

# Fortress the West:

## Freedom of Movement of Capital and Restrictions on the Movement of Labour under Globalisation of the World Economy

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Comrades,

I am honoured to have been asked to deliver this Yurukoglu memorial lecture, on a topic very much pertinent to the need for communists and the workers' movement more generally to begin to develop effective international collaboration.

I should say at the outset that I am not a specialist in the contemporary economics or sociology of migrant labour. So you will not get from me figures for the extent of labour migration or descriptions of the experiences of migrant workers, or their relations to the cultures and politics of their countries of origin or the countries in which they work. The title describes a pair of linked juridical phenomena - on the one hand, the increased *legal* freedom of movement of capital created by financial market liberalisation and the widespread abandonment of exchange controls, and on the other, the increasing tightening of forms of legal controls on the international movement of workers, particularly immigration law. But though I am a lawyer, I am not a specialist in the law of financial markets and monetary flows. Nor am I a specialist in immigration law, let alone the comparative study of immigration laws generally. You will therefore not get from me details or analysis of the juridical character of these laws.

What I am is a historian of law, a writer to some extent on Marxist theory, and a communist activist. I will approach the problem in the first place as a historical problem, in the second place as a problem of Marxist theory, and thirdly as a strategic problem for the workers' movement.

### The Historical problem

The problem is identified by the lecture title as having two sides: freedom of movement of capital, controls on the movement of workers. But in fact, each of these problems has more than one aspect.

Capital by its nature is both free to move and not free to move, and this freedom and unfreedom of capital, which is a contradiction *within* capital as a social form, also finds expression as a contradiction *between particular capitals*. I will return to this question in addressing the theoretical problem.

The question of migrant labour is three-sided. To put these three sides in a conventional, but entirely arbitrary, order, these three sides are, first, that there is very substantial actual migration of labour. To give two very different examples, about half a million eastern Europeans have migrated to the UK since 2004, adding slightly less than 1% to the UK population. In Saudi Arabia there are currently estimated to be around 5 million migrant workers, as compared to a “native” population of about 12 million.

Second, immigration is - at least in the imperialist countries - a political hot-button issue routinely exploited by parties of the right and far right. One might imagine that ‘nativist’ politics would have no purchase in countries like the US and Australia whose population is almost entirely composed of relatively recent generations of immigrants, but this is far from being the case. Each generation of settlers thinks of itself as ‘native’ in relation to the next. If anything, racist discourses about migration are more endemic and more violent in these countries than in European countries.

Third, there has been an unevenly progressing increase in border controls, controls on movement, and controls on migrants obtaining citizenship or the *legal right* to remain in the destination country. A partial exception is provided by the development of the European Union, and in particular by its expansion eastwards after the fall of the Soviet regime and its eastern European satellites. It is a partial exception because the expansion has made the EU no longer simply a coalition of imperialist countries, but an entity which includes both imperialist countries, and countries which are in transition to semi-colonial status. On the other hand, with legal freedom of movement of labour *within* the EU has come an increasing attempt - via the 1985 Schengen agreement - to tighten controls on entry to the EU from outside.

I said that the conventional order in which I presented these three sides is arbitrary. This is an important point. The conventional order contains within it an implied causal narrative: there is a lot of migration; hence (as it were naturally) there is a nativist reaction; hence governments appease this reaction by introducing immigration controls. But the narrative could be presented differently. Legal controls on migrant labour facilitate intensified exploitation of migrant workers; therefore capitalists seek migrant workers in order to obtain higher profits, leading to higher migration, which reduces average wages; therefore there is a nativist reaction. Or it could be: the parties of the right promote nativism, for reasons unconnected with any *real* pressure of migrant labour on average wages, etc.; hence legal controls on migration are introduced; hence intensified exploitation is possible, leading capitalists to seek migrant workers, leading to increased migration. In reality, in other words, what is involved is three aspects of a single totality, and any attempt to disentangle fully the causal relations involved produces a snake eating its own tail.

Why have I described this as a *historical* problem? The answer is that it is widely believed - and, indeed, implicit in the title the comrades gave me - that this is a *new* phenomenon. Maybe it is to be ‘new’ in the sense of being a part of Mandel’s ‘Late Capitalism’, with the black Commonwealth immigration to Britain from the 1950s, and at the same period the analogous north African migration to France, and German exploitation of *gastarbeiter*.<sup>1</sup> Or maybe it is to be ‘new’ in the stronger sense of being an aspect of US-led world capital’s turn to financial globalisation after the crisis of the 1970s.

The historical evidence suggests that this is not the case. The promotion of freedom of movement of capital, and unfreedom of movement of labour, and the political tensions associated with it, go back to the beginnings of modern capitalist politics with the English revolutions of the seventeenth century. Grasping the phenomenon theoretically will therefore require grasping it as an aspect of the inner logic of capital in general, not as a peculiar feature of the particular forms of late twentieth and early twenty-first century capitalism.

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<sup>1</sup> Ernest Mandel, *Late Capitalism*, London: Verso, 1978.

The mobile and rootless character of capital was already identified as a political problem in the political rhetoric of the reign of Queen Anne (1702-1714), contrasting the 'landed interest' and the 'moneyed interest'.<sup>2</sup> This rhetoric had antecedents in later medieval nativist rhetoric against Jews and foreign merchants, but the specific contrast of land and money in terms of the mobility of money producing lower commitment to the nation-state was new, and reflected the emergence of the London financial markets in the 1690s and their integration with those of Amsterdam. Political rhetoric of this type had significant influence, and continued to be used - mainly by Tories - episodically into the nineteenth century.<sup>3</sup>

As I have just said, nationalist / nativist rhetoric against Jews and foreign merchants - and against the employment of foreigners by kings - goes back to the middle ages. I should say, incidentally, that to say this is pretty unorthodox Marxism, since the orthodox view - reaffirmed in 'post-modern' form in Benedict Anderson's *Imagined Communities* - is that nationalism as such is a modern, capitalist, phenomenon.<sup>4</sup> However, to claim that nationalism is modern involves leaving without a theoretical home the Barons' 1236 *Nolumus leges Angliae mutari* (we do not wish the laws of England to be changed), the agitation against King Henry III's Poitevin French advisers at the same period, and any number of university riots between the *nationes* of English, French, German, etc, students at medieval universities, and urban riots against Lombards and Hanse merchants, which continued episodically down to the sixteenth century.<sup>5</sup> These are phenomena of *feudal* society and express its internal class contradictions. These contradictions and their expression have a late flowering in the Catholic clerisy's promotion of antisemitism as a last defense against capitalism in late nineteenth and early twentieth century Europe.<sup>6</sup>

In 1680s England, however, we find the first instance of a new form of nativist rhetoric. Directed by in the first place by supporters of the emerging Tory party against Huguenot (French protestant) refugees settling in England, the new rhetoric blamed the Huguenots for taking English jobs and not assimilating to the Church of England.<sup>7</sup> The Tory party and its literary and artistic hangers-on were to

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<sup>2</sup> Geoffrey Holmes, *British Politics in the Age of Anne*, rev. ed. London, Hambledon, 1987, ch 5.

<sup>3</sup> The language of the 'landed interest' and the 'moneyed interest' was still being used to describe British politics as late as the 1850s: e.g. Karl Marx, 'The elections in England - Tories and Whigs' *New York Tribune* August 6 1852, <http://www.marxists.org/archive/marx/works/1852/08/06.htm>. Compare also the arguments of Virginia conservatives in the early 19th century discussed in Robert Bruce, *The Rhetoric of Conservatism*, San Marino, CA: the Huntington Library, 1982, pp. 76-79.

<sup>4</sup> Anderson, *Imagined Communities*, 2nd ed., London: Verso, 1991. In arguing against this view I should say that I am arguing against the view that is 'orthodox' among CPGB comrades: see e.g. Jack Conrad, 'Nationalist myths are not Marxism' *Weekly Worker* July 27 2006, <http://www.cpgb.org.uk/worker/635/scotland.htm>; Bob Davies, 'Fact and fictions' *Weekly Worker* September 14 2006, <http://www.cpgb.org.uk/worker/640/wales.htm>.

<sup>5</sup> *Nolumus leges angliae mutari*: Statute of Merton 1236. Poitevins, etc: M.T. Clanchy, *England and its rulers 1066-1272*, London, Fontana, 1972, ch 10 collects several references. *Nationes* in the universities: G.G. Coulton, 'Nationalism in the Middle Ages' (1935) 5 *Cambridge Historical Journal* 15-40 at 20-24. Riots against foreign merchants: e.g. Ralph Flenley, 'London and Foreign Merchants in the reign of Henry VI' (1910) 25 *English Hist. Rev.* 644-655; J.D. Mackie, *The Earlier Tudors* (Oxford, 1966) p. 298. Of course, modern historians are apt to *look for* such evidence by virtue of nationalist predispositions, as Anderson argues and as is also argued by Patrick Geary, *The Myth of Nations: The Medieval Origins of Europe* (Princeton: Princeton UP, 2002). But the point (also made by Geary) is that if they look before the fall of the Roman empire, they will not *find* evidence of nationalism: while in the medieval period the evidence for national self-identification of states is abundant and there is considerable evidence for national self-identification among lower social strata, albeit not at the lowest level. Cf. also Susan Reynolds, *Kingdoms and Communities in Western Europe 900-1300* (2nd ed., Oxford: OUP, 1997) Ch 8.

<sup>6</sup> David I. Kertzer *Unholy war: the Vatican's role in the rise of modern anti-semitism*, London: Pan 2003; and cf. also my review of Kertzer, 'The politics of purity', *Weekly Worker* July 22 2004, <http://www.cpgb.org.uk/worker/538/purity.htm>.

<sup>7</sup> Discussion in Daniel Statt, 'The City of London and the controversy over immigration' (1990) 33 *Historical Journal* 45-61. Though Statt minimises the party-political aspect of the controversy by the usual means of 'revisionist' historians of

play this card over and over again between then and now. A Tory campaign in the 1750s against proposals to facilitate ‘naturalization’, i.e. the acquisition of citizenship by migrants, mixed the new rhetoric with the old by focussing on the possibility of Jews being naturalized.<sup>8</sup> In the 1790s French emigrés as well as feared subversive French republicans were targeted by the first Aliens Act (1793).<sup>9</sup> In the 19th century the focus was on Irish migrant labour, in a campaign of defamation which gave us the word “hooligan”.<sup>10</sup> From the beginning of the twentieth century up to World War II, the focus was again on Jews. But though conventional Catholic Jew-as-capitalist rhetoric can be found among the ideological products, the campaigning edge behind the Aliens Act 1905 was east European Jews ‘taking British jobs’ and refusing to assimilate - and the fear of foreign ‘anarchism’, which transmuted in the 1920s into fear of foreign ‘Bolshevism’.<sup>11</sup> From the 1950s it moved onto ‘niggers’ and in the 1970s onto ‘Pakis’. The ‘war on terror’ has its own peculiar logic of victimisation; but we seem today to be at a moment at which the core of nativist anti-immigrant rhetoric is shifting onto eastern Europeans.

American history, of course, lacks classic Toryism: Tories as such were driven out in the American Revolution. But the history of waves of migration into the US is also a history of nativist rhetoric against migrants: from Irish immigrants and the nativist ‘Know-Nothings’ of the 1840s and 1850s, to today’s US efforts to reinforce its Mexican border against Latino migration.<sup>12</sup>

The earlier instances of the use of new-style nativist rhetoric about jobs, etc., targeted relatively small numbers of migrants in a period when the proletariat as a class was in process of formation. Linebaugh and Rediker’s *Many-Headed Hydra* illustrates the extent to which one of the central elements in the formation of the new class - seafarers and port workers - was from the outset migrant and international in its composition.<sup>13</sup> The rhetoric relates in an oblique way to a real phenomenon of labour mobility from the beginning of capitalism. Other examples of large-scale labour migration, with accompanying nativisms and legal controls, can also be found from the high period of imperialism, for example in the importation of Indian labour into South and East Africa and Malaya and of Chinese labour into the western US.<sup>14</sup>

It is so familiar to historians as to be often ignored, but probably less familiar to Marxists, that throughout the period of the rise of industrial capitalism in Britain, the state maintained legal controls on the *internal* movement of workers within England and Wales. Under the Poor Laws, parishes, the basic unit of the Anglican church and also to some extent of secular governance, were obliged to

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17th century England, i.e. to attribute it to local motivations, in the sources he cites and the *periods* of anti-immigrant agitation its party character is apparent.

<sup>8</sup> Discussed (among others) by G.A Cranfield, ‘The “London Evening Post” and the Jew Bill of 1753’ (1965) 8 *Hist. J.* 16-30.

<sup>9</sup> Discussed by E.S. Roscoe, ‘Aliens in Great Britain’ (1930) 16 *Trans. Grotius Soc.* 65-72 at 66-68; Elizabeth Sparrow, ‘Secret Service under Pitt’s Administrations 1792-1806’ (1998) 83 *History* 280-294, links the Act to the emergence of modern domestic and international spy agencies in Britain.

<sup>10</sup> Anti-Irish prejudice: brief summary and references, Anthony S. Wohl, ‘Racism and Anti-Irish Prejudice in Victorian England’ *The Victorian Web*, <http://www.victorianweb.org/history/race/Racism.html>. ‘Hooligan’ appeared in the 1890s and is generally accepted to be derived from the Irish name Houlihan: *Oxford English Dictionary*, 2nd ed., online, s.v..

<sup>11</sup> See e.g. Jill Pellew, ‘The Home Office and the Aliens Act 1905’ (1989) 32 *Hist. J.* 369-385; David Cesarani, ‘The anti-Jewish career of Sir William Joynson-Hicks’ (1989) 24 *J. Contemp. Hist.* 461-482.

<sup>12</sup> For the Know-Nothings, Wikipedia has a convenient short account and bibliography: [http://en.wikipedia.org/wiki/Know-Nothing\\_movement](http://en.wikipedia.org/wiki/Know-Nothing_movement).

<sup>13</sup> Peter Linebaugh and Marcus Rediker, *The Many Headed Hydra: Sailors, Slaves, Commoners and the Hidden History of the Revolutionary Atlantic*, London: Verso, 2000.

<sup>14</sup> For the Indian labour diaspora and its consequences Vinay Lal, ‘Labour and longing’ <http://www.india-seminar.com/2004/538/538%20vinay%20lal.htm>, provides a convenient summary account with bibliography. For Chinese migrants in the US, Lucy E. Salyer, *Laws harsh as Tigers: Chinese immigrants and the shaping of modern immigration law*, Chapel Hill, NC: UNC Press, 1995 is one of a number of studies, this one focussing on legal controls.

provide relief to the poor (principally the unemployed, but also the sick and elderly). Under the Settlement Act 1662 and following Acts, unemployed workers could be deported to their parish of origin. The Acts gave rise to a formidably large body of case-law, and were not formally abolished until 1948, though the settlement rules were reformed in the mid nineteenth century and not much used in practice after this.<sup>15</sup>

Under the Poor Law regime, moreover, poor children could be compulsorily apprenticed to an employer, which made it illegal for them to leave that employer for the seven years' duration of the apprenticeship. This became a method used by several early mill-owners to supply themselves with, effectively unfree, labour.<sup>16</sup>

But over this period, if there were efforts to control the mobility of labour, *capital's* mobility was increased: witness the financial markets, witness the dramatic improvements in transportation, and witness the late eighteenth century textile mills of the valleys of the Pennines, and other manufacturing establishments elsewhere, created outside corporate boroughs in order to escape the regulatory powers of the boroughs.<sup>17</sup>

This history points to a simple conclusion, which I suggested before. The complex phenomenon of increasingly free movement of capital, legal constraints on the movement of labour, *actual* large-scale employment of migrant labour in spite of these constraints, and nativist rhetoric against migrant workers, is nothing new. It is an endemic feature of capitalism: more or less visible from one time, place, or economic sector to another, to be sure, but nonetheless a body of dynamics of *capitalism as such*, not of imperialism as the 'highest stage', or of 'Late Capitalism', or of 'Globalisation'.

## The theoretical problem

To recognise a general dynamic in *capitalism as such* towards freedom of movement of capital, towards labour migration, and towards attempts to control the movement of labour by law, poses a theoretical problem for Marxists: or, more exactly, a group of theoretical problems. The underlying problem is that Marx's *Capital* postulates a 'pure capitalist' economy in which there is neither unfreedom of movement of capital, nor unfreedom of movement of labour.<sup>18</sup>

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<sup>15</sup> There is a convenient summary account with references by David Feldman, 'The Boundaries of Welfare' <http://www.history.ac.uk/ihr/Focus/Migration/articles/feldman.html>. Cf. also James Stephen Taylor, 'The impact of Pauper settlement 1692-1834' (1976) *Past & Present* No. 73 pp 42-74.

<sup>16</sup> Katrina Honeyman, 'The London parish apprentice and the early industrial labour market', Paper for Economic History Society conference, Exeter, March 31 2007, [www.ehs.org.uk/ehs/conference2007/Assets/HoneymanIIB.doc](http://www.ehs.org.uk/ehs/conference2007/Assets/HoneymanIIB.doc), and the other papers at <http://www.ehs.org.uk/ehs/conference2007/confpapers07.asp>, session 'London apprenticeship', refer to a good deal of earlier literature.

<sup>17</sup> P.J. Corfield, *The Impact of English Towns 1700-1800* (Oxford: OUP, 1982) pp. 87-93, argues against an earlier view (also held by eighteenth century authors, some of whom he cites) that urban guild regulation led to capital flight, criticising in particular the argument of P. Clark & P. Slack, *English Towns in Transition 1500-1700* (Oxford: OUP, 1976). Martin Daunton, *Progress and Poverty: an Economic and Social History of Britain 1700-1850* (Oxford: OUP, 1995) pp. 155-56, places more stress on movement to *suburbs* (especially in London) to escape regulation. Notwithstanding Corfield's arguments, it is clear that capital not tied to a particular locality (like e.g. mining) *could* move its operations, and that some capitals *did* move to escape regulation.

<sup>18</sup> In the preface to the first German edition Marx says that "The physicist either observes physical phenomena where they occur in their most typical form and most free from disturbing influence, or, wherever possible, he makes experiments under conditions that assure the occurrence of the phenomenon in its normality. In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode. Up to the present time, their classic ground is England. That is the reason why England is used as the chief illustration in the development of my theoretical ideas. ... Intrinsically, it is not a question of the higher or lower degree of development of the social antagonisms that result from the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity towards inevitable results" (<http://www.marxists.org/archive/marx/works/1867-c1/p1.htm>).

To a considerable extent, moreover, Marx explained the nation-state in the terms of a movement towards such a ‘pure’ capitalism. In this explanation, by virtue of the very ‘purity’ of capitalist property rights, the capitalists are necessarily driven to expand beyond the horizons of the city and borough and create a national state. But this involves the freedom of movement of labour as well as that of capital: because without the freedom of movement of labour, there is no *national* market either in labour-power, or in the goods consumed by labour.<sup>19</sup>

Hence Marxist theories of the *emergence* of capitalism have tended to include strong elements of the emergence of freedom of movement of both capital and labour within the emergent nation-state through the overcoming both of forms of personal servitude, and of the regulatory powers of boroughs, guilds and the monopoly corporations of absolutism.<sup>20</sup>

So the explanation of the nation-state in terms of the development of the national market will not enable us to derive the present phenomenon, which is both *international* and *sub-national* in character.

More fundamentally, Jairus Banaji in a 2003 article in *Historical Materialism* has argued that the sharp differentiation between free and unfree labour made by many Marxists is unsound and internalises the liberal ideology of freedom of contract. Rather, he argues, there is a spectrum of *capitalist* relations to labour which runs from, at one extreme, a characterisation of the slave plantations of the American South, etc., as capitalist (found at several places in Marx’s writing) through various intermediate forms, to, at the other extreme, the conventionally ‘free’ worker who is bound to capital as such but not to any individual capitalist.<sup>21</sup> Our English eighteenth century apprentices bound for seven years and workers deportable if they become unemployed because of the law of settlement, discussed above, fall at intermediate points on this spectrum.

The difficulty Banaji poses, though he does not express it in his 2003 article, is that the precise distinguishing feature of Marx and Engels’ strategical conception of the way to get beyond capitalism rests on the *difference between free labourer, serf and slave*. Marx and Engels argue that *because* the proletariat is *freed from* the means of production - neither owned *as* a means of production, like a slave, nor owned *with* the land and tied to it, like a serf - the proletariat can, by emancipating itself, emancipate the whole of society. Banaji’s spectrum of unfreedom calls this argument into serious question. If we could *really* have a capitalism which, *as a whole and effectively*, denied the freedom of movement of labour, we would be forced to abandon the whole idea that the proletariat as a class could by emancipating itself emancipate the whole of humanity. We might still find Marx’s economics useful in the analysis of capitalist dynamics - though, frankly, since Marx’s *Capital* presupposes free movement of labour (as I said before), it would probably be of very limited use. But we would certainly have to abandon any idea of a connection between the workers’ movement and the general emancipation of humanity in favour of some form of utopian or ethical socialism.

Banaji is perfectly well aware that, in fact, we *cannot* have capitalism with a *universal* unfreedom of labour: in his 2003 article, he cites for this point one of his own previous articles from 1977. But it is

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The point that a ‘pure capitalist’ economy is postulated except insofar as the analysis is explicitly historical is made by most later expositors of *Capital*; e.g. David Harvey, *The Limits to Capital* (2nd ed. London: Verso, 1999), ch 1.

<sup>19</sup> The first point, e.g. in *The German Ideology* (ed. C.Arthur, London, 1974) p. 81. The second, in the *Preface to Capital vol i* cited above n. 18: “Apart from higher motives, therefore, their own most important interests dictate to the classes that are for the nonce the ruling ones, the removal of all legally removable hindrances to the free development of the working-class.”

<sup>20</sup> This is present in the second half of *Capital vol i*; cf. also e.g. Christopher Hill, *From reformation to industrial revolution* (Harmondsworth: Penguin, 1967); it is still present in the ‘Brenner thesis’ and in Brenner’s modified version in *Merchants and Revolution* (Cambridge: CUP, 1993).

<sup>21</sup> Jairus Banaji, “The Fictions of Free Labour: Contract, Coercion and So-Called Unfree Labour”, (2003) 11 *Historical Materialism* pp. 69-95.

almost a throw-away point; and in his *Agrarian Change in late Antiquity* (2001) Banaji's methodology of the spectrum of unfree wage-relations leads him to find proto-capitalism in late Roman and Byzantine Egypt, and to make extensive analytical use of economic categories which are in substance neo-classical. That is, like neo-classical and institutionalist economists studying other aspects of the past, he projects back capitalist categories onto the precapitalist world.<sup>22</sup> Under this method, the logic of capital becomes a timeless truth which is merely prevented from appearing effectively until the political economists, from Adam Smith onwards, opened the way to its general acceptance.

The key to escaping from this problem is a group of understandings. First, Marx's *Capital* offers an *abstraction from* the real development of capitalism, or a counter-factual analysis of what the consequences would be *if* the pure capitalism recommended by the political economists was actually created.<sup>23</sup> Second, the project of which *Capital I* and Engels' reconstructions of *Capital II* and *III* are part is very radically unfinished (as Harvey and others, most recently Lebowitz, have argued).<sup>24</sup> I would add: this is true in particular because (as I have argued elsewhere) the nation form of the state *cannot* be derived directly from the laws of motion of capital or the requirements of capitalist development, but is an inheritance from feudalism.<sup>25</sup> Third, the laws of motion of capital which the text discusses are laws which are instantiated as probabilistic laws of *tendency* in the real world, not as exact laws, as several authors, notably Carchedi, have argued.<sup>26</sup>

An associated point to this last is that made by de Ste Croix in discussing classical antiquity.<sup>27</sup> A 'mode of production' or 'class order' as applied to a society refers to the *dominant* mode by which surplus is extracted. It does not imply that all other forms of organising production are absent. In particular, petty proprietorship and petty family production are present in classical antique 'slave' society as well as in feudalism, *and continue to be present on a large scale in capitalism*.

Turning to our present concerns, capital tends to *aspire to* freedom of movement for capital, but does not fully achieve it. And it *tends to* produce both freedom of movement of labour, *and* unfreedom of movement of labour - or at least, aspirations to control the movement of labour. What is involved is a group of contradictions for capital as inescapable as the contradiction between the capitalist's need as employer to pay the workers less, and his need as seller of commodities that workers should buy more commodities.

What follows is necessarily tentative: both because what I have just said points towards any account being about tendencies, not about absolute predictions; and because this is a hypothesis or sketch of an account, not a fully developed one.

## **Mobility of capital**

It is appropriate to begin with freedom of movement of capital. As I said before, capital is both mobile and immobile. This reflects the underlying elementary Marxist point that capital is not a fixed thing, but a process: from money (M) to commodity (C), to changed commodity (C'), to increased money (M'). As M or M', capital is highly mobile and rootless. No state has actually succeeded in making

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<sup>22</sup> Oxford: OUP, 2001.

<sup>23</sup> John Harrison in *Marxist Economics for Socialists* (London: Pluto, 1978) Ch 2 argued that this was the character of the treatment of simple commodity production in the early part of *Capital*. But since the rest of *Capital* is built on this treatment (subject to the historical account of the development of the proletariat and associated matters in *Capital I*) it would logically follow that the whole text is to be read in this way; and this would certainly avoid some problems of interpretation.

<sup>24</sup> Harvey, *Limits to Capital*, Introduction and *passim*; Lebowitz, *Beyond Capital: Marx's political economy of the working class* (2nd ed., London: Palgrave Macmillan, 2003).

<sup>25</sup> Macnair, 'Law and State as Holes in Marxist theory' (2006) 34 *Critique* 211-236.

<sup>26</sup> Carchedi, *Frontiers of Political Economy* (London: Verso, 1991) Ch 1 and Appendix; Harvey, *Limits to Capital*, displays the same method *passim*.

<sup>27</sup> *The Class Struggle in the Ancient Greek World* (Ithaca, NY: Cornell UP, 1981) Ch 2.

money immobile without turning it into pseudo-money like the Soviet rouble: even at the high period of Bretton Woods and exchange controls, there were a variety of devices which allowed big money capital to move between countries.<sup>28</sup> But in transition from C to C' - or before the passage from C' to M' is completed - capital is embodied in and tied down to things and persons. As such it is vulnerable to local events. This is true even of shipping: seemingly classically mobile, ships are subject to shipwreck, to piracy, and to arrest in port.

It may *appear* in our financialised world that money can be made out of nothing but money; and it is certainly the case that the financial markets, and their liquidity, provide a buffer for capitalists against the risks of material investments. But at the end of the day no-one can eat, wear, live in, drive, etc., money: it is elementary Marxism that there have to be material productive activities going on to provide the social product that money is able to buy. And these *material* productive activities are also capital; and the extent to which they are mobile is highly variable.

Recent developments have, indeed, increased the mobility of material productive activities. It is important to recognise *how* this wizard wheeze has been pulled off. There are two elements. On the one hand, there are very substantial state subsidies to transport, in the form, first, of direct subsidies to rail and road networks, second, that of tax breaks (e.g. aviation fuel), and, third in that of artificial legal limitation of liability for negligence, enabling shipowners, airlines and cross-border road hauliers to externalise costs onto shippers, consignees and seafarers.<sup>29</sup> By cheapening transport, the value of location advantages is reduced, and this inherently facilitates mobility of productive activities (i.e. closure in one place to open in another). The second is simple and direct subsidies and tax breaks to “new business starts” and foreign direct investment. These are large enough to make it profitable, for example, to build a new factory somewhere, run it for five years while the subsidies are still running, and then close it down and start up elsewhere.<sup>30</sup>

Even so, this sort of operation is only feasible for the largest corporations, who were already operating on a world scale before the new start subsidy shell-game reached the imperialist centres. Infrastructural enterprises like the Channel Tunnel or Network Rail, though large-scale, are effectively completely immobile. Small and medium sized enterprises are much more immobile, among other reasons because their goodwill may well be much more local. This is true *a fortiori* of the petty proprietors proper, those who own means of production sufficient to work themselves or to demand a rent from capital, but not enough to allow them to exploit labour. For the peasant farmer to leave his land, the shopkeeper his shop, or the lawyer the jurisdiction in which he has guild-monopoly knowledge, is to abandon most of his assets.

The old ‘official communist’ strategy of an ‘anti-monopoly alliance’ or alliance with ‘national capital’ against imperialism was very much built around this contradiction, and a lot of leftist ‘anti-globalisation’ talk has the same character.<sup>31</sup> The trouble is that though this appears as a contradiction

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<sup>28</sup> IMF Background Paper, ‘Offshore Financial Centres’ (2000)

<http://www.imf.org/external/np/mae/oshore/2000/eng/back.htm>, § II. C has an outline history of the development of ‘offshore’ from a pro-capitalist standpoint.

<sup>29</sup> There is some useful outline discussion of this phenomenon in Michael Woodin and Caroline Lucas, *Green alternatives to globalisation: a manifesto* (London: Pluto Press, 2004) Ch 5.

<sup>30</sup> A pro-capitalist approach which nonetheless highlights ‘pitfalls’ in the phenomenon can be found e.g. in Hans Christiansen, Charles Oman & Andrew Charlton, ‘Incentives-based competition for Foreign Direct Investment’ (2003) *OECD Working Papers on International Investment* No. 2003/1, <http://www.oecd.org/dataoecd/52/40/2500995.pdf>; a convenient example of short-lived ‘new jobs’ attracted by subsidies is provided by Pierre Rambert & Rafael Trapert, ‘Bitter Fruits of Modernisation in Lorraine’, *Le Monde Diplomatique* October 1997, <http://mondediplo.com/1997/10/lorraine>.

<sup>31</sup> For a continuing example of the old ‘official communist’ strategy see e.g. *The British Road to Socialism*, ch 4, [http://www.comunist-party.org.uk/index.php?file=brs&brs=brs\\_ch4.txt](http://www.comunist-party.org.uk/index.php?file=brs&brs=brs_ch4.txt); an approach which similarly seeks to rely on smaller and national businesses against bigger and international ones can be found e.g. in Woodin and Lucas, *Green*



between capitals, or between big capital and the petty proprietors, it is actually a contradiction *within capital as a process*. The biggest corporation may get ‘caught short’ holding material assets when they devalorize; the smallest shopkeeper may be willing to sell up at a severe loss and get out of the country when facing a (real or apparent) threat that the working class will take over, or the state collapse into warlordism, and his fixed property entirely lose its value.

The contradiction nonetheless does produce mundane capitalist politics. The rhetorical opposition of the ‘landed interest’ to the ‘moneyed interest’ in British politics around 1700 is precisely an example. A group of politicians put together a coalition of landowners - a species of capitalist employer heavily committed to fixed and immobile capital - with a section of the petty proprietors. Similar coalitions or attempted coalitions are behind a great deal of nativist and anti-immigrant political rhetoric. What is expressed is the fixed and immobile *side* of capital.

## Mobility of Labour

If we now turn to the mobility of labour, we should start by saying that it is not true that a national market - and hence mobility of labour - is a *presupposition* of the capital relation. Rather, the capital relation, once it comes into existence, tends to create expanding market relations. Not “a national market”, since one the one hand capitalism begins under feudalism with an expanding set of *international* market relations, centred on northern and central Italy, linking together the cities and towns of the European continent; and since both Amsterdam and London are from the outset *international* market centres and the centres of states which contend for *global* power.<sup>32</sup> And on the other, differentiated *local* markets affected by specific conditions persist in even the most developed capitalist countries.<sup>33</sup>

It is a presupposition of the capital relation that there should be, somewhere in the system within which capital operates, some free labour: that is, labour that is freely available *to capital*. This means labour which in the first place is not owned outright by the members of some other ruling class (in which case the capitalist would probably have to pay for the rent of labour at a profit-sharing rate), secondly, which cannot be *simply* forcibly enslaved, and, thirdly, which has been freed from the peasants’ and artisans’ individual and collective proprietary control of means of production.

As capital expands, its demand for labour increases and this tends to put pressure on the *existing*, feudal, unfreedoms of the peasants and artisans. At this point we are discussing a process which Marx described as a limit to the dialectical mode of presentation: that is, that the process of formation of a working class out of the freeing, i.e. dispossession, of the peasants and artisans, is a concrete historical process not capable of explication within the frame of the unfolding of the contradictions of the commodity which characterises his treatment in the *Grundrisse* and the early chapters of *Capital I*.<sup>34</sup>

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*Alternatives to Globalisation* (cited above n. 29). (For reasons for rejecting the Woodin/ Lucas approach beyond those given here for seeing all such alliances as strategically illusory, see my review, *Weekly Worker* November 4 2004, <http://www.cpgb.org.uk/worker/551/review.htm>).

<sup>32</sup> Giovanni Arrighi, *The Long Twentieth Century* (London: Verso, 1994) is helpful on the history. Serious objections have been made to Arrighi’s *method* and to his *conclusions*, but his historical *evidence* for the international character of financial systems from an early date has - rightly - not been disputed.

<sup>33</sup> E.g. Jamie Gough’s study of shifts in the London economy, *Work, Locality and the Rhythms of Capital* (London: Routledge, 2001).

<sup>34</sup> R. Rosdolsky, *The Making of Marx’s Capital*, (trans. Pete Burgess, London, 1989, 2 vv) i, 190: “This point definitely shows how the dialectical form of presentation is only correct when it knows its own limits.” The citation there is to the *Ur-Text* in the German edition of the *Grundrisse* (1953); I have not been able to check this. That Marx continued to hold to the judgment made in this obscure draft text is reflected in the heavily historical character of the second half of volume I of *Capital*. Compare also Gilbert L. Skillman, ‘Value Theory vs. Historical Analysis in Marx’s Account of Capitalist Exploitation’ (2007) 71 *Science & Society* 203-226; though I would not accept Skillman’s particular reasoning, which in my

Once this historical process is substantially complete - as was certainly the case in England by the late seventeenth to early eighteenth century, and probably earlier - the mobility of labour becomes a contradiction for capital. On the one hand, it is in the interests of every particular capital as an employer to restrict the mobility of labour and its unfreedom *relative to the particular employer*, insofar as restrictions on the mobility of labour improve the employer's bargaining position in the wage relation. This is true *a fortiori* to the extent that capital itself is mobile. On the other, it is *also* in the interests of every capital as an employer that the pool of labour available to it or, in other words, the number of workers competing for its jobs, should be maximised, since this also reduces the workers' local bargaining power. This will commonly involve an interest in the mobility of labour.

We should expect that - like the contradiction between the mobility of capital and its immobility, discussed before, to which this is connected - the result of this contradiction should appear in contradictions between capitals and, more distantly, in political contradictions. And so it does. Both the old Poor Law, and modern attempts to control labour migration, have been the subject of political contradictions in which different branches of capital have been ranged on opposing sides.<sup>35</sup> Moreover, there are particular variations. Under some circumstances individual capitals have sought both to force labour mobility to bring workers to the job, and to force labour immobility to keep them there: this is the context of several examples of regimes of unfree or semi-unfree labour.<sup>36</sup>

In relation to the mobility of capital, it has been possible to treat the petty proprietors simply as (very) small capitalists. In relation to the mobility of labour, this is no longer possible. The basic reason is that petty proprietors actually depend on the exploitation of family labour. The shop-keeper gets wife and children to help in the shop, the family farmer makes them work on the farm. The self-employed artisan, or the professional or managerial owner of petty or guild-monopoly intellectual property, is freed to work longer hours than any but ultra-exploited workers by the intensified domestic labour of his wife and in some cases his children. The labour market, and in particular the mobility of labour, threatens to take away the petty proprietor's control of his family labour force.

In addition, the reserve army of labour cannot simply be allowed to starve to death. Otherwise it would cease to exist as a reserve army. (I leave aside here countries with a subsisting mass peasantry.) Hence there *have to be* tax-supported Poor Laws and similar arrangements. But the greater mobility of large capital, and of capital in money form, allows large capital to pass off at least a proportion of this tax cost onto the petty proprietors.

Both these aspects drive the *political* expression of interests in the control of the movement of labour: from the Poor Law to immigration controls, the *primary* basis of political support is among the petty proprietors.

If, however, we look at the matter from the side of the worker, it should be obvious that the worker as such under capitalism has a clear interest in freedom to move in order to follow the available jobs. Workers move in order to satisfy needs. This is not to say that every worker wants to live a nomadic life of following capital: if anything, the contrary is the case. It is merely to say that the mobility of

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opinion involves a *petitio principii* via reliance on Roemer, whose arguments presuppose the falsity of the labour theory of value, his point that the historical account is *distinct from* the value-theoretical account is legitimate.

<sup>35</sup> See the references above nn. 7-17.

<sup>36</sup> For some examples see Banaji above n. 21; the extreme example is the Atlantic slave trade, on which see Robin Blackburn, *The Making of New World Slavery: From the Baroque to the Modern 1492-1800* (London: Verso 1997); this is also present in eighteenth century millowners' use of pauper apprentices, above n. 16 and text there.

capital and the instability of firms, and hence jobs, in rising and falling markets makes workers *need* to be able to move if necessary.<sup>37</sup>

Given this interest, however much capital may seek to control the movement of labour by legal means, it cannot actually achieve effective controls on actual movement. This is because the very conditions which allow the movement of capital - spread of market relations, mobility of money, improvement of transport, and so on - also allow in practice the legal or illegal movement of workers.

The bureaucratic regimes achieved control on the actual movement of workers, as they did on the actual movement of money: but they did so at the price of substantial enserfment of the whole workforce, and interdependency of the individual factory managers (as a species of industrial feudalists) and their worker-serfs.<sup>38</sup> This regime resulted in an inability to compete effectively with capital, either in terms of the apparent material outcomes for the workers and the middle classes, or at the military-geopolitical level. The price would be the same for any capitalist regime which seriously attempted to eliminate labour mobility.

What, therefore, capital achieves by its efforts to control the movement of workers is not *actual* control of this movement. It is, rather, to create a category of illegal, undocumented workers. This group of workers is subject to intensified exploitation which can - as in the case of trafficked sex workers and some people working for gangmasters - amount to *de facto* chattel slavery.

I said earlier that this is a tentative and hypothetical sketch. But it is enough to enable us to see on the one hand that the current global dynamic of freedom of movement of capital and attempts to control the movement of labour can be grounded solidly in the basic logic of the Marxist critique of political economy and of historical materialism. Hence, the fact that this dynamic is not new but endemic to capitalism can be explained. Moreover, the last point - capitalist states *attempt* to control the movement of labour, but succeed only in producing more or less large groups of “illegal workers” - is critical. It provides a fundamental reason to reject the idea that Banaji’s ‘spectrum of unfree labour’ implies that Marx and Engels were wrong to privilege the class movement of the working class.

These theoretical questions have important strategic implications.

## The strategic problem

There are three aspects to these implications: the question of internationalism; the question of legality; and the question of class alliances. The first, and most important, of these three is the question of internationalism.

## International

The strategies of the Second, Third, and Trotskyist Fourth Internationals were built round a central idea of the construction of workers’ parties, and the working class taking political power, in a series of single countries successively.<sup>39</sup> This, in turn, was justified by the idea that ‘uneven development’ between countries in capitalism implied that proletarian class consciousness would necessarily also

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<sup>37</sup> Cf. the arguments of Engels, *On the Housing Question* [1872]

<http://www.marxists.org/archive/marx/works/1872/housing-question/index.htm>, against the Lassallean proposal that worker home-ownership should be encouraged.

<sup>38</sup> Hillel Ticktin, *Origins of the Crisis in the USSR* (London: ME Sharpe, 1992), lays out the phenomena, but does not draw the conclusion, that this (in historical terms) short-lived regime was one transitional between feudalism and capitalism, not one transitional between capitalism and socialism.

<sup>39</sup> Discussed in my articles ‘Political consciousness and international unity’, *Weekly Worker* May 25 2006, and ‘Comintern and the Trotskyists’ *Weekly Worker* June 8 2006.

develop unevenly. Trotsky's 'combined and uneven development' was merely a gloss on the underlying 'uneven development' idea.

The whole strategic approach was founded on the concept of a necessary homology between capitalism and the nation-state. There is to be *British* capitalism, *German* capitalism, and so on.

But in order to grasp the economic and political dynamics of capital mobility and labour mobility as phenomena *endemic to capitalism as such* - which, as I have said, is necessary in order to make sense of the historical evidence - it is necessary to abandon the idea of a necessary homology between capitalism and the nation state. Capitalism develops simultaneously as a local, regional, national, continental and global order. Along with it, the proletariat develops as a local, regional, national and international class: *from the beginning* a class which is neither locally, not nationally, homogenous, but composed of workers who have migrated from varying distances, both within and beyond national borders.

Because of this character, in order to conceive itself as a class for itself - as a class with interests independent of the petty proprietors and the capitalists - the proletariat has to begin to conceive itself *as an international class*. It is for this reason that the First *International* triggered the development of *national* independent class movements; that the widely-known existence of the Second *International* enabled the development both of the mass socialist parties, and the scale of the class struggles throughout Europe in the early twentieth century; and that the Comintern and the international communist movement became the (deformed) frame of working class politics in the colonial and semi-colonial countries for most of that century.

The national strategies for power of the Second, Third and Trotskyist Fourth Internationals therefore tended to undermine their own objective basis in proletarian class consciousness.

Today, it is more than ever obvious that a strategy for working class power, or even for serious reforms in a single country, is hopeless. The mobility of capital prohibits it. The attempts at such a strategy, on the largest possible scale, both in the USSR (socialism in a single country) and in the West (social-democratic and New Deal reforms) have failed ignominiously. For the proletariat to take political power would have to be at least an act on a continental scale, and it would have to involve the combined action of workers from both imperialist countries and colonial countries.

At the same time, after a period between 1914 and the 1970s in which the mobility of labour was submerged in a dominant language of nationalism, the class composition of the proletariat in single countries has again become increasingly obviously mixed between 'natives' and migrants. The idea that it is possible to attain effective class *unity*, even at the local level, on the basis of a nationally homogenous workers' movement, is exposed as a disastrous illusion.

The workers' movement as such now urgently needs practical international collaboration under capitalism, in order to conduct elementary struggles over wages, etc., and for reforms, effectively. Communists, who seek the class power of the working class in the society as a whole, urgently need an international.

But such an international cannot be an *International of nations*, because the 'national' proletariats are already international. It would have to be an international whose organised parts organise all the workers in the *places* where they are, whatever their nationality of origin. To actually achieve quite elementary effective class unity, in other words, we have to take seriously the old tag that 'the workers have no fatherland'.

## Legality

The question of legality is posed by the fact that capital's legal controls on the mobility of labour imply, as I said before, the creation of large groups of 'illegal workers'. The practical consequence is that it is decreasingly possible for the proletariat to construct its own unity - even at city level - or conduct effective elementary day to day trade union struggles, struggles against landlords, and so on, without organising the illegals. But if we are to work to organise the illegals, we have also to be willing to work to defend them against state action: that is, to commit 'crimes' against immigration law, and so on, to break the law.

I am not urging here some sort of Maoist-Guevarist strategy of military confrontation with the capitalists and the state in the developed capitalist countries. But it *is* necessary to recover the tactics and methods of illegal trade union organisation from the early history of the movement, and to be willing to try to organise among the illegals.

This, in turn, means that the movement needs a *political party* which devotes significant effort to undermining the political authority (or "legitimacy") of the judiciary and the constitutional order. Attacking this legitimacy is a critical element in overcoming the division of the proletariat between 'legal' and 'illegal' workers, and in building positive legitimacy for illegal action. This is the exact reverse of the course followed by the Eurocommunists, which was to *accept* the legitimacy of the existing constitutions. It is also a long way from the efforts of the 'movementists' and Trotskyists to *evade* constitutional issues and focus on "the direct struggle".

## Class alliances

The problem of class alliances is posed by what I have discussed about the conflict between the interests of the petty proprietors, and those of the proletariat, in relation to the mobility of labour (and class unity). Since Lenin's formula of the "democratic dictatorship of the proletariat and peasantry" it has been orthodox Marxism-Leninism to attempt a strategy to win the petty proprietors *as a whole* to the side of the proletariat.<sup>40</sup> This strategic line is opposed to Engels' and Kautsky's arguments that the most that is possible is tactics to *divide* the petty proprietors - and that even this must be subordinate to constructing the class unity of the proletariat, for example by defending the interests of workers employed by small businesses and family farmers.<sup>41</sup> The logic of what I have said is that the interests of the proletariat as a class are *deeply* antagonistic to those of the petty proprietors as a class, and that on this question a return to the Engels-Kautsky approach is called for.

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<sup>40</sup> V.I. Lenin, *Two Tactics of Social-Democracy in the Democratic Revolution* [1905]

<http://www.marxists.org/archive/lenin/works/1905/tactics/index.htm>; for a recent 'interpretation' of the idea of an alliance between the proletariat and small businesses and farmers, compare the *British Road to Socialism* cited above n. 31

<sup>41</sup> Friedrich Engels, *The Peasant Question in France and Germany* [1894-95]

<http://www.marxists.org.uk/archive/marx/works/1894/peasant-question/index.htm>; Karl Kautsky, e.g. 'Socialist agitation among Farmers in America' [1902] <http://www.marxists.org.uk/archive/kautsky/1902/09/farmers.htm>. The Engels-Kautsky line was also used as an argument against the Bolsheviks' strategy on this front by Rosa Luxemburg, *The Russian Revolution* [1918] trans. Wolfe, and Julius Martov, *The State and the Socialist Revolution* [1919-23] <http://www.whatnextjournal.co.uk/Pages/Theory/Martov.html>.