (37). This contradiction, driven by the logic of over-accumulation/under consumption creates the constraints that limit the ability of the imperial powers to prevail on the global stage. In spite of Desai’s sophisticated and detailed analysis of the motives of British and U.S. administrations, her argument reduces to the desire for domination (power) thwarted by the internal and irrevocable logic of capital accumulation. The cultural/historical/political circumstances are left to merely modify how these two impulses play out.

It strikes me that neither one of these essentialisms is warranted. The imperative to dominate is imbued with cultural meanings, historical contingencies, norms and institutional structures that help together to constitute it. In Professor Desai's account, these other constituents of power do not have the ability to dislodge the imperative to dominate and thus are rendered symptomatic. The logic of capital accumulation is similarly predominant. The logic of over-accumulation leads to the necessity of imperialist domination. This logic is not itself subject to interrogation; instead, only the form of its manifestation is analyzed. What results is an historical account in which the historical contingencies lack the ability to affect the central driving force of historical change.

Desai's economic essentialism is mirrored by an epistemological essentialism. Cosmopolitan theories of IPE are rejected as apologetic – free trade as a cover for British colonial exploitation; neoliberalism, globalization and empire as attempts to justify U.S. imperial ambition. These theories then, are heavily influenced by the cultural/political conditions under which they are produced and determined to be ideological rather than scientific. The question arises: if theories are constituted in part by the cultural and political circumstances in which they are formulated, disseminated and critiqued, why is geopolitical economy immune from these influences? If it is not immune from cultural and political influences, on what basis is it to be accepted or rejected? Here Desai may appeal to the facts as corroborating the correctness of her theory. But, as all theorists do, she has assembled and defined the facts through the process of developing the theory. She may appeal to the implications of her theory, but this requires the development of guiding normative principles, principles that she has not provided. Either she has to accept that her theory shares the epistemological characteristics of the theories she criticizes, or she needs to provide a compelling argument for what differentiates her theory from the others. In doing neither, she undermines the basis of her critique of the theories she seeks to replace.

One way out of this conundrum is to acknowledge that her theory shares the same epistemological status as other IPE theories and to argue instead for her theory on both its intellectual merits and on normative grounds. I see Geopolitical Economy as a highly attractive way of understanding global political conflict because it provides a coherent account of the historical documents Professor Desai introduces and it provides a lens not intended to justify power but intended instead to lend efficacy to the efforts to direct global politics and economics to improving the conditions for those global citizens who are currently and unjustifiably ignored or oppressed. Acknowledging the moral dimensions of our theoretical work does not negate the importance of explaining 'the facts'; it does acknowledge that moral reasoning is an integral part of assessing contending theoretical projects. After all, Desai's critique of 'globalization' and 'empire' as theoretical attempts to explain the U.S. role in the global economy, rests in part on her assessment that they are disingenuous and that the implications of those theories are to reinforce oppressive economic and political relationships.

I appreciate all the fine work Professor Desai has undertaken in attempting to construct a theory that provides a new viewpoint from which to critique existing theories of the role of the U.S. in the global economy. I hope these comments are helpful for the further development and extension of that theory by connecting it with the important contributions to the Marxian literature I have identified.

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