

# Tooze's Marx

Scott Lavery

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Economic historian Adam Tooze has referred to Marx as an inspiration, but this raises the question of which version of Marx he has in mind: the answer to this is essential to fully interpreting Tooze's work, and analysing its limits.

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In a recent discussion, Adam Tooze cited Karl Marx's *Capital* as an inspiration for his own work.<sup>1</sup> It was a curious equivalence. *Capital* is composed of many different strands. On one page, we find dry accountancy followed by philosophical ruminations on the 'commodity fetish'. On another, we encounter detailed primary evidence of the British factory system coupled with searing personal invective. Any comparison with this most multiform of works invites the question: to which aspects of *Capital* are you referring?

Tooze is clear on which elements he favours. Tooze's Marx came to Britain as reactionary backlash set-in following the 1848 revolutions, arriving in a country that was in a period of great upheaval. Britain's industrial revolution was in full swing. Marx famously set out to understand these transformations in the reading room of the British Museum, immersing himself in factory inspector reports, the dense treatises of British economists, and diagrams of cutting-edge machinery. Earthly toil, not abstract philosophical reflection, was at the heart of his method.

For Tooze, this Marx – the 'empirical' Marx – anticipates his own brand of grounded contemporary history. *Crashed* and *Shutdown* – his most recent books, which explore the fall-out of the 2008 crisis and Covid-19 respectively – begin from the premise that modern capitalism is highly interdependent and heavily financialised. Huge volumes of capital cascade across borders in real time, generating rapid growth but also sudden stops and debilitating crises. In order to understand these processes, we need to 'dig into the workings of the financial machine' and grapple with 'the thickets

of analysis, information and knowledge' that it produces.<sup>2</sup> This is a formidable task, but also an unavoidable one. Tooze insists that we should follow the example which the empirical Marx set during his celebrated exertions in the British Museum.

## Abstract alter-ego

This all seems reasonable enough. And yet, if we run a little further with Tooze's *Capital* analogy, we begin to encounter difficulties. A second 'abstract' Marx runs throughout *Capital*, but Tooze ignores him in favour of his empirical alter-ego. The two cannot be so easily separated.

When Marx engages the 'boring bourgeois economists', as Tooze calls them, he isn't simply mining them as a data source; he is advancing a critique of them as exponents of a particular ideology. The central categories of classical political economy – 'value', 'rent', 'profit' and so on – all these reflected the emerging capitalist order, but in a partial and one-sided way. The fundamental error of Adam Smith, David Ricardo, Jean-Baptiste Say and other liberal theorists of capitalism, according to Marx, is that they all 'naturalise' economic relations, taking them to express a kind of trans-historical human essence. This obscures how capitalism is a historically novel order, constructed not upon 'natural' foundations but upon brute force and institutionalised inequalities.

Marx's alternative was to move down a level of abstraction from the liberals' idealised sphere of 'the market', and into what he terms capitalism's 'hidden abode': the sphere of production. It is here where the naked power relations which really underpin capitalist development can be observed. In this domain, the pristine bourgeois categories of freedom, rights and property are inverted. Control, coercion and dispossession dominate the labour process – a truth which is concealed by the fetishised readings of classical political economy.

The empirical and the abstract Marx cannot be separated, as they are in Tooze's *Capital* analogy. They are closely intertwined 'moments' in the movement between the abstract and the concrete in Marx's critique of political economy.

If you search the pages of *Crashed* and *Shutdown* for equivalent abstractions, you are likely to be disappointed. Tooze belongs to a revisionist historical school, whose stock-in-trade is debunking the rootless generalisations of social theory. Alan Milward, who made a name for himself ruthlessly attacking the ahistorical functionalism of Ernst Haas, Karl Deutsch and other advocates of international economic integration theory, supervised Tooze's PhD thesis.<sup>3</sup> David Edgerton, a formative influence on and fellow traveller of Tooze, has critiqued the *New Left Review's*

theoretically inflected conceptions of British decline.<sup>4</sup> For these grounded historians, abstract schemas obscure more than they reveal. If history is a 'contingent and open-ended process of transformative change', as Tooze put it in an earlier co-authored essay, then we must busy ourselves with the tangible and the concrete.<sup>5</sup>

## The apparatus in the void

The central object of Tooze's study is what he terms the modern 'apparatus of power and money' – central banks, wholesale credit markets, shadow banks and other financial institutions. This is Tooze's hidden abode, where the real action in the financial system happens. This financial apparatus does not exist in a sociological vacuum, however. Indeed, running throughout Tooze's framework there is an implicit two-way relation between this 'financial apparatus' and the wider social and political context.

The first of these is a negative relation, and concerns the linkages between the financial apparatus and the absence of a democratic counterweight to its expanding powers. As Tooze notes, 'what has made central bankers into the exemplar of modern crisis-fighting is the vacuum created by the evisceration of organised labour, the absence of inflationary pressure and more broadly the lack of anti-systemic challenge'.<sup>6</sup> The political scientist Peter Mair similarly referred to this space as 'the void' – the absence that was left after the dissolution of the post-war settlement and which was expressed by falling rates of political participation, in terms of party membership, at the ballot box, or in the workplace.<sup>7</sup>

The relation between Tooze's financial apparatus and this democratic 'void' is mutually reinforcing. In the wake of 2008 and Covid-19, central banks engaged in a series of interventions that kept capitalism afloat. Quantitative easing, credit-easing policies, negative interest rates, massively expanded intervention in sovereign bond markets – these are all highly 'unorthodox' tools that are used to reinforce orthodox ends. Loose monetary policy keeps systemically significant global banks liquid. It substitutes for the deflationary impact of tight fiscal policy, maintaining a degree of 'confidence' while rewarding strategically significant constituencies such as corporate bond issuers and asset-rich citizens. The unequal distributional effects of this regime – the channelling of wealth to asset-holders while wage earners are squeezed – further constrains demand and generates renewed pressures for new rounds of financialised, central bank intervention.

Tooze's apparatus is also defined by a positive relation, expressed through a growing entanglement between financial institutions and the state. Tooze acknowledges that his analysis draws heavily on the 'critical macro-finance' approach,

pioneered by heterodox economists such as Daniela Gabor, monetary economists such as Perry Mehrling, and legal theorists such as Caroline Sissoko. The central insight of the school is that modern financial markets are characterised by new forms of liquidity creation. Unlike the traditional bank-based lending model, where creditors draw on deposits to finance their lending, contemporary finance is increasingly 'market-based', which involves securing liquidity through 'repurchase' (repo) agreements, wholesale credit markets and other forms of shadow money.

Market-based finance creates a series of feedback loops that tightens the coupling between financial apparatus and the state. In the case of repo transactions, for example, financial institutions require a steady stream of sovereign bonds as collateral for their operations. At the same time, states rely upon deep financial markets to realise their objectives, whether that is to maintain financial confidence or realise price stability.<sup>8</sup> The upshot is that Tooze's apparatus is essentially a hybrid of public and private power, where financial institutions and the state become increasingly 'entangled', in a complex and co-dependent infrastructure.<sup>9</sup> This coupling is highly unstable. Market-based finance has deeply pro-cyclical tendencies. But this instability generates the need for further rounds of central bank intervention, deepening the entanglement and infrastructural reach of the financial apparatus.

Tooze's schema, by this point, has undergone a subtle internal shift. It has moved from a patchwork of concrete, historicised, contingency to a realm of latent functionalism and structural logics. In the closing pages of *Shutdown*, Tooze starkly remarks that, 'too big to fail has become a total systemic imperative'.<sup>10</sup> This is strange language indeed from a writer so attuned to the contingencies of history and politics. Had the Federal Reserve not intervened to support the market for US treasury bonds in the wake of Covid-19, shored-up the repo market or channelled liquidity to the international banking system post-2008, the results would have been catastrophic: mass unemployment, financial collapse, violence on the streets. Choices exercised by the financial apparatus, it turns out, are not really choices at all. We have ended up in a financialised iron cage, where uncontrollable structural logics encircle Tooze's heroic technocratic protagonists.

## **Leaving the British Museum**

A transition towards abstract theory is immanent in Tooze's framework, but he refuses it, preferring to anchor his analysis in the intricacies of technocratic policy-making and the complex calculations of elite politicians. Abstract developmental patterns operate quietly in the background, always threatening to break through into the substantive analysis.

For the tradition that draws on the 'abstract' Marx, capitalism is not simply a complex economic machine amenable to in-depth empirical study. It is an inherently dynamic mode of development riven with contradictory structural logics. Capitalism is driven to relentlessly expand across borders, into previously de-commodified domains, and deep into the cultures and societies within which it is embedded. However, this totalising logic is also highly dysfunctional. Ceaseless expansion generates points of breakdown and rupture, which means that capitalism is in a constant state of flux, instability and transformation. Capitalism as a result always has a dual character. It is, to use a Hegelianism, a *contradictory totality* which is in perpetual motion, endlessly generating the conditions of its own existence as well its own demise.

While Tooze invites us to follow Marx into the British Museum, there is nothing stopping us from following the 'abstract' Marx back out again and on a quite different journey. The following sections outline three alternative traditions that derive from the 'abstract' Marxist tradition – the French Regulation Approach, the Frankfurt School and Gramscian political theory – and puts them into dialogue with Tooze's framework. By departing London and heading for Paris, Frankfurt and Turin, we can build upon Tooze's detailed empirical account of financialised capitalism, while also transcending some of its limitations.

## The Parisian école

What does it mean to view capitalism as a 'contradictory totality'? One possible answer is to be found in *l'école de la régulation*, or the Parisian 'Regulation Approach', which was pioneered by Michel Aglietta, Robert Boyer and Alain Lipietz. The Regulation Approach is underpinned by a central puzzle: given capitalism's innate tendency to generate moments of breakdown and crisis, how are stable phases of development possible? The regulationist answer is that periods of stability can only be secured when accumulation is embedded within a complementary institutional framework.

The famous example here is the case of Fordism, the economic model which emerged in inter-war America and Europe and which was organised around mass production and mass consumption. Fordist production involved a whole range of technological innovations and reorganisations in the labour process. The regulationist point, however, is that its expansion relied on a wide series of institutional preconditions beyond the 'economic' domain – including collective bargaining institutions, state planning, and changing patterns of cultural consumption. For the regulation theorist, we can only understand distinct phases of capitalist development – Fordism, the neoliberal phase 'after-Fordism', the post-2008 conjuncture

– if we adopt a holistic conceptual lens which foregrounds capitalism as a ‘totalising’ framework, encompassing both ‘economic’ and ‘extra-economic’ factors.

The question of how contemporary global finance is stabilised runs throughout Tooze’s work. However, he explores this tension with respect to a relatively narrow complex of actors within the financial ‘apparatus’. The wider sociological conditions which enable the systemic interventions of central banks – the decline of organised labour and the insulation of economic policy-making from democratic politics – only ever feature in the background. For the regulation theorist, this relation is not simply incidental. Tooze’s financial apparatus and the void form part of a wider structural unity.

This allows the regulationist to better capture the limits of the post-2008 conjuncture. For the regulation theorist, the benign inflationary environment that has underpinned neoliberalism was sustained through a series of institutional supports – deregulated labour markets, relative geo-political stability, a hollowed-out state insulated from democratic pressures, and so on. In the wake of the Covid-19 pandemic, we have witnessed new pressures across each of these institutional spheres, many of which Tooze has ably engaged himself. Labour shortages in key sectors, supply chain shocks, escalating energy prices, inflationary pressures, the return of ‘stagflation’, geo-political turbulence on Europe’s eastern frontier; each of these threatens the benign inflationary environment upon which Tooze’s financial apparatus has thrived. A regulationist lens provides us with a way to abstract from the contingencies of politics and to conceptualise the systemic links between these various institutional spheres. It allows us to account for how these collectively generate relatively coherent patterns of development as well points of possible breakdown and change.

## **Contradictions in Frankfurt**

The French Regulation Approach provides us with a way to think about capitalist development as an integrated ‘totality’. How might we conceptualise its ‘contradictory’ elements? One answer can be found across the Rhine, in the work of the mid-twentieth century Frankfurt School of Max Horkheimer, Theodor Adorno, Friedrich Pollock and Herbert Marcuse. Emerging in an age of expanding state bureaucracies, fascism and total war, a key theme of the Frankfurt School is the idea that there is a disconnect between the grand promises of Enlightenment progress and the realities of late capitalist modernity.

The Enlightenment had initially unleashed a liberatory force in the form of ‘critical reason’, which aimed to debunk illegitimate power claims and cultivate forms of

self-governance. However, a parallel form of 'instrumental reason' – a kind of means-end reasoning which aimed to subject nature and society to new forms of rational control – was also a key element of the Enlightenment inheritance. Over time, this latter form of 'instrumental reason' came to dominate society, subjugating the emancipatory potential of its 'critical' counterpart. Frankfurt School theorists traced how this central contradiction manifested itself across a whole range of spheres of late capitalism, including the popular culture industry, state capitalist economies, aesthetics, technological development and mass democracy.

How might the Frankfurt School's account of contradiction relate to Tooze's work on the contemporary financialised order? The Frankfurt School's ambition is to liberate the 'critical' inheritance of the Enlightenment from the domination of instrumental reason. The method deployed to achieve this is known as 'immanent critique'. Rather than lambasting modernity according to an externally imposed utopian standard, Frankfurt School theorists aim to reveal how capitalism's operational logic undermines the very normative claims which it makes to justify its own existence. To take one example, Herbert Marcuse showed that while technological development is presented as a way to free individuals from the drudgery of the labour process, the development of new technologies in fact leads to new forms of domination and social control.<sup>11</sup>

Tooze's elite-centric methodology precludes this kind of normative critique. In focusing on the insulated technocratic domain of the financial apparatus, Tooze's approach may well end up recommending policy measures that are themselves narrow and imbued with the character of instrumental reason. The complex instruments deployed by the apparatus of course matter immensely, and there is no better guide to them than Tooze. But this can only take us so far. Technocratic tools and their accompanying patterns of reason cannot amount to an expansive ideology. As such, the critical thrust of Tooze's work is limited. He can identify the challenges faced inside the apparatus, but can say little about how this interacts with the wider social terrain. The Frankfurt School deployment of immanent critique and its sensitivity to contradiction can provide us with a way out of the *impasse*. Rather than focusing on narrow forms of technical reason within the financial apparatus, it drives us towards a broader account of the dominant ideology of the day, and the ways in which this is articulated in a contradictory manner throughout society.

## Towards Turin

The contradictions foregrounded by the 'abstract' Marx are typically accompanied by an expectation: that these internal tensions will eventually precipitate the dissolution of old orders and the emergence of new ones. The Italian Marxist,

Antonio Gramsci, was based in Turin as a student and political agitator when this sense of revolutionary anticipation was reaching its climax.

In the aftermath of the First World War and the Russian Revolution, Italy's northern industrial belt was gripped by the *biennio rosso* – the 'two red years'. Intense waves of strike action, the rise of workers councils and the mounting strength of the Italian Socialist Party threatened the foundations of the old Italian regime between 1919 and 1920. However, this period of industrial insurgency did not result in revolutionary transformation. Instead, the years that followed witnessed the rise of Mussolini's Fascists and the violent defeat of Italy's militant labour movement. Gramsci, as a co-founder of the Italian Communist Party and leading Marxist intellectual, was a victim of the repression. Writing his famed *Prison Notebooks* while incarcerated, Gramsci explored why the promise of revolution had not been realised.

His answer focused on the question of politics. This led him to critique the determinist economic readings of the 'abstract' Marx that focused on capitalism's innate tendency to generate its own downfall. Rapid industrialisation had indeed up-ended European societies and polarised its class structure, as Marx had predicted. However, it had also led to an expansion of the state and the development of a sophisticated civil society. Gramsci's claim was that these institutions – the coercive force of the state combined with the cultural power of the church, nation and wider social norms – served to shore up unstable capitalist orders.

This schema did not abolish class war but instead encoded it at a higher level, in Gramsci's famed social and cultural struggle for 'hegemony'. This involves rival class interests seeking to exercise 'moral and political leadership' of society, by projecting their own particular objectives as a unified 'general interest' that could command widespread consent and popular support. Capitalism is still viewed as a contradictory totality in Gramsci's Marxism, but it is one in which the economic and the political are deeply inter-connected.

How might a Gramscian perspective interact with Tooze's account of contemporary capitalism? The elites who occupy Tooze's apparatus are curiously disconnected from the wider society of which they are part. Gramscians would agree that elites do enjoy a degree of autonomy from wider society. As the famous Greek Marxist Nicos Poulantzas argued, one function of elites is to attempt to transcend irreconcilable conflicts in order to institute a stable framework for capitalist development. However, this autonomy can only ever be *relative*. Elites have organic ties to social groups – their class and educational background, their social milieu, their vocational attachments to enterprise – which shape their worldview and political priorities. Elite capacity is also



constrained by wider structural factors. For example, the interventions of governments are always constrained by the need to secure ongoing investment from the private sector. Thus, a Gramscian would seek to contextualise the interventions of Tooze's technocrats not simply as technical exercises but as reflections of a wider social structure where financialised logics and organised interests exercise a dominance.

The question of hegemony can also help to expand Tooze's account of politics. The quiescence of Tooze's democratic 'void', so central to the expanded capacities of the financial apparatus, cannot be taken for granted. The social base that sustains it must be actively cultivated, de-limited, and appeased. Gramscians place a central emphasis on the ways in which ideology and culture play a key role in securing popular support and shoring up dominant social orders. A successful hegemonic project must also channel 'material concessions and symbolic rewards' to strategic sections of the population. To take one example, Thatcher's drive to restructure British capitalism along neoliberal lines relied upon a series of ideological factors, defined by Stuart Hall as a kind of 'authoritarian populism', which sought to fuse neoliberal reforms with wider cultural backlashes around race and social order.<sup>12</sup> This was backed by concrete interventions designed to channel material reward to key sections of the population, such as the Right to Buy scheme and various tax incentives designed to support property ownership.<sup>13</sup> A Gramscian lens can move us beyond Tooze's focus on elite system-maintenance and towards a much broader political theory of capitalist reproduction and order. The financial apparatus depends upon the hydra-headed character of the modern state, whose interventions – fiscal, ideological, redistributive, cultural – form part of a much wider, contradictory complex.

The Gramscian perspective also has implications for those on the left who have engaged and embraced the Toozeian account of modern finance. When Tooze moves from diagnosis to prescription, he calls for a range of concrete reforms, including the 'greening' of central bank policy or the massive expansion of the Eurozone's fiscal capacity.<sup>14</sup> These prescriptions flow from Tooze's identification of the gap between the rapid expansion and overwhelming reach of the financial apparatus and the slow pace at which democratic politics has managed to catch up. These recommendations may be eminently sensible, but from a Gramscian perspective, they cannot, on their own, amount to a comprehensive programme capable of transforming society. Transformative political programmes need to be coupled with wider oppositional forces in society if they are to have any chance of success. This opens up a series of questions that takes us beyond the narrow levers of technocratic financial governance and into the realm of social conflict and political strategy.

## The inevitability of theory

Tooze's deployment of the 'empirical' Marx's method provides us with the most lucid and compelling account available of the intricate wiring of modern finance. His approach identifies key moments of agency and illuminates the real dilemmas which elites face in operating within central banks and finance ministries. However, as we have seen, Tooze's own grounded history cannot help but contain implicit theoretical assumptions and latent functional logics, exemplified by the relation between the 'apparatus' and the 'void' and the growing infrastructural entanglement between financial institutions and the state. Periodically, these abstractions threaten to creep in, and overturn his grounded focus on historicised contingency.

The best response to this is not to refuse the tension between the concrete and the abstract but to embrace it; an approach that Marx deployed to great effect throughout his lifetime. No social analysis can function without an underlying theoretical framework, however implicit. By putting Tooze's 'empirical' Marx into dialogue with Marx's 'abstract' alter ego, we can develop some of Tooze's immanent theoretical constructs and transcend some of the limits of his own intellectual project. French Regulation Theory helps us to conceptualise the institutional 'background conditions' which help to stabilise Tooze's apparatus. The Frankfurt School can provide us with a way to transcend Tooze's privileging of technocratic reason and develop a more comprehensive critique of the contradictions within the dominant ideology. Gramsci can facilitate a richer account of the state and help us to chart alternative democratic pathways out of the present conjuncture.

*Shutdown* closes with the claim that 'the historical account laid out in this book is critical in intent', offering what Tooze calls a 'critical history of modern power'. However, if we think of critical work as a collective enterprise aimed not merely at description but also at changing society, it is going to require a plurality of theoretical approaches and a range of political imaginaries. Perhaps a division of intellectual labour is in order. This, incidentally, would have pleased Marx as he laboured away in the British Museum, with his eyes trained on the factory inspector reports – and so much else besides.

**Scott Lavery** Lecturer in Politics at the Department of Politics and International Relations, University of Sheffield, and author of *British Capitalism After the Crisis* (Palgrave, 2019).

## Notes

- 1 Adam Tooze, Helen Thompson and David Runciman, 'Talking Politics: Shutdown/Confronting Leviathan', 23 September 2021: [www.talkingpoliticspodcast.com](http://www.talkingpoliticspodcast.com).

- 2 Adam Tooze, *Shutdown: How Covid shook the world's economy*, London, Penguin 2021.
- 3 Alan Milward, *The European Rescue of the Nation State*, London, Routledge 1999.
- 4 David Edgerton, 'Why the left must abandon the myth of British decline', *New Statesman*, 4 April 2022: [www.newstatesman.com](http://www.newstatesman.com).
- 5 Stefan Eich and Adam Tooze, 'The allure of dark times: Max Weber, politics and the crisis of historicism', *History and Theory*, Vol 56 No 2, 2017, p202.
- 6 *Shutdown*, p293.
- 7 Peter Mair, *Ruling the Void*, London, Verso 2013.
- 8 Benjamin Braun, Daniela Gabor and Marina Hübner, 'Governing through financial markets: towards a critical political economy of Capital Markets Union', *Competition & Change*, Vol 22 No 2, 2018, pp101-116.
- 9 Benjamin Braun and Daniela Gabor, 'Central banking, shadow banking, and infrastructural power', in *The Routledge International Handbook of Financialization*, London, Routledge 2020.
- 10 *Shutdown*, p294.
- 11 Herbert Marcuse, 'Some social implications of modern technology', in *The Essential Frankfurt School Reader*, Andrew Arato and Eike Gebhardt (eds), pp138-162, New York, Urizen 1977.
- 12 Stuart Hall, 'The great moving right show', in *Selected Political Writings*, London, Lawrence and Wishart 2017.
- 13 Joe Guinan and Martin O'Neill, 'The institutional turn: Labour's new political economy', *Renewal*, Vol 26 No 2, p12.
- 14 On green central banking, see for example: Adam Tooze, 'The Fed can, and should, take big steps on climate', *Green Central Banking*, 26 July 2021: [www.greencentralbanking.com](http://www.greencentralbanking.com). On the Eurozone's fiscal capacity, see Adam Tooze, 'Europe needs to go big', 26 May 2021: [www.adamtooze.com](http://www.adamtooze.com).