

An Introduction to Modes of Exchange (2017)

Kojin Karatani

—1—

I proposed the notion of switching “from modes of production to modes of exchange” in *The Structure of World History* (2010; English trans. 2014). Here, I would like to provide a simple explanation of this. Orthodox Marxist theory, using an architectural metaphor, explains the history of social forms in terms of modes of production, which form the economic base (foundation), and of the political or ideational superstructures that are determined by that base. A mode of production consists of the productive forces, which arise from the relations between humans and nature, and the relations of production, which are constituted by the relations between humans. I do not oppose the idea that the history of social forms is determined by the economic base, but in my view that base consists not of modes of production, but rather modes of exchange. What I call modes of exchange includes both relations between nature and humans and relations between humans.¹

I came to see things this way as a result of various critiques that were mounted in response to problems in the Marxist view that modes of production constituted the economic

¹ This does not amount to a rejection of Marx. At the stage of writing *The German Ideology*, Marx himself used the expression “productive forces and intercourse,” not “productive forces and relations of production.” The concept of intercourse (*Verkehr*) includes relations of production, transportation, trade, sexual intercourse and even war. In other words, it includes all the various types of “exchange” that occur among that occur among communities. Accordingly, the various forms that I call modes of exchange can be said to correspond to what Marx called intercourse. A perspective centered on modes of production (productive forces and relations of production) fails to see that the relation between people and nature is itself a form of exchange (metabolism) and as a result loses sight of the ecological awareness that was included in Marx’s use of the term.

base—critiques that ultimately resulted in a rejection of the idea of an economic base. Among these, probably the first significant critic was Max Weber. While accepting in principle the theory of historical materialism, he asserted the relative autonomy of the ideational superstructure. For example, while Marxism took early modern religious reform (Protestantism) as a product of the development of a capitalist economy, Weber argued to the contrary that it functioned as a force driving industrial capitalism (*The Protestant Ethic and the Spirit of Capitalism*). In other words, ideational superstructures such as religion are not just passively determined by the economic base, but rather have the power to actively alter the latter.

The next critic I should mention is Freud:

The strength of Marxism clearly lies, not in its view of history or the prophecies of the future that are based on it, but in its sagacious indication of the decisive influence which the economic circumstances of men have upon their intellectual, ethical and artistic attitudes. A number of connections and implications were thus uncovered, which had previously been almost totally overlooked. But it cannot be assumed that economic motives are the only ones that determine the behaviour of human beings in society. The undoubted fact that different individuals, races and nations behave differently under the same economic conditions is alone enough to show that economic motives are not the sole dominating factors. It is altogether incomprehensible how psychological factors can be overlooked where what is in question are the reactions of living human beings; for not only were these reactions concerned in establishing the economic conditions, but even under the domination of those conditions men can only bring their original instinctual impulses into play—their self-preservative instinct, their aggressiveness, their need to be loved, their drive towards obtaining pleasure and avoiding unpleasure. In an earlier enquiry I also pointed out the important claims made by the super-ego, which represents tradition and the ideals of the past and will for a time resist the incentives of a new economic situation.²

Freud here rejects Marxism's claim that "economic motives" are "the sole dominating factors" and insists that we have to take "psychological factors" into consideration. I quote this passage in particular because his criticism here is related to subsequent criticisms of historical

² Sigmund Freud, *New Introductory Lectures on Psychoanalysis*, in *Standard Edition of the Complete Psychological Works of Sigmund Freud*, 24 volumes (London: Hogarth, 1956-1974), 22:178-179.

materialism—criticisms that would assert that the ideational superstructure is something relatively autonomous from the economic base.

These sorts of questions started being asked among Marxists in the 1920s, after their movement experienced severe setbacks. The first to raise them was Gramsci, imprisoned under the Fascist regime after the defeat of the revolutionary uprising in Italy. He thought that the strength of state power in Italy was not simply due to violent coercion, but rather formed through the voluntary consent of the ruled, which he called hegemony. This means that the state is an apparatus that possesses its own independent “power” and is not simply a ‘violent apparatus’ of the economic ruling class. In other words, while the superstructure may be determined by the economic base, it possesses relative autonomy.

Another source of important questions about the nature of state power were Russian Marxists after the victory of their revolutionary movement. Engels wrote the following after Marx’s death:

Marx and I, ever since 1845, have held the view that one of the final results of the future proletarian revolution will be the gradual dissolution and ultimate disappearance of that political organisation called *the State*; an organisation the main object of which has ever been to secure, by armed force, the economical subjection of the working majority to the wealthy minority. With the disappearance of a wealthy minority the necessity for an armed repressive State-force disappears also. At the same time we have always held, that in order to arrive at this and the other, far more important ends of the social revolution of the future, the proletarian class will first have to possess itself of the organised political force of the State and with its aid stamp out the resistance of the Capitalist class and re-organise society.³

Lenin and Trotsky’s insistence on pushing through with the October Revolution (coup d’etat) was based on the above line of thought. In other words, they believed that if the proletariat seized state power and abolished the capitalist mode of production, the state would then gradually disappear. It is true that the capitalist mode of production was abolished by state power, but

³ Frederick Engels, “On the Death of Karl Marx” [May, 1883], Karl Marx and Frederick Engels, *Collected Works*, 50 volumes (New York: International Publishers, 1975), 24:477-478.

contrary to their expectations, state power only increased, which resulted moreover in an intensification of nationalism. The result was Stalinism. But we can't blame this on the person Stalin. It should instead be understood as showing the failings in Marxism's understanding of the state. And this provided one more impetus for Marxists to consider the importance of the political superstructure.

Another instance of Marxists who came to question the orthodox formulas of historical materialism came with the Frankfurt School, which arose in Germany in the wake of the defeat by Nazi-ism in the 1930s. What made this defeat such a traumatic experience was that the movement of the Nazis themselves—unlike ordinary anti-revolutions—was a counter-revolution, which proclaims their own movement a revolution. To be defeated by this meant being defeated by a 'power' arising from the 'political/ideational superstructure,' such as the state, nation, or religion—elements to which Marxists had previously seen as unimportant. Profoundly shaken by this, the philosophers of the Frankfurt School undertook a reconsideration of the foundations of Marxist theory. Put simply, they acknowledged the relative autonomy of the political/ideational superstructure and furthermore tried to understand its nature. In doing so, they introduced the psychoanalytic theories of Freud, which Marxists had previously rejected as a form of bourgeois psychology.

It is interesting to note that the Marxist movement in 1930s Japan experienced a similar total collapse under the impact of 'Emperor-system fascism,' resulting in collective *tenkō*: renunciations of Marxism. A number of postwar intellectuals took up this experience as an impetus for rethinking Marxist theory, including the political scientist Masao Maruyama and the literary critic Takaaki Yoshimoto. Maruyama introduced Weber and American sociology, while Yoshimoto theorized the autonomy of the ideational superstructure in terms of a 'communal

fantasy.’ From quite different theoretical stances, they each sought to understand the relative autonomy of the superstructure and in that sense their work paralleled that of the Frankfurt School. But these lines of thought resulted in a tendency to stress the importance of the political/ideational superstructure—at the cost of underestimating the importance of the economic base.

Althusser’s undertakings in 1960s France were also parallel to these. He brought in Freud’s psychoanalysis (by way of Lacan) in an effort to resolve the difficulties faced by historical materialism. Freud gives the name “overdetermination” to situations where an effect is produced by a convergence of multiple causes. In the same way, Althusser explained that the various modes of production in the base (the last instance) ‘over-determine’ the ideational superstructure. In effect, though, in its attempt to provide theoretical grounding for the relative autonomy of the superstructure, this version of ‘determinism’ resulted in the negation of economic determinism. With regard to the state, too, he argued that it did not simply consist of violent apparatuses of the ruling class, but also included ideational apparatuses that secured the voluntary consent of the people. These too were autonomous from the mode of production of the economic base.

These theories do not deny that the political/ideational superstructure is determined by the economic base. To the contrary, they were all conceived in order to defend the notion of the economic base. But the more efforts were made along these lines, the more the actual end result became a tendency to downplay the role of the economic base. This in turn resulted ultimately in a loss of interest in Marxism itself.

Among Marx's works, I have come to attach primary importance to *Capital* alone. In comparison, I find the theory of historical materialism to be nothing more than a general "guiding thread." I was influenced in this by Marx's own words:

The general result at which I arrived and which, once won, served as a guiding thread for my studies, can be briefly formulated as follows: in the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their social being, but, on the contrary, their social being that determines their consciousness. [...] With the change of the economic foundations the entire immense superstructure is more or less rapidly transformed. In considering such transformations a distinction should always be made between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, esthetic or philosophic -- in short, ideational forms in which men become conscious of this conflict and fight it out. [...] In broad outlines Asiatic, ancient, feudal, and modern bourgeois modes of production can be designated as progressive epochs in the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production -- antagonistic not in the sense of individual antagonism, but of one arising from the social conditions of life of the individual; at the same time the productive forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation brings, therefore, the prehistory of human society to a close.⁴

This is the approach that would become known as historical materialism. But we should note that this is not the method Marx would use to explicate the capitalist economy—in other words, this is not the method used in *Capital*. What he is saying here is that while this "general result" may be useful as a "guiding thread" for exploring the history of social formations in general, in the

⁴ Karl Marx, "Preface," *A Contribution to a Critique of Political Economy*, Marx and Engels, *Collected Works*, 29:262-264.

“Critique of Political Economy” that he is about to undertake he will adopt a different approach.

Why did Marx put the matter this way? For one reason, historical materialism based on modes of production was a view originally proposed by Engels. After Marx’s death, Engels would describe this as Marx’s own epochal invention, but this was not the case.⁵ Engels had already adopted this line of thought back when Marx was still under the intellectual sway of the German Young Hegelian school. This was because Engels lived in England, where he witnessed the development of a capitalist economy and the class struggle (the labor movement) that characterizes it. From that point, he turned his gaze back on the history of society. The formulas of historical materialism amounted to the projection back onto pre-capitalist society of a perspective that was established on the basis of capitalism. In that sense, it might be of some use as a “guiding thread” for understanding pre-capitalist society, but cannot be used for grasping a capitalist economy. Accordingly, Marx brought in a different approach.

According to the theory of historical materialism, the base of capitalist society lies in the relations of production between capitalists and workers. But Marx in *Capital* does not begin from there, but rather from exchange (money and commodity). Why? In general, according to historical materialism and those forms of Marxism based on it, production is of primary importance, and exchange is secondary. Yet this is, if anything, a view grounded in the thought of the classical economists such as Adam Smith, who were the object of Marx’s critique. Smith and his ilk were rejecting merchant capital, which earned its profits from exchanges, as well as

⁵ Engels’s words: “These two great discoveries, the materialistic conception of history and the revelation of the secret of capitalistic production through surplus-value, we owe to Marx.” (Engels, *Socialism: Utopian and Scientific*; Marx and Engels, *Collected Works*, 24:305). After Marx’s death, he began to describe these as constituting “Marxism.” But as Wataru Hiromatsu long ago demonstrated, this is not correct. It was Engels who in the 1840s first proposed the “materialist view of history” (historical materialism). Moreover, it is also clear that their collaborative work *The German Ideology* (especially its first section, “Feuerbach”) was also written largely at Engels’ initiative.

the theories of their mercantilist and bullionist predecessors, whose thought was grounded in merchant capital. Smith asserted the legitimacy of the earnings of industrial capital, as opposed to those of merchant capital. In sum, for classical economists like Smith, exchange was of only secondary importance.

But for Marx, exchange was fundamental. This was because he was taking up questions that had been disavowed by classical economics. In that sense, we could say that he analyzed capital by returning to mercantilism and bullionism. He considered merchant capital and money-lending capital to be the essential forms of capital. Mercantilism and bullionism demonstrated that what drove capital was not the desire for material goods, but rather for money—in other words, the drive to accumulate the ‘power’ that enables one to acquire material goods through exchange with the money one has. Moreover, this accumulation of power could only be realized through differences generated through exchange (surplus value).⁶

The real question is, where does this ‘power’ (exchange value) come from? Marx saw it as a kind of spiritual power adhering to the commodity—as, that is, a fetish. This went beyond the initial identification he relates at the opening. In *Capital*, he tried to grasp the historical process by which this commodity fetish develops into the money fetish and capital fetish, and ultimately reorganizes the entire social formation. In his youth he criticized Hegel’s idealist view

⁶ In the case of merchant capital, one generates this difference by buying a certain commodity in a place (value system) where it is inexpensive and the selling it at another place where it is expensive. Exchanges of equal value are carried out in each place, so merchant capital is not cheating anyone. In the case of industrial capital, on the other hand, surplus value is realized by, to put it simply, having the laborers sell their labor power commodity to capital and then having them buy back as consumers the things that they have produced under the capitalist. In this case, ‘equal exchange’ generates surplus value because technological innovations carried out by capital have the effect of generating disparities between value systems. Whereas mercantile capital depends on spatial differences, industrial capital is based on temporal differentiation. This is why industrial capital promotes continuous technological innovation and achieves unprecedented increases in productivity.

of history, stressing the importance of materialism's economic base, but the "Preface" to *Capital* clearly praises Hegel, and Marx faithfully emulates the narrative of the process by which Spirit proceeds from sensible form to self-realization depicted by Hegel in his *Phenomenology of Spirit* and *Logic*. In fact, here "Spirit" is stood on its head to become "fetish." But *Capital* made clear that the world of the capitalist economy, far from being materialist, is actually dominated by fetishism—in other words, by an ideational power.

The essential characteristic of a capitalist economy cannot be explained through its mode of production. This is because that characteristic lies in its mode of exchange. For example, the relation between capitalist and worker is based on an agreement/contract between the capitalist who has money and the laborer who has the labor power commodity. Accordingly, this is qualitatively different from the relation in medieval Europe between feudal lord and serf, just as it is qualitatively different from the relation in classical Greece and Rome between citizen and slave. In sum, the difference between relations of production in capitalism and those in earlier relations of production is a difference in mode of exchange. Under the theory of historical materialism, transformations in the social formation are understood as a series of stages in the development of relations of production. But in reality, transformations in mode of exchange exist at a more fundamental, basic level.

A variety of modes of exchange continue to exist in a modern capitalist societies, but the commodity mode of exchange is dominant. The "productive forces and relations of production" of these societies are simply the results of this. Accordingly, when Marx undertook his consideration of the capitalist economy, he began from its mode of exchange. He relied on historical materialism as a "guiding thread" only with regard to earlier societies. But, in fact, even in the case of pre-capitalist stages, trying to understand them in terms of modes of

production leads to difficulties. Had Marx tried to tackle this on his own, probably he would have ended up taking a different approach to pre-capitalist social formations as well. This is clear, as I will discuss below, from the study he made of Morgan's *Ancient Society* in his later years.

Generally speaking, Marxists have made few contributions to our understanding of precapitalist societies. This was because they relied on the formulas of historical materialism. As a result, the epochal breakthrough in our understanding of the social formation in clan societies came not from a Marxist but rather Marcel Mauss. He analyzed it not in terms of productive forces or means of production, but rather of exchange. This was not commodity exchange, but rather the reciprocal exchange of gift/counter-gift. I call this mode of exchange A to distinguish it from commodity exchange (mode of exchange C). This kind of exchange is comprised of three rules: one must give gifts, one must accept gifts, and one must reciprocate for gifts received. These rules are not something that people invented. They are instead imposed by a 'magical power' (*hau*) that people are compelled to obey. The social formation of clan society is created through this principle of exchange. For example, the form of kinship is established through reciprocal exchanges in which one gives one's daughter or son to another community and then receives in turn a reciprocal return gift. In this sense, the clan society social formation was established by exchange in this broad sense, and this is what constitutes its true economic base.

Incidentally, the Marxist anthropologist Marshall Sahlins argued for the existence of a "family mode of production" at the root of reciprocal exchanges, while Maurice Godelier proposed a mode of inalienable communal ownership.⁷ Both are trying above all to salvage the theory of historical materialism. But in reality it was the reciprocal mode of exchange that

⁷ Marshall Sahlins. *Stone Age Economics* (New York: Aldine de Gruyter, 1972), and Maurice Godelier, *The Enigma of the Gift*, trans. Nora Scott (Cambridge: Polity Press, 1999).

brought about the family mode of production and communal ownership, not the other way around. Accordingly, we have to start from modes of exchange in understanding primitive societies—as we can see from consulting Marx’s own views on the matter.

In his later years, when Marx praised Morgan’s *Ancient Society* and discussed clan society, he did not invoke mode of production. Marx paid less attention to the economic equality of clan society than to the freedom and autonomy of its individual members. “All the members of an Iroquois gens *personally free, bound to defend each other’s freedom; equal in privileges [and] personal rights. Sachem [and] chiefs claiming no superiority; a brotherhood bound together by the ties of kin. Liberty, Equality, and Fraternity*, though never formulated, were *cardinal principles [of the] gens...*”⁸

If that is the case, what is the source of the principles of liberty, equality, and fraternity in the clan society? This cannot be explained by way of mode of production or communal ownership. Marx never argued this point explicitly himself, but in my view, they arise from the principle of reciprocal exchange, and this is what formed the economic base that determined clan society. Moreover, Marx described future communism as being ‘the return in a higher dimension’ of the principles of clan society. This shows that he did not regard future communism as a situation arising simply out of the further development of modes of production. While he didn’t explicitly spell this out, Marx did hint that future communism should be sought through modes of exchange. I will return to this again below.

What was the situation with state society that emerged after clan society? It may appear to be grounded primarily in violent exploitation, but in fact it is also based on a kind of ‘exchange.’ While not ordinarily regarded as a kind of exchange, what we find here is an

⁸ Lawrence Krader, ed., *The Ethnological Notebooks of Karl Marx* (Assen: Van Gorcum, 1972), p. 150.

exchange of submission for protection.⁹ The state has its beginnings in conquest and violent domination, but it can only become a sustained form of rule when the ruled willingly submit to it. This becomes possible when they receive protection in return for their submission—in other words, when the relation of ruler/ruled becomes a kind of exchange. This gives rise to a form of ‘power’ other than violence. This power binds not only the ruled, but also the rulers, because if the rulers are unable to protect the ruled, they will lose their position as rulers. In this sense, this relationship is bilateral (reciprocal), so that in a sense it is related to mode of exchange A.

I call this form of exchange mode B. Just as with mode of exchange A, a kind of non-material ‘power’ is at work in mode B. But this is something born out of ‘exchange’ itself, not something that somehow bubbled up from within the ideational superstructure. If we consider mode of exchange to constitute the economic base of a social formation, the state is not something that originates in the superstructure, outside the realm of the economic, but rather is directly rooted in a specific form of exchange—that is to say, in the economic base, broadly conceived. Gramsci’s “hegemony,” Althusser’s “ideational apparatuses,” and Foucault’s “knowledge-power” all come not from a superstructure that is autonomous from the economic base, but rather from the economic base itself. Moreover, those entities that Freud regarded as “psychological factors” in order to distinguish them from the economic realm also in fact originate from modes of exchange and hence are, in the broad sense, of the economic base.

What about mode of exchange C? As I noted above, this may appear at first glance to be

⁹ In *Leviathan*, Hobbes argued that the condition of peace was produced via a social contract from out of the ‘natural condition’ of struggle of all against all. This social contract was, he says, a covenant “extorted by fear.” This means it was a kind of exchange, because those who submitted were granted their lives in exchange for submitting. Moreover, the rulers were placed under an obligation to carry out their end as well. In this sense, we can say that Hobbes understood the state in terms of mode of exchange B. But theorists from Locke on have thought of the ‘social contract’ only in terms of mode of exchange C.

a simple exchange of material goods, but that is incorrect. Here too an ideational power is at work—and it too arises from ‘exchange’ itself. Marx describes it the following terms. “The exchange of commodities, therefore, first begins on the boundaries of such communities, at their points of contact with other similar communities, or with members of the latter.”¹⁰ In other words, exchange takes place with an unknown, perhaps dangerous other. Hence, the need arises for a ‘power’ to control the other—a ‘power,’ moreover, that is different from those that hold sway at the level of community or state. It is, moreover, of an ideational/religious nature. It is, in fact, what we call ‘credit’ or ‘trust.’ Marx called this sort of power a fetish. “Hence the riddle presented by money is but the riddle presented by commodities; only it now strikes us in its most glaring form.”¹¹ In this way, Marx was trying to demonstrate how the commodity fetish, in the form of the money fetish and then the capital fetish, comes to dominate society as a whole. To repeat, what *Capital* made clear is that the capitalist economy is controlled not by the material, but rather by the power of fetishism—that is, by the ideational power. (See figures 1, 2, and 3).

From the above it should be clear how modes of exchange A, B, and C each gives rise to an ideational ‘power’ that compells people. All of these are born out of ‘exchange’ itself. But the conventional view that regards modes of production as constituting the economic base concludes that such religious or political elements arise from the superstructure, above and distinct from the economic base. As a result, the study of these factors is left in the hands of anthropology, political science, religious studies, and the like. The only thing Marxists can bring to these is to add in mode of production as the economic base, which ends up being nothing more than a simple extrapolation. And as a result, the economic base ends up being basically ignored. On the other hand, the anthropology, political science, and religious studies that are thereby seemingly

¹⁰ Karl Marx, *Capital*, Volume 1, Marx and Engels, *Collected Works*, 35:98.

¹¹ Marx, *Capital*, Volume 1, Marx and Engels, *Collected Works*, 35:103.

liberated from the economic base aren't actually liberated. They fail to seek after the source of the ideational 'power' that they discover in their respective fields, nor do they feel any need to probe into it—and what is worse, they have no means for probing into it. They are trapped in a hopeless intellectual situation—so hopeless that they even remain unaware of it.

Faced with this situation, I decided to try to carry out the sort of investigation of modes A and B that Marx carried out in *Capital* with regard to mode C, carrying out a thorough study of them from their earliest stage to the present moment. But A, B, and C do not exist independent of one another. Social formations are produced as assemblages of all of them. Accordingly, it is impossible to take up any one of them in isolation; one has to consider each together with the other modes of exchange. On this point, we can say that when Marx wrote in *Capital* about the problems arising from mode C, he bracketed off the questions of the state and community—that is, modes B and A. In fact, no capitalist economy can exist in the absence of either state or community. But he bracketed these off in order to grasp the special characteristics of mode C.¹²

Accordingly, the history of social formations should be seen in terms of hybrid forms that include multiple modes of exchange. But the various modes of exchange themselves also undergo transformations within the transformations of social formations. The first social formation arises with clan society, in which mode A is dominant. Even at this stage, however, the germs of modes B and C are present, albeit to a barely noticeable degree. In state society, mode B becomes dominant, but this does not mean that mode A disappeared. It persists in the form of the agricultural community that submits to state rule. It is submissive to the power that

¹² In taking up the problem of capitalism, Marx was able to bracket off the problem of the state because he took as his object the economy of England in the age of classical liberalism. If he had taken up the capitalist economies of any other country from that same era, he could not have done so. In the case of the age of imperialism that emerged full-blown after Marx's death, too, it would not have been possible to understand the capitalist economy of England without taking into consideration the state.

stands above it, but within its interior is a collective characterized by self-government and egalitarianism. On top of this, under the dominance of mode B, trade carried out between different communities causes cities to flourish and leads to an expansion in mode of exchange C. At the same time, however, mode B also expands. Through this process “world-empires” take shape. These in turn undergo a transformation when they reach a stage at which, together with the establishment of a global market, mode C undergoes an explosive expansion. At this time, the modern social formation comes into being.

Viewed in this way, it becomes clear that we need to see transformations in social forms not simply along the temporal axis, but also along the spatial axis. What I have just described is a simplified model of the social formation. But no society exists in isolation. All societies engage in ‘intercourse’ with other societies. In other words, they engage in ‘exchange’ relations with other societies. I call this sort of grouping of social formations “world systems,” after the work of Fernand Braudel. They differ depending on which mode of exchange is dominant within them. (See figure 4).

For example, even clan societies form ‘mini world systems.’ These are not necessarily on a miniature scale; some, such as the Iroquois Federation in North America, were of an enormous scale. The special characteristic of this system is that the bonds between different clans are based in mode of exchange A. The next world system is the ‘world-empire.’ This is grounded in mode of exchange B. The next to appear is the world system that Braudel calls the ‘world-economy.’ In it, mode of exchange C is dominant, but even here B and A persist, albeit in altered form. Namely, B in the form of the sovereign state and A in the form of the nation (imagined community). Accordingly, the modern social formation takes the form of a combination of three modes of exchange—that is, capital-nation-state. Borrowing Wallerstein’s

language, this can be call the ‘modern world system.’ (See figure 5).

As we have seen, the history of social formations can be explained in terms of their combinations of modes of exchange, the economic base. My *Structure of World History* is based on this theoretical framework.

—3—

In the above, I have stressed the necessity of using modes of exchange as the economic base when we think about the social formations of the capitalist system and its predecessors, but it becomes even more necessary when we think about post-capitalist society—that is, communism. If we use the modes of production approach, we will never be able to show the necessity of communism. Marx put it as follows. “Communism is for us not a *state of affairs* which is to be established, an *ideal* to which reality [will] have to adjust itself. We call communism the *real* movement which abolishes the present state of things.”¹³ Here, he is clearly trying to think of communism as something other than a kind of hope or idea that people embrace. But if we approach this from the perspective of modes of production, we are unable to uncover its necessity—that is, its ‘power’ of compulsion over people.

Under the theory of historical materialism, ‘development of productive forces and contradictions in the relations of production’ are the key factors driving history. In addition, it maintains that these ‘contradictions’ appear in the form of class struggle. And in the end, a ‘class struggle that sublates class in itself’ will bring about the realization of communism. But what kinds of class struggle existed prior to capitalist society? As I have already hinted, if we adopt

¹³ Marx and Engels, *The German Ideology: Part One* (New York: International Publishers, 1989), 56-57.

the view of modes of production, we are unable to uncover those forms of class struggle.

For example, when we view feudal societies in terms of relations of production, we expect to find class struggle between feudal lords and serfs—and yet instances of this are hard to find. When struggle did occur, it was mainly due to misgovernment by the feudal lord. In other words, when he failed to meet his obligations under bilateral mode of exchange B. Accordingly, even when struggle emerged, it could only take place within the terms defined by mode B. In the middle ages, cases of class struggle that transcended mode B were those between feudal lord and city people. In other words, resistance to mode of exchange B came from mode of exchange C, which emerged in the cities. In sum, the ‘class struggle’ that took place during the medieval period was not an issue of modes of production; it was a conflict between mode of exchange B and mode of exchange C, which was spreading from the cities. And in the end, it was the latter that won out.

That being the case, this may have been a ‘struggle between classes,’ but it was not a ‘struggle to abolish class in itself.’ In fact, these various struggles did harbor within themselves elements that could ‘sublate class in itself.’ That is what rendered these struggles into epoch-making ‘class struggles.’ But those elements were never realized and in the end only aided in replacing one ruling class with another. For example, the French Revolution with its slogan of “Liberty, Equality, Fraternity” ended in the realization of capitalist society.

That being the case, where does the movement to ‘sublate class in itself’ come from? Generally, it seems, this arises from the dimension of religion and thought. In other words, not from the economic base, but from the ideational superstructure. In my view, however, these actually come from the economic base—that is, from modes of exchange—but in form of a mode of exchange that is different from A, B, and C, and that in fact aims to sublate them. Moreover,

unlike a simple concept or idea, these has its own ‘power’ of compulsion. I will discuss this again below.

What is clear by now is that the class struggles we can identify from the premodern period arise not from mode of production, but rather mode of exchange. And we can say the same thing with regard to class struggle in capitalist society. For example, as I noted above, Engels observed the class struggle in 1840s England and from this hit upon the idea of ‘historical materialism,’ but in 1848 when revolutionary movements swept across Europe, the quickest cessation of class struggle was seen in England. Moreover, this happened not because of the defeat of the Chartist Movement—but rather because of its partial victory. After this, the labor movement in England was legalized and before long there appeared the so-called labor aristocracy. What emerged subsequently was Fabian Socialism (Social Democrats). In sum, the class struggle that occurred in England disappears with the victory, to a certain degree, of the working class. Why?

The disappearance of class struggle at this time did not mean the disappearance of the capitalist mode of production. As a result of the struggle, it became legal for labor unions and others to engage in negotiations over wages. Seen from the perspective of modes of exchange, this means that the relations of capitalists and laborers, which had resembled modes B or A, started to move towards mode C. Looking back from this perspective, the fierce class struggle of the Chartist Movement arose not from ‘relations of production’ or ‘contradictions between productive forces and relations of production,’ but rather from the emergence of a new mode of exchange that was in the process of replacing the previously dominant mode. And when this was achieved, the labor movement became an accepted part of the labor market—that is, of the capitalist market economy. And with this, while it appeared that the class struggle continued, in

fact any ‘consciousness to sublate class in itself’ had vanished.

In the advanced capitalist countries, class struggle and socialist revolutionary movements were destined to fade away after an initial period of activity. Faced with this situation at the end of the nineteenth century, following the death of Engels, Engel’s disciple Bernstein proclaimed the end of Marx-Engels revolutionary theory. But Lenin concluded that because the proletariat would naturally come to acquire a bourgeois-like consciousness and lose its class consciousness that would abolish class in itself, and for that reason believed that class consciousness had to be introduced from ‘outside.’ Lukacs’s *History and Class Consciousness* (1923) aimed to provide the philosophical basis for this. In their case, the ‘outside’ meant the ideas provided by vanguard intellectuals (or the vanguard party). But this was no different from Plato’s philosopher-king, and in the end its result was to legitimize dictatorship by the party.

By contrast, from early on Ernst Bloch pointed out the limitations of historical materialist theory, and in *Thomas Müntzer as Theologian of Revolution* (1921) he attempted to link the socialist revolution with religion. Lukacs criticized this as a deviation from correct Marxism, but what I want to point out here is that already in 1848, Engels had confronted the same problem and adopted the same point of view. At the moment when ‘class struggle’ in England had died away, he revisited the question of how class struggle or even socialist revolution might be possible. This could not be resolved from an approach centered on ‘productive forces and relations of production.’ In other words, the person who was the first to propose this approach was also the one who came to this realization about its limitations.

Specifically, he began to research peasant movements from sixteenth-century Germany (*The Peasant War in Germany*, 1850). In this work, he tried to find ‘communism’ in the thought of the millenarian movement leader Thomas Müntzer. Engels’s previous position was that the

‘power’ that drives socialism and movements to sublimate class in itself comes from the economic base (contradictions between productive forces and the relations of production). But here he acknowledged that these come instead from the ideational/religious dimension. He would then launch into a study of the history of primitive Christianity that would continue until the end of his life. It is also true, however, that he was never able to go beyond this stage and bring this question to its logical conclusion.¹⁴

Bloch was in many ways the heir to this approach. He would write that, “Only an atheist can be a good Christian; only a Christian can be a good atheist.”¹⁵ (*Atheism in Christianity*). Even before this, the Christian theologian Karl Barth would write that, “A well-known theologian and author has recently argued that these two ought not to be joined together as they are in our topic: ‘Jesus Christ *and* the movement for social justice,’ for that makes it sound as if they are really two different entities which must first be connected more or less artificially. Both are seen as *one and the same*: Jesus *is* the movement for social justice, and the movement for social justice *is* Jesus in the present.”¹⁶

We can say that these thinkers were confronting the same problem that Engels had faced. Through a paradoxical logic, they were trying to repair the rupture between religion and social

¹⁴ The validity of Engels’ observations in *The Peasant War in Germany* are not limited to the West or to Christianity. For example, Japan saw a long period of large-scale peasant wars in the sixteenth century. These arose in tandem with social transformations that were then underway under the impact of the world market. But we should heed to the fact that the conclusion that at this time the moment for mode D appeared through a Buddhist sect (the True Pure Land School). These peasant wars ended in defeat, and the Tokugawa feudal system and closed-country edict were imposed. This calls to mind Engels words, declaring that the defeat of the Peasant Wars delayed Germany’s modernity by two centuries.

¹⁵ Ernst Bloch, *Atheism in Christianity: The Religion of the Exodus and the Kingdom*, trans. J.T. Swann (London: Verso, 2009).

¹⁶ Karl Barth, “Jesus Christ and the Movement for Social Justice” in George Hunsinger, ed., *Karl Barth and Radical Politics* (Philadelphia: Westminster Press, 1976), 19-45. This passage appears on 45.

movements—in other words, the rupture between ideational superstructure and economic base. But this problem can be resolved if we view the economic base in terms of modes of exchange rather than modes of production. Up until this point, I have been speaking only of three kinds of modes of exchange, but here I would like to introduce mode of exchange D

Strictly speaking, D is not one of the modes of exchange. It is a drive that seeks to negate and sublate ‘exchange’ (whether of mode A, B, or C). It appears in the form of an ideational/religious power. Nonetheless, it is deeply connected to the economic base—that is, to exchange. It is precisely for this reason that D is able to oppose the various powers that arise from A, B, and C. It is not some imaginary being created through human desire or intention; to the contrary, it possesses its own ‘power’ of compulsion over humans.

D is undoubtedly religious in nature. But if that is so, A, B, and C are also each in their own way religious. Weber referred to religion as ‘*Gotteszwang* or coercion of the god,’ which is nothing other than ‘mode of exchange A,’ in which one makes a gift to the gods in order to compel them to reciprocate. The state, too, can be called a religion grounded in mode of exchange B. Mode C, on the other hand, gives rise to religion in the form of commodity fetishism. This may at first glance seem to be nonreligious. For example, in today’s advanced capitalist countries, we see increasing secularism and rejection of religion. Yet this does not amount to a criticism of religion: it shows instead the situation of neoliberalism, in which mode C has become the dominant fetish.

Mode of exchange D, by contrast, arises in the form of a criticism of those kinds of religion. In concrete terms, it emerges in all regions at the stage of world-empire, where modes A, B, and C have achieved a certain degree of maturity, in the form of universal religions.¹⁷

¹⁷ What I call universal religion means something different from a world religion in the sense of

Universal religions, that is, emerge in the form of ‘critique of religion.’ Of course, these later transform to become the religion of the community (mode A) or the religion of empire (mode B), and yet within these elements of mode D will ceaselessly reappear in the form of heretical movements—for example, Thomas Müntzer’s movement. Accordingly, historically mode D has played an active role in transforming social formations. In that sense, despite the fact that mode D is not an element of the social formation, which is a combination of multiple modes of exchange, it nonetheless persists as an active force within it.

In modern social formations, mode C is dominant. This does not mean, however, that modes A and B are absent. They remain, albeit transformed under the sway of mode C. For example, even in the modern state which has adopted bourgeois forms of law, mode B persists in the form of ‘state power.’ And after the dissolution of the tribe or community at the hands of mode C, mode A is revived in the form of the ‘imagined community’ (Benedict Anderson). Hence, the modern social formation takes to form of capital-nation-state.

Today, mode A functions as an impulse toward the restoration of community—as, that is, nationalism. But it can never overcome modes B or C. To the contrary, taking the form of xenophobia, it serves to bolster capital-state. In the past, it led to Fascism, and it is likely that something similar will reoccur in the future. By contrast, mode D does not seek the restoration of a past community. It bears only a superficial resemblance to mode A.

Insofar as modes A, B, and C continue to exist, D will persist as a drive toward their negation. Where does it come from? D might seem to come from the heavens. But in fact, it

a religion that has many believers around the world. Scale is not what determines whether a given religion or sect constitutes a universal religion. In my terms, a religion is universal only to the degree that it is characterized by mode D. Moreover, mode D does not appear only in religion. It also appears in such forms as philosophy, literature, and the arts. Please refer to my *Isonomia and the Origins of Philosophy* (2012; English translation 2017).

issues from the economic dimension. Or again, it might seem to come from the future. But in fact, it issues from the past.

From where does D's 'power' arise? The answer to this cannot be separated from the question of where A's 'power' comes from. In short, how did reciprocal exchange begin? This cannot be demonstrated empirically. I would like to refer here to something Marx wrote in the preface to *Capital*. "In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both."¹⁸ As this indicates, he carried out his investigation into the origins of commodity exchange C via the "force of abstraction." Accordingly, we can adopt the same approach with regard to the other modes of exchange.

In primitive societies, the principle for the establishment of the social formation undoubtedly lay with reciprocal exchange. This did not, however, exist from the start. When the human race was at the stage of nomadic hunter-gatherers, modes B and C did not exist—but neither did mode A. Most likely, all products were distributed equitably at this stage. Nomadism made the accumulation of goods impossible. The size of the nomadic band was determined by the scale needed to engage in hunting and did not grow larger or smaller than this. Nothing compelled members of the band to remain. When they encountered other bands, probably they carried out simple exchanges, but these did not develop into warfare. I call this situation nomadism U.

What caused this situation to change was the shift to fixed settlement in many parts of the world, itself a result of global climate change. After this, interpersonal conflict and disparities of wealth began to appear within the collective. Fixed settlement made exchanges with other

¹⁸ Marx, "Preface to First German Edition," *Capital*; Marx and Engels, *Collected Works*, 35:8.

collectives necessary—which in turn gave rise to new difficulties. It was at this time that mode of exchange A, the reciprocity of the gift, began. Needless to say, this was not something that people invented or thought up. It arrived as something that transcended human intentions.

I find Freud's theories useful in understanding this—even if we must note that these differ from what he argued in *Totem and Taboo*. There, he tried to explicate the principle that forged primitive society as an 'alliance of brothers,' which he connected to the 'murder of the patriarch' by the brothers. But the 'patriarch' here was a hypothesis that Darwin posited on the basis of gorilla and other societies, and it is nothing more than a projection back onto antiquity of the patriarchal system that would only be established later, at the stage of the emergence of the state. Today, Freud's hypothesis is completely rejected. And yet, it seems to me that we can use Freud's theories to explicate the origins of reciprocal exchange—but we have to use them in a way that Freud himself never did. In particular, we can adopt the theories from Freud's late period, after he introduced the notion of the 'death drive.'

The death drive is a drive that urges the organism (life) to return to the inorganic: "beside the instinct to preserve living substance and to join it into ever larger units, there must exist another, contrary instinct seeking to dissolve those units and to bring them back to their primeval, inorganic state."¹⁹ I believe that this applies more to social formations than to the individual. When the human race was still nomadic, it was in its "inorganic state." The adoption of fixed settlement then produced its "organic state." And it was at this point that inequality and conflict were generated.

At that time, the impulse to restore that 'inorganic state' became a death drive, which

¹⁹ Freud, *Civilization and its Discontents*, *Standard Edition of the Complete Psychological Works of Sigmund Freud*, 21:118-119.

was first directed outward in the form of aggression. But, to put this in Freud's terms, when this was directed inward, it became the superego, which checks the self's aggressivity. It seems likely that the practice of reciprocal gift exchanges appeared in order to fulfill this function. Under it, people must give gifts, must accept gifts, and must reciprocate for gifts received. In this, a kind of spirit that adheres to object given as gifts seems to compel people to obey. But we can also say that this 'power' of A is a kind of repetition compulsion, because it represents the return of the U that was lost with the adoption of fixed settlement. It functions as an ideational power that blocks the emergence of classes and the state.

After the appearance of clan society, human society came to be dominated by the ideational 'power' that is produced by modes B and C. When mode B is dominant, mode A is limited to functioning as the principle of the community. As I noted above, however, when modes A, B, and C have reached a certain stage—that is, at the stage of world-empire—mode D appears in the form of universal religion. In other words, universal religion cannot exist in isolation from the economic base.

Mode D is not the return of mode A; it is the return of U.²⁰ Accordingly, it intends not the past but the future. Nonetheless, it is different from human hopes and fantasies: it has the character of a repetition compulsion. What D makes possible is various forms of resistance to the 'powers' possessed by A, B, and C. We can include literature and art among these. The ability of literature and art to escape direct determination by the productive forces and relations of production and to present a utopia that transcends these comes from mode D. Ernst Bloch expounded a mystical discourse that attempted to provide a grounding for this in 'existentialist'

²⁰ In *Moses and Monotheism*, Freud speculated on the origins of universal religion, but he treated it as an extension of his argument in *Totem and Taboo*, as an Oedipal question. He should have considered both from the perspective of the "death drive."

terms, but if we take it up in materialist terms using modes of exchange, there is no need to pursue it through the language of riddles.

Insofar as the powers of modes A, B, and C persist, mode D will always return as a kind of compulsion that attempts to sublimate these. Accordingly, insofar as it consists of mode D, ‘communism’ is historically necessary and inevitable. These are the main points I argued in my *Structure of World History: From Modes of Production to Modes of Exchange*.

(Translated by Michael K. Bourdaghs)

=====

1. The basic modes of exchange

<p>B</p> <p>submission-protection (punder-redistribution)</p>	<p>A</p> <p>reciprocity (gift-return)</p>
<p>C</p> <p>commodity exchange (money-commodity)</p>	<p>D</p> <p>X</p>

2 The basic social formation

<p>B</p> <p>state</p>	<p>A</p> <p>Community (clan)</p>
<p>C</p> <p>City (market)</p>	<p>D</p> <p>X</p>

3 Power and Mode of Exchange

B political power	A magical power (fetish)
C monetary power (credit)	D X

4 World system

B world-empire	A mini-world system
C world-economy (modern world system)	D world republic

5. Capital-nation-state in the modern world system

B state	A nation
C capital	D X