The dialectics of the neo-neo debate in the neoliberal moment

Sarrah Kassem

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The American University in Cairo

School of Humanities and Social Sciences

The Dialectics of the Neo-Neo Debate in the Neoliberal Moment

A Thesis Submitted to

Political Science Department

in partial fulfillment of the requirements for

the degree of Master of Arts

by

Sarrah Mohamed Kassem

Supervised by Dr. Sean McMahon
The American University in Cairo

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Has been approved by

Dr. Sean McMahon
Thesis Committee Advisor

Dr. Sandra Rein
Thesis Committee Reader

Dr. Marie Duboc
Thesis Committee Reader

Dr. Ibrahim Elnur
Department Chair

Dr. Nathaniel Bowditch
Dean

6/9/2015

Date

Date
To my wonderful Mother, Father and Brother for their unconditional support that could never be expressed in words
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ABSTRACT

My thesis applies a historical materialist and dialectical analysis to the study of IR by holding the moment of the 1980s as temporally stable to study the debate between Neorealism and Neoliberalism (Neo-Neo debate). I ask two foundational and interrelated questions: 1) how are the material conditions of the neoliberal moment dialectically related to the reassertion of bourgeois mental conceptions in International Relations?; and 2) how does the ontology of dominant IR theory, understood as the Neo-Neo debate, lead to the exclusion of class analysis altogether? By studying the dialectical relations of the material context and the Neo-Neo debate, I argue that the reassertion of bourgeois mental conceptions, through the fetishistic individual ontology of the Neo-Neo debate in IR, contributes to the restoration of class power and extends the trajectory of capitalism’s survival in the neoliberal moment, by effectively denying the existence of class relations on a global scale. IR and its developments must be recognized as peculiar in, corresponding to and co-evolving with the historical moment that naturalizes its conceptualizations of the international order and as dialectically related to the material conditions of that historical moment. Only by doing so, is a move away from this fetishistic view, and towards a post-IR study of global relations based on a social ontology, made possible.
CHAPTER I. INTRODUCTION: THEORETICAL FRAMEWORK AND LITERATURE REVIEW

International Relations and Finance Capital in the Neoliberal Moment

International Relations (IR) must be approached in order to interrogate how its developments, marked by the continued dominance of a certain ontology and epistemology, have led to the repeated exclusion of class analysis for almost a century since the establishment of the world’s first chair of IR in Aberystwyth in 1919. These developments cannot be interrogated without directly tackling the theoretical assumptions of IR. In its current state, IR takes a complex world and reduces it to a specific ordered representation of the “post-Renaissance European historical experience” of the Westphalian state system “articulated in orthodox Anglo-American philosophical terms.”¹ Critical and postmodern scholars voiced criticism in the 1980s, seeking to highlight the inadequacies of dominant understandings of IR that remained silent on questions of race, gender and class. Three decades later, it is still crucial to interrogate IR’s dominant theoretical developments that continue to be concerned with peace and war based on the notion of a “state was a state was a state,” dismissing attempts of understanding larger state/society complexes.²

Different theoretical approaches inform different understandings of IR and what falls under its domain as the object of study. John Mearsheimer argues that the only two theories that “hold places of privilege on the theoretical menu of international relations” are liberalism and

¹ Jim George, Discourses of Global Politics: A Critical (re)introduction to International Relations (Boulder, CO: Lynne Rienner, 1994), xi.
realism, as big intellectual debates were either within one of these theories or between these. Such a statement not only reflects how IR is dominated by liberalism, realism and their Neo-variants, but also how scholars within these theoretical approaches view them as the only approaches that carry any weight. Neorealism regards the anarchic structure of the international order as influencing the distribution of power in which states can never be certain about the behavior of others. This drives states to either seek security defensively in a system of status quo powers or offensively maximize security interests to ultimately become the hegemon. Neoliberalism criticizes Neorealism’s focus on war and analyzes instead possibilities of cooperation and raises questions about how institutions can impact the behavior of states. Within its understanding, institutions are crucial as they guide participant behavior in the international order through (in)formal norms, rules and conventions. It is precisely the individual ontology and positivist epistemology that provides Neorealism and Neoliberalism with a common ground to discuss similar issues such as the assumption of an anarchic international order based on states. What is regarded as this Neo-Neo debate largely informs the current dominant focus of International Relations, allowing it to maintain its status quo position.

The debate between Neorealism and Neoliberalism is organized around a fixed framework that analyzes dominant powers and institutions with the aim of dealing with sources of trouble, not calling these into question. Robert Cox classifies such theory as problem-solving theory. It is ahistorical and reduces problems to a few variables through a ceteris paribus

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4 Ibid., 50. Neorealism, despite its name “structural realism,” has an individual ontology.
understanding that allows it to make statements of regularities and laws. Although problem-solving theory claims to be value free, its acceptance of the prevailing order implies that it is value bound. In contrast, critical theory seeks to create an alternative world by asking important questions about the developments of the prevailing order, regarding the world through a lens of historical change as a social and political complex and not as isolated parts. This allows for the study of global relations that moves beyond the status quo position of IR in order to understand processes of change and transformation and incorporate forms of state, social forces and the global political economy into its analysis. Accordingly, some theoretical positions allow for the continued survival of the discipline in its narrowly defined boundaries, while others directly call these limitations, and the discipline, into question.

In order to critically investigate the status quo position of IR, a historical analysis must be applied that allows for a more dynamic exploration of its development. As Cox famously states, “theory is always for someone and for some purpose” and it is linked to a specific social and political time and place. Thus, the conditions of the specific historical moment of the Neo-Neo debate must be investigated alongside the development of its ideas. Cox further argues that from the perspective of critical theory, such problem-solving theory, which presents itself in isolation to its context, can be directly identified as “serving particular national, sectional or class interests which are comfortable within the given order.” To what extent can Neoliberalism and Neorealism be regarded as serving particular interests? Whose interests do these represent and to what do they correspond? Who gains from the IR orthodoxy and its variations and how can these relations be studied? As Marx states, “[t]he ruling ideas of each age have ever been the ideas of

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8 Ibid., 128.
9 Ibid., 129.
its ruling class.”10 The application of historical materialist analysis opens up spaces for thinking that have been purposefully and repeatedly closed off by IR. It not only historicizes the theoretical developments of IR, but also emphasizes the relation between IR’s continued status quo survival and the lack of analysis of class struggle, world orders and imperialism. Such an approach, which reaches across disciplinary boundaries, already marks a move away from the “epistemological and methodological foundations of bourgeois social science with its fragmentation into arbitrarily delimited disciplines.”11 The developments of IR, which are theoretically bound developments, cannot be studied as unfolding within an isolated discipline or separated from the material history to which they are dialectically related.

If the world is not perceived as consisting of societies confined to one territory, but a global society in which the global ruling class helps shape the social order, then the direct investigation of global production and finance must be included into the analysis of the international order, as these influence and constrain the state system.12 The emergence of the Neo-Neo debate and dominance of it cannot be analyzed in isolation from the neoliberal historical moment in capitalist relations and processes. The neoliberal project aims at restoring more class power to capital, and finance capital specifically, by directly counterattacking the working class and dismantling the Keynesian welfare state. The fixed currency system was replaced with one of flexible and floating exchange rates, regarded as more compatible with free capital flows and capital accumulation. This has led to the dramatic growth in monetary

11 Scott Burchill and Andrew Linklater, Theories of International Relations (New York: St. Martin’s, 1996), 3-4, 10.
transactions, as financial expansion became unstoppable across the world and exceeded the value of world trade.\textsuperscript{13} What this has meant in practice is the deepening the hold of finance capital over the state apparatus, economic sectors and daily life in general.

Along with financialization, the world has witnessed the commodification and privatization of public goods and services as a means for capital accumulation and increasing geographical capital mobility. This has been accompanied by the manipulation, management and orchestration of crises by the redistribution of wealth from the imperialized world to the imperial one through market liberalization and capital being directly tied to the US dollar and banks and the Washington Consensus.\textsuperscript{14} These processes continue into our present day world and are constantly evolving. The neoliberal project depends heavily on the degree of dependency of the capitalist class on the state and the balances of class forces and international links that took place through colonial and now neocolonial activities, as well as transnational connections. Taken that the state has played an integral role for the historical development of capitalism, it is also of importance in the neoliberal moment in so far as it preserves neoliberal freedoms of individual property rights, free markets and trade and the rule of law through its monopoly over money and over the means of violence against any opposition. All of these are often framed under the vagueness of being in the “national interest” of a given state. The neoliberal state thrives in the environment of international agreements that are crucial to the advancement of the global neoliberal project and becomes a fundamental instrument in global capitalism in struggles over imperialism and global orders.\textsuperscript{15} Developments in the production processes must be regarded

\textsuperscript{14} David Harvey, \textit{A Brief History of Neoliberalism} (Oxford: Oxford UP, 2005), 28.
\textsuperscript{15} David Harvey, \textit{The New Imperialism} (Oxford: Oxford UP, 2003), 91, 92.
alongside the mental conceptions of the same temporal moment. It is important to see how these bourgeois mental conceptions appear in the study of IR.

To do this, one is well served to interrogate more closely what Brown terms the neoliberal ‘political rationality’ in which market values are extended and disseminated beyond the economy.\textsuperscript{16} These ideological tenants of the neoliberal moment and their image as the guarantor of freedom are produced and reproduced through the media, institutions, universities, corporations, think tanks and civil society. As Polanyi states, this has meant “the fullness of freedom for those whose income, leisure and security need no enhancing,” leaving a pittance for the rest of us.\textsuperscript{17} These bourgeois ideas of the neoliberal project have become dominant by penetrating commonsensical understandings of the world that directly appeal to values, possibilities and desires that many share. They are reflected in all kinds of mental conceptions, including the emergence and development of IR. These two developments of the Neo-Neo debate and the empowerment of finance capital in the neoliberal moment in capitalist relations and processes must be incorporated into a single analysis. The interrogation of one is accompanied by the interrogation of the other and offers a more dynamic and organic analysis. The material conditions of our time cannot be separated from the mental conceptions that accompany it. These material conditions can also not be separated from the study of global economic, political and social relations, when this neoliberal project, pushed in the name of freedom, choice, rights and liberty, leads to the creation and reconstitution of class power on a local, transnational and global scale.\textsuperscript{18} With this in mind, such analysis must be integrated into grasping why it is crucial for IR to leave out class analysis from its dominant conceptions that


\textsuperscript{17} Karl Polanyi, \textit{The Great Transformation} (Boston: Beacon Press, 1954), 257.

\textsuperscript{18} Harvey, \textit{A Brief History of Neoliberalism}, 159.
ultimately do not inform a study of global political, economic and social relations as such, but *International Relations*. The former allows for a more holistic analysis, whereas the latter silences social ontologies altogether. A historical materialist analysis offers a way to investigate the crucial dialectical relationship between mental conceptions of bourgeois IR and the material conditions of the neoliberal historical moment.

**Research Questions and Argument:**

My thesis applies a historical materialist analysis to the discipline of International Relations, focusing on the recent debate between Neorealism and Neoliberalism. I ask two foundational and interrelated questions: 1) how are the material conditions of the neoliberal moment dialectically related to the reassertion of bourgeois mental conceptions in International Relations?; and 2) how does the ontology of dominant IR theory, understood as the Neo-Neo debate, lead to the exclusion of class analysis altogether? These questions are crucial to ask because they allow for the interrogation of the discipline and its boundaries, and an understanding of how these boundaries came to be. My thesis refers to the Neo-Neo debate as the embodiment of dominant IR theory. This does not mean that I dismiss other theoretical approaches in the discipline of IR such as social constructivism. Instead, I use Marx’s understandings to historicize the dialectical relation between the material context and the empowerment of finance capital in the neoliberal moment and the mental conceptions embodied in IR. While it must be said that both ontology and epistemology stand in a dialectical relation to each other, the former is the focus of my thesis. I argue that the reassertion of bourgeois mental conceptions, through the fetishistic individual ontology of the Neo-Neo debate in IR, contributes to the restoration of class power and extends the trajectory of capitalism’s survival in the neoliberal moment, by effectively
denying the existence of class relations on a global scale. IR and its developments must be recognized as peculiar in, corresponding to and co-evolving with the historical moment that naturalizes its conceptualizations of the international order and as dialectically related to the material conditions of that historical moment. Only by doing so, is a move away from this fetishistic view, and towards the study of global relations based on a social ontology, made possible.

**Theoretical and Methodological Framework**

My thesis is based on the understanding that the development of material production, and thereby social life, is the guiding force of history. I study a specific moment in the capitalist temporality, namely the neoliberal moment. International Relations must be analyzed as being historically developed and in motion. Understood as a manifestation of bourgeois mental conceptions through its dominant debate, IR is a reflection of the fetishized view of the material world of the time. For this analysis I rely on Marx’s Volume I of *Capital: A Critique of Political Economy*, as it provides a clear application of his philosophy of historical materialism, method of dialectics and labor theory of value. Despite the analysis of some structural Marxists such as Althusser, both dialectics and historical materialism are tied to each other and cannot be regarded as separate from one another.

While the entirety of the first volume of *Capital* presents the application of such analysis, footnote four in Marx’s chapter on “Machinery and Large Scale Industry” presents the general framework of historical materialism and dialectics. In regards to historical materialism, this

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19 IR is a historical product. Both the ideal and material must be studied as dialectically related. As IR’s conceptions are impacted by the material context, they too are material forces with material consequences that extend beyond the academic world.
footnote demonstrates the centrality of history to the analysis with reference to Darwin. Marx highlights in this footnote how Darwin studied the ‘history of natural technology’ by which he means that of plants and animals. To that Marx poses the direct question

Does not the history of the productive organs of man in society; of organs that are the material basis of every particular organization of society, deserve equal attention? And would not such a history be easier to compile, since, as Vico says; human history differs from natural history in that we have made the former, but not the latter?  

Marx seeks to study human co-evolutionary processes and thereby the co-evolution of capitalism in the same manner that Darwin approached evolution. Conceptualizations of the world can then be reapproached to be grasped as interacting processes and relations that lead to certain developments that must, in turn, be situated in a broader context. To Marx, it is the mode of production that is the distinguishing feature of different epochs, as this equally highlights the social relations that exist at the time. Historical materialism and dialectics cannot be seen as separate elements in and of themselves, but they, too, stand in a dynamic relation to each other. If historical materialism is analyzing history through the evolution of modes of production as these inform social relations and so forth, then these elements are in and of themselves dialectically related to each other. Footnote four demonstrates that if one element is to evolve, then all other elements will coevolve along with it in a dialectical manner. As Harvey notes “the writers of history have so far paid very little attention to the development of material production, which is the basis of all social life and therefore of all real history.” Thus, Marx’s materialist analysis is historically informed, looking beneath appearances and fetishisms to account for

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specific capitalist temporal moments in which certain modes of production and social processes evolve.

This footnote also presents the fluidity, totality and dynamism of capitalism’s elements which are dialectically related. Marx sees his dialectical method as being opposite to that of Hegel, who holds the ‘idea’ as the independent subject that creates the ‘real world’ and becomes its appearance. Marx argues that “[w]ith me the reverse is true: the ideal is nothing but the material world reflected in the mind of man, and translated into forms of thought.”23 To Marx it is the material conditions of a time, understood through social relations, that holds a place of centrality. In another instance Marx states “[i]t is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.”24 This social existence is understood in turn as constantly evolving. Marx’s reconfiguration of dialectics understands “every historically developed form as being in a fluid state, in motion” thereby grasping society’s “transient aspect.”25 Marx’s analysis is thus not structuralist as it is often thought of as being, but rather the contrary. Bertell Ollman elaborates that

[d]ialectics is not a rock ribbed triad of thesis, antithesis and synthesis that serves as an all purpose explanation; nor does it provide a formula that enables us to prove or predict anything; nor is it the motor force of history. The dialectic, as such, explains nothing, proves nothing, predicts nothing and causes nothing to happen. Rather, dialectics is a way of thinking that brings into focus the full range of changes and interactions that occur in the world. As part of this, it includes how to organize a reality viewed in this manner for purposes of study and how to present the results of what one finds to others, most of whom do not think dialectically.26

26 Ollman, Dance of the Dialectic, 12.
Dialectics considers the fluidity of capitalism’s elements and the relations between them, analyzing the processes of motion and transformation and processes of change of modes of production, human thought and society. Conceptions of things are replaced with those of relations and processes. When studying dialectics, it is important to take a look at different forms of relations that may also be perceived as processes of transformation. These various relations are tied together through the centrality of contradictions, in which relations develop in an incompatible way to each other. Dialectics is a method of inquiry that informs a way of conceptualizing the world. As such, contradictions must be understood as the motive force of history. Conditions of time and space are understood as leading to constant change and mutually supportive and undermining relations that must be incorporated to provide a holistic, rather than static and atomistic, analysis.

The dialectical method must be regarded as “being in its very essence critical and revolutionary.” Dialectics allows for the questioning of the changes occurring and the changes possible and the realization of how everything is connected. It “goes to the heart of what social transformation, both actual and potential, are about.” The dialectical method regards everything as containing contradictions, which must not necessarily result in a single synthesis, but rather the perpetuation and expansion of contradictions on a larger scale, as can be observed throughout *Capital: Volume I*.

Marx’s dialectics is hence reflected in his fourth footnote, as he argues that

\[
\text{[t]echnology reveals the active relation of man to nature, the direct process of the production of his life, and thereby it also lays bare the process of the production of the social relations of his life and of the mental conceptions that flow from}
\]

\[\text{Ibid., 16-18.}\]
\[\text{Harvey, A Companion to Marx’s Capital, 11.}\]
those relations.\footnote{Marx, \textit{Capital}, Volume I, 493.}

This footnote reveals six elements that are dialectically related to each other: technology, processes of production, man’s relation to nature, reproduction of daily life, mental conceptions and social relations. On top of these, David Harvey adds an important seventh element, namely, institutional, governmental and legal arrangements.\footnote{David Harvey, “The Enigma of Capital and the Crisis This Time,” Reading Marx's Capital with David Harvey, Reading Marx's Capital with David Harvey, 30 Aug. 2010, Web, 10 Mar. 2015, <http://davidharvey.org/2010/08/the-enigma-of-capital-and-the-crisis-this-time/#fn-585-18>.} He emphasizes that these elements are not static but “in motion, linked through ‘processes of production’ that guide human evolution.”\footnote{Harvey, \textit{A Companion to Marx's Capital}, 192.} Elements such as technology should not be seen as determining all other elements, but as mutually interacting and as part of the dynamism (figure 1.1). Marx studies a world of interdependent internal relations which evolve with each other in a dialectical manner.

![Figure 1.1](Source: Harvey. \textit{A Companion to Marx's Capital:} 195)\footnote{The original figure that appears in Harvey’s book has been edited here by adding to it the seventh element named “governmental and legal arrangements.”}
Central to the study of this complex of relations in the capitalist temporal moment is Marx’s labor theory of value. It must be conceptualized as constituting the foundation of all the elements within the capitalist totality that is based on social relations and the specific exploitation of labor by the bourgeoisie. Value is defined as the labor time that is necessary for “a socially average unit of labor power (...) to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labor prevalent in that society.”  

While commodities must be of utility and consumed for their value to be realized, despite differences in their use-values, all commodities are reducible to the same objectified abstract labor. The exchange value of commodities thereby becomes the appearance of value that conceals “merely definite quantities of congealed labor time.” While value appears to be a material relationship in the metamorphosis of commodities, this should not be mistaken for its essence, which is a social relation of exploitation of labor that allows for the accumulation of surplus value. Labor power, as variable capital, is able to reproduce its own value in addition to an excess amount of value termed surplus value, representing a “congealed quantity of surplus labor time.” For that reason the rate of surplus value is essential, as it is equal to the rate of exploitation of labor and is affected by changes in the length of the working day, the intensity and the productivity of labor. However, this exploitative relationship between labor and capital is completely obscured, as commodities appear on the market exclusively in terms of their exchange value.

The concealment of such social relations through an alternative appearance form constitutes the notion of a fetishism. In the fetishism of the commodity relations “do not appear

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34 Marx, *Capital, Volume I*, 129.
as direct social relations between persons in their work, but rather as material [dinglich] relations between persons and social relations between things."

The value of a commodity represents labor, the value’s magnitude represents the labor time, and the value relations between commodities represent the social relations. The fetishism conceals with its appearance how these social relations of value and class in fact constitute essences that are tied to and tie, in turn, the historical and systemic connections between the elements of the totality.

The fetishistic illusion allows commodities to appear as impregnated with surplus value and that surplus value can be derived from spheres other than that of production, abstracted from labor power altogether. Value is thus at the heart of the capitalist system and gives life to its totality of elements which would collapse in its current form in the absence of the continued expropriation of surplus value from labor power. In that regard another important aspect of the commodity fetishism is “the perversity of relations between machine and man where the dead labor dominates over living labor.”

The preservation and reproduction of value “is [however] only the result of [its] contact with living labour.” Fetishisms obscure therefore many contradictions and developments in the capitalist system, which relies on relations of exploitation of labor by capital based on the accumulation of surplus value. The notion of the fetishism must be understood as unique to

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38 Ibid., 166.
41 It is also important to note that the conceptualization of alienation is absolutely integral to the capitalist mode of production. Alienation is vital for the understanding of fetishisms, such as the commodity fetishism, as labor becomes alienated from each other and from the produced commodities of its own labor power. Alienations forms, however, a theoretically heavy debate. While I do not dismiss its importance at all, expanding on it goes in this regard beyond the scope of my thesis.
capitalism. While fetishisms are delusional and mystifying and represent ideas about the appearances of reality, they are socially real and have therefore objective consequences. This is why it is crucial to penetrate appearances, but also grasp the importance of fetishisms for the capitalist mode of production and network of relations. As a concept, the fetishism must be extended beyond the commodity and to all different elements within the capitalist totality to study their consequences. The notion applies to all processes and elements in which appearances are mistaken for essences, thereby burying the exploitative class relation between labor and capital. This allows for the expropriation of surplus value and the reproduction of the capitalist system, far beneath the commonsensical surface appearance. Interrogating these fetishisms is absolutely critical as the parasitic capitalist system depends on these for its survival.

I gain a closer understanding of the capitalist totality by abstracting some of its interdependent elements and investigating their fetishistic character that is collectively expressed in the whole complex of relations. For the present analysis, I focus on two of the seven elements specifically, namely the processes of production and mental conceptions and examine these to gain a closer understanding of how these parts function and fit together in the larger totality. I do not understand the elements as independent parts or assume their separation. The concrete (i.e. the world as presented to us) can only be understood dialectically by abstracting its elements. I therefore do not dismiss the importance of the other elements in the dynamism and totality of relations of any given historical moment, nor do I dismiss the dialectical relation of each element to the other. However, in order to demonstrate how historical materialism and dialectics can be applied to explain IR’s exclusion of class analysis, and the need for advocating for a study of global relations in its place, I focus on two specific elements that I hold constant in a certain spatial and temporal moment and form. I thereby investigate how the material conditions in the
neoliberal moment (production processes) affect the discipline of International Relations (mental conceptions) and vice versa and are an appearance of each other. I study the material conditions and production processes by interrogating the empowerment of finance capital which shifts power balances between different forms of capital and between capital and labor. For this thesis I rely on the abstraction of the neoliberal moment of the 1980s “as a temporally stable part of a larger and ongoing process.”\textsuperscript{42} It is held stable in order to be able to study the process of change, nevertheless; this moment is in itself in a constant change and evolution. It becomes part of an evolving process and interdependent system and is understood within the larger context that it is part of and gave rise to this particular moment.

All factors that are part of Marx’s analysis of capitalism are approached as a definite social relationship. Everything is regarded as being related. However, under capitalism, humans come to perceive society no longer as evolving around social relations, but material ones. Fetishisms are concerned with this sphere of appearances, and not essences, thereby disguising social relations. While fetishisms mystify reality through conceptions about the appearance of reality, it is still important to distinguish the two. As Marx states “all science would be superfluous if the form of appearance of things directly coincided with their essence.”\textsuperscript{43} In this sense, the application of historical materialism allows me to approach IR as a fetishism of mental conceptions through its individual ontology embedded in the Neo-Neo debate that is dialectically related to the material conditions of the time. As such it conceals historically specific social contradictions through its fetishistic conceptualizations of states and world order, dealing exclusively with appearances, separating these both from the evolving larger system of which they are part. IR thus consists of numerous fetishistic ideas that in turn constitute IR as a

\textsuperscript{42} Ollman, \textit{Dance of the Dialectic}, 66.

\textsuperscript{43} Marx, \textit{Capital}, Volume III, 956.
fetishism in and of itself. A historical materialist analysis seeks to investigate this closer, as Marx states that “[t]he ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force.” Thus, it is crucial to always ask why some ideas become more dominant than others in certain historical moments, as those who control the material production of the epoch are those who control the mental production and regulate the distribution of ideas. In this same manner, these ruling ideas become the expression, reflection and manifestation of these material conditions and relationships.

Bourgeois mental conceptions as well as the corresponding moment in production processes and their relationship to each other and the whole must be interrogated, therefore, in order to make sense of the contemporary capitalist temporal moment in general. Dominant ideas penetrate commonsensical understandings and are presented as “the only rational, universally valid ones.” IR as a discipline embodies a fetishistic view of the international political order through its continued isolated, atomized, systemic, agent-structure analysis that revolves around an individual ontology. The application of a historical materialist, dialectical, holistic and dynamic analysis in and to IR would lead to its dissolution and replacement with a post-IR study of global relations that theorizes historical developments as rooted in the material conditions of a moment in time. This ultimately allows for the conceptualization of processes, social relations, change and continuity. Crucial to this analysis is an engagement with the scholarly work that

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45 Ibid.

highlights both the theoretical and methodological approach of this thesis, as well as its object of study.

**Literature Review**

In investigating the dialectical development of IR and the material conditions of the neoliberal moment, two bodies of literature are of crucial importance. The first of these has a theoretical concern in which scholars highlight the need for the application of Marxist historical materialist and dialectical understanding to IR. The second corpus of literature presents various critical theoretical perspectives that analyze the individualist ontology of dominant IR theory. My thesis brings these two corpora together in order to use such a Marxist historical materialist and dialectical understanding to interrogate IR as ontologically individualist bourgeois fetishism.

The first body of literature emphasizes the need for a new approach to IR that accounts for changes in the international global political economy and offers a more holistic analysis of the global order. Such a body of literature highlights the importance of addressing questions and issues of political economy from a global perspective and including these in IR, as these open up spaces to analyze, for instance, class struggle and imperialism. Susan Strange argues that the pace of change in the economic order is not matched by changes in the study of the international political order, although the international economy continues to affect the political order by influencing, for instance, state involvement in the expansion of the international economic network. She highlights how this lack of IR contribution responding to that of international
economy leads to the further dichotomization of the two fields and urges for the development of a more inclusive theory.\textsuperscript{47}

John Maclean directly evaluates Strange’s call for an alternative theoretical approach by assessing to what extent such a failure can actually be seen as a successful move in removing Marxist thought from serious analysis in IR. This does not mean that Marxist theory is without difficulties, or is the only way to explain IR. Rather he argues that there is a mutual neglect both by the discipline and its theorists. On the one hand, IR rejects Marxism, regarding it as having nothing to offer to the discipline. On the other hand, Marxists and non-Marxists fail to distinguish between Marx’s methodology and epistemology of social change and his theory of the capitalist mode of production in \textit{Capital}.\textsuperscript{48} The problem is that Marxists abstract some of Marx’s concepts of class, exchange value and surplus value and apply these in doctrinaire fashion to IR, thereby rendering Marx’s historically relative concepts ahistorical. Thus, Maclean argues that the “development of a dominant ‘tradition’ in Western international relations theory means at the same time the development of a dominant empirco-analytical epistemology which allows in turn for the relative exclusion/neglect of Marxist theory within international relations.”\textsuperscript{49} Whereas Strange emphasizes the absence of a coherent political economy approach, Maclean highlights how Marx’s work can form the basis for historical and dialectical


Among works that have studied the relation of Marxist theory to dominant IR is Andrew Davenport’s “Marxism in IR: Condemned to a Realist Fate?” \textit{European Journal of International Relations} 19.1 (2013): 27-48.

\textsuperscript{49} Ibid., 299.
explanations. This replaces an individualistic analysis with one that approaches reality as a complex totality of social relations, analyzing the contradictions that exist within them. My thesis sees Marx’s work as providing theoretical, methodological and analytical tools to grasp the dialectical relations of IR’s individual ontology and the material conditions of the neoliberal moment.

As Maclean points out, it is crucial to distinguish between Marxist approaches, as these strongly influence the assumptions with which one approaches any subject matter. Cox differentiates historical materialism from structural materialism. While structural materialism analyzes capitalist society and state through a static and structuralist approach, a historical materialist lens provides a framework for action, sees possibilities for transformations and seeks to understand change through a historical lens that is dialectically related to the material conditions.\(^{50}\) My thesis is concerned with the application of historical materialism to IR, as it opens up space for the exploration of dialectics, imperialism and the power relationships in production, state and world orders across history.

Applying historical materialism to IR sheds light on a more dynamic understanding of its developments, but also on its silencing of class. Stephen Gill highlights, for instance, that historical materialism allows us to move past agent/structure and object/subject dichotomies and replace a positivist analysis of international political economy with one that is more dialectical and historically integrated.\(^{51}\) The criticism that can be voiced from a historical materialist position towards IR would correspondingly affect its object of study and critique IR’s individualism, empiricist atomism, positivism and methodological reductionism by moving

\(^{50}\) Robert W. Cox, “Social Forces, States and World Orders,” 134.

beyond a narrow structuralist analysis to understanding processes and society as a totality of relations.

Christian Heine and Benno Teschke further highlight that such an approach allows for the investigation of the role of masses and collective social actions in analyzing states, regimes and the international order. By rejecting ahistorical accounts and claims to transhistorical validity, such an approach highlights human action and thereby understands theory as praxis. Seeing social totalities, marks a move away from distinctions of state and economy, or international political economy and international relations. They argue that “in capitalist societies, the separation of the economic from the political is rooted in the historical commodification of labor power allowing surplus appropriation to take place by non political means.” Only by conceiving of elements as part of totalities, rather than being isolated, can one theorize the dialectical relationships between, in this case, the political and economic. Such literature is crucial for the investigation of my thesis, as it presents me with ways to see IR as bourgeois fetishism.

The historical materialist approach can be used to criticize IR by directly interrogating its ontology and historicizing its importance in the capitalist totality. While orthodox IR understands the interstate system, hegemonies and balances of power as given due to the anarchic system, historical materialists highlight that such a structure is to be understood as a specific configuration of social forces and states that directly correspond to the historical moment and

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conditions of the time. Among the scholarly work that applies such an approach is Teschke’s “The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relation.” This text seeks ‘theoretical emancipation’ from Neorealism’s strictures. It critiques the very starting point of Neorealism by providing a historical materialist analysis of the formation of modern nation states and anarchy by tracing the developments surrounding the 1648 Westphalian Order. This equally marks a move away from Neorealism’s self sufficient, self referential and enclosed epistemological nature based on an a priori definition of what is regarded as legitimate IR theory. Instead, this work traces specific geopolitical orders to argue that these have always been tied to different modes of production and cannot be interrogated outside of these structures of production and reproduction of social life. He does so by firstly theorizing about the medieval geopolitical order and its systemic transformations, and then conceiving of the dynamics causing the rise of plural and diverging polities in the modern state system. He then moves on to specify the principles of Westphalian IR to ultimately analyze the rise and universalization of the relation of the modern state to capitalism. This presents an example of how Marx’s dialectical understandings can historicize IR’s mental conceptions and its relationship to a moment in the mode of production. Such analysis allows for the investigation of knowledge, which is invalidated and externalized by IR’s dominant perspective.

Having established the importance of the first corpus in the theoretical discussion of IR, I must consider other literature, such as postmodern analysis, which is also critical of the current state of IR. Steve Smith emphasizes that the history of International Relations and its developments that have led to a specific categorization of theory, as well as the dominance of

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55 Ibid., 44.
some interpretations and the silencing of others. This totalizing, given and transhistorical
discipline, he argues, observes, comments and explains what is regarded as the empirical
domain, remaining silent on the social reality and marginalizing theories that account for it.
Smith interrogates through a genealogical approach the role of power in the emergence of
dominant discursive practices and their regimes of truth that have been normalized and become
disciplining practices of domination. Such an approach analyses international theory as being the
"historical manifestation of a series of conflicting interpretations, whose unity and identity are
the product of a victory in this conflict." He presents his readers with ten self images of the
discipline that include the Great Debates, the interparadigm debates, the Neo-Neo debate, the
postpositivist debate, constitutive versus problem-solving theory debate and critical
foundationalist and antifoundationalist international theory. These self-images highlight how the
questions asked in IR, along with its object of study, are dependent on certain theoretical
approaches and ontology that inform a different world. Conventional IR has a vital interest in
continuing to silence social ontologies, including that of class.

There are several poststructural works that deconstruct Neorealism’s statist, utilitarian,
POSITIVIST and structural commitments. Richard Ashley claims, for instance, that this ‘orrery of
ersors,’ a self enclosed, self affirming theory should be approached as ‘neorealist structuralism’
that accepts the given order as natural, does not expand political discourse or locate importance
to variety across time and space. He argues that this contributes to Neorealism’s legitimation of
its view of rationalizing global politics that is strongly bound to the state as an ontologically
prior, unproblematic unitary actor that dismisses transnational class relations. By doing so,

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56 Steve Smith, “The Self-Images of a Discipline: A Genealogy of International Relations
Theory,” International Relations Theory Today, Ed. Ken Booth and Steve Smith (University
Ashley, similar to other critical scholars, highlights how Neorealism’s individual ontology dismisses social collectivities in its analysis and how Neorealism uses its positivist epistemology to present itself as making valid claims. Ultimately, Neorealist analysis denies the importance of social bases in history and understandings of politics beyond the state.

Jim George builds on Ashley’s understandings and interrogates the sociointellectual process which produces knowledge and “reality” that dominant IR essentializes, universalizes and totalizes, thereby reducing our complex world into simplistic and ahistorical dichotomies. He highlights the development of IR discourse through the Great Debates, and argues that IR remains, up to the point of his publication, incarcerated in the framework of positivist Realism that has dominated since the 1940’s/1950’s. According to George, IR continues to see a world of states and anarchy and not one of class, race, gender or any collectivities. My thesis tackles these issues by presenting dominant IR theory as a bourgeois fetishism in order to advocate for a more holistic understanding of global orders and relations.

Many scholars also explain IR’s limitations by highlighting its ethnocentrism and how this informs its ontology that cannot account for pressing political, economic, gender and social inequalities across the globe. Steve Smith argues that IR is narrowly defined through historically and culturally specific distinctions (domestic and foreign policies, private and public, economics and politics) that result in the exclusion of other rationalities and cultures. Postcolonial analysis seeks to accordingly ‘decolonize’ and ‘decenter’ the field of IR. Arlene Tickner encourages readers to historicize links between production of knowledge, its perpetuation and its political economy to overturn what is perceived as the core-periphery dichotomy in the (neo)imperialist

58 Ibid., 260.
59 George, Discourses of Global Politics, 15.
field of IR. She understands this dichotomy as an intellectual division of labor that reflects the capitalist order on a global scale in which the imperial world presents itself in the case of IR as the primary producer of scientific theory, while the imperialized world provides it with sources and ‘raw materials’ for grand theories and data. The imperialized world is never the site of knowledge production, but merely one of consumption. It reinforces its marginal IR status by continuously adopting the epistemology and ontology of dominant IR and relying on the core for opportunities and resources for dissertations, research and publications. Although highlighting IR’s ethnocentrism is a way to historicize IR and its link to power, historical materialism allows me to tie these directly to the mode of production and to understand their dialectical relation.

While scholars such as Teschke trace the dialectical relation of IR’s theoretical foundation to the mode of production, Turan Kayaoglu and Sandra Halperin seek to trace the Eurocentrism of IR’s core theoretical conceptions. Kayaoglu argues that IR constructs an international society based on Eurocentric values, practices and state systems, presented as being the source of modernity, democracy, sovereignty, human rights and enlightenment and thereby the engine of the international order. All other non-Europeans are constructed as only becoming part of this international society once they accept its Eurocentric norms, institutions and principles. This universalized vision prevents us from looking at a broader understanding of IR to include essential topics that are marginalized, like imperialism. Sandra Halperin highlights how IR seeks to study the globe, but actually studies a specific set of actors from a specific set of lenses that completely leaves out 400 years of colonialism and imperialism that affected two

thirds of the globe. IR therefore seems to be a field of knowledge constructed in such a way as to dictate very narrowly what is to be regarded as legitimate knowledge about politics on a global scale, while completely excluding inequalities from its study. This group of literature ultimately investigates and deconstructs IR’s ontology from postmodern, postcolonial and poststructural perspectives. My thesis is, however, concerned with bringing the two corpora of historical materialism and analysis of IR’s ontology together to present the dialectical relation between the production processes and mental conceptions – neoliberal capitalism and the empowerment of finance capital, and International Relations. Historical materialism, as an approach, presents me with an alternative way to historicize the emergence and development of IR’s dominant ontology and focus on the importance of class and the evolution of the capitalist system. By doing so, my thesis highlights the importance of moving away from IR and towards global relations in order to study phenomena in a more dynamic, holistic and dialectical way.

Outline

My thesis interrogates a certain historical moment in the development of capitalism, namely that of neoliberalism. It is important to note that the totality of relations can only be grasped by breaking down relations, while keeping in mind that they collectively form an element that is located in a larger web of processes and relations. In doing so I investigate the dialectical relation of the Neo-Neo debate to this moment and the material context through a historical materialist analysis. I study capitalism’s fetishisms in relation to my questions by limiting my study to emphasize two of the seven inner elements of the totality and sideling the remaining five. This does not mean that the other elements are any less relevant, as these elements are constantly co-

— Tickner, “Core, periphery and (neo)imperialist International Relations,” 614.
evolving and dialectically related through their interdependence. As mentioned, I hold these elements as constant in the temporal moment under investigation in order to gain a closer understanding of the complex dialectical relations of the elements. At the same time, this does not mean that the developments preceding or following the 1980s are any less relevant to capitalism’s evolving network of relations and fetishisms.

I tackle my research puzzle through four interrelated chapters. This first chapter has introduced my research question, engaged with the theoretical and methodological approach of my thesis and surveyed already existing relevant literature. My theoretical framework is based on works of Karl Marx, primarily his Volume I of Capital: A Critique of Political Economy. For further elaboration on Marx’s dialectical method, I deploy Bertell Ollman’s Dance of the Dialectic: Steps in Marx’s Method and to a lesser extent Harry Cleaver’s Reading Capital Politically. Having established my theoretical and methodological framework, I move to study in the second chapter the fetishistic conceptions in the circuit of finance capital in the neoliberal moment of the 1980s. Here I look to Marx’s Volume III of Capital: A Critique of Political Economy and works by political economists from various theoretical perspectives. I focus on the Volcker shock and the tax cuts under Reagan to interrogate the consequences of the empowerment of finance capital and its fetishistic circuit that accompanies it. In that regard I do not study larger class relations during the Cold War, as this expands the scope of my thesis project. As a result of the dialectical relation between the second and third chapter that tackles IR, a study of the larger class relations of the Cold War in one, requires its study in the other chapter too. My thesis focuses, however, on the theoretical corpus of IR literature and not the corpus which studies the Cold War through its dominant debate. Accordingly, in my third chapter, I assess the field of International Relations in the same corresponding historical moment
of the 1980s as a fetishism by studying the ontology of the Neo-Neo debate. While it is important to keep in mind that ontology and epistemology stand in a dialectical relation to each other, my thesis chooses the former as its focus to answer my questions. Here I interrogate works of Neorealists such as Waltz, as well as Neoliberals such as Keohane. Taken my thesis project, I frame it around the exclusion of class analysis. This is not to dismiss other exclusions from dominant IR, may these be for instance of race or gender, but rather tackle the discipline with my thesis questions in mind. It is in my fourth and final chapter that I conclude by locating the second and third chapter within the totality of dialectical relations through the study of fetishisms. Here, I bring together my study of the neoliberal moment in the production processes and finance capital and the corresponding bourgeois mental conceptions of IR together. In that regard my second and third chapter stand in a dialectical relation to each other that I put into perspective. I focus on fetishisms as one of the ways through which the capitalist system of exploitative relations is intensified, perpetuated and extended.

Since ideas cannot be analyzed as natural and isolated from the material context in which they arise, historical materialism’s perspective is needed to shed light on the dynamism. Approaching IR as a bourgeois fetishism helps demonstrate how its conceptions have become so commonsensical, universalized and reproduced without question. Indeed, the exclusion of historical materialism and dialectics from IR marks IR’s success in surviving as a status quo discipline. I advocate in its place for a post-IR study of global relations through issues of class and imperialism.
CHAPTER II. THE NEOLIBERAL MOMENT AND THE FETISHISTIC IDEAS OF FINANCE CAPITAL’S CIRCUIT

Introduction

Capitalism, as a dynamic and historically developed social formation, is able to survive until the present day because of its internal dialectical relations. Its fluid forms allows it to continuously find new ways to evolve, thrive and mask its contradictions that would lead to its very dissolution. Instead of solving its crises and crisis tendencies, they are moved around between sectors and different parts of the globe.\(^1\) The exacerbation of the fetishisms under the neoliberal moment affects our understanding of capital’s general laws of motion by concealing its relation to value and labor. In order for me to establish the dialectical relation between the material conditions of the neoliberal moment, as the capitalist moment in the mode of production under investigation, and the corresponding bourgeois mental conceptions embodied in the dominant Neo-Neo debate, I first take a closer look at finance capital. For that I hold the neoliberal moment as temporally stable from the ongoing motion of capitalism.

The neoliberal moment absorbs both the capitalist class that profits from it, especially finance capital, and the very class that it exploits, the working class. As one of capitalism’s historical developments, this moment should be approached as constituted by a certain set of social relations that correspond to its material basis. I argue that the fetishisms and fetishistic ideas of the neoliberal moment are crucial and absolutely integral to capitalism, as these conceal how the neoliberal project is a project that aims at restoring more power to capital which is made

possible through capital’s counterattack on the working class. The neoliberal project creates an environment that exacerbates these fetishisms based on the conception that finance capital can breed more value through interest payments, detached from the exploitation of labor and production of value. As Marx states, “[i]n interest-bearing capital, the capital relationship reaches its most superficial and fetishized form.” ² Through fetishisms, “specific social relations of production between people appear as relations of things to people, or else certain social relations appear as the natural properties of things in society.” ³ In this chapter, I study how the fetishistic ideas of the circuit of finance capital mask the direct relationship between the working class and the capitalist class and the developments taking place in these class relations. I do this by investigating the implications of policies of the Federal Reserve’s Volcker Shock and the Reagan administration’s tax cuts. I focus first on the consequences of these policies from the perspective of capital, and then the working class, as these stand in dialectical relation to each other and offer contradictory class perspectives (figure 2.1). While the US society may have a particular history of class relations, I use it to demonstrate how neoliberal policy is the arsenal of a relatively empowered money capital that thrives through its fetishistic ideas and leads to greater imperial penetration and increased financial dependencies across the world. This neoliberal project marks a triumph of capitalism and its ability to overcome its crises, even if it is just in the short term, and counterattack the working class.


Figure 2.1 The Neoliberal Project and the Fetishistic Ideas in the Circuit of Finance Capital
The Construction of Neoliberal Space and Finance Capital

Capital mobilized the crisis of overaccumulation of the 1970s as an opportunity to impose neoliberal policies through the state at the expense of the working class and create a finance capital hungry environment. Amongst these policies were the Volcker shock and Reagan’s tax cuts. The Volcker shock raised interest rates to stratospheric levels under the newly appointed head of the Federal Reserve, Paul Volcker. The federal funds rate went up to 20 per cent, while short-term interest rates increased to above 15 per cent in the early 1980s.\(^4\) Interest rates represent a peculiarity in capitalism that is driven by supply and demand, as well as competition.\(^5\) This lack of a natural rate of interest means that it can easily be manipulated by the neoliberal state in favor of capital. The neoliberal state did not just increase the exchange value of finance capital following the crisis, but also expanded the money capital that could be accumulated through tax cuts. The 1981 Economic Recovery Tax Act (ERTA) was, therefore, equally essential to finance capital. Reagan presented it as necessary, since “high rates of taxation destroy incentive to earn, to save, to invest. And they cripple productivity, lead to deficit financing and inflate, and create unemployment.”\(^6\) This bourgeois statement framed neoliberal policy as absolutely vital for the growth of the whole economy, capital and labor alike, when it in fact only benefitted the former. ERTA reduced personal income tax rates, gave corporations numerous tax benefits and provided a tax relief for business of an estimated US$350 billion, cutting the portion of corporate income taxes going to federal revenue to a mere 6.3 per cent by


\(^5\) Marx, Capital, Volume III, 484-85.

1983. These tax cuts were founded on the assumption that the capitalist class is the class that injects its hoarded capital into the monetary circuit in order for capital to expand. From the perspective of capital, these neoliberal policies provide conditions encouraging the release of hoarded capital that could now valorize by circulating indefinitely and attracted finance capital from within the US and across the globe that was eager to buy American bonds and securities. The Volcker shock and the high interest rates had in effect guaranteed the further growth of finance capital in terms of value and power and its corresponding class.

The neoliberal empowerment of finance capital is premised on capital’s perspective, which appears as a quantitative one, interested only in valorizing itself, and disguises its qualitative aspects and relation to value and labor through the fetishistic ideas in its circuit. Finance capital therefore seeks an ever larger distributive share of surplus value, shifting capital away from production and into the sphere of fictitious capital. Out of the three interconnected circuits of money capital, productive capital and commercial capital, productive capital is “the only function in which capital value breeds value.”

In the metamorphosis of capital, value can only be created in the process of production, as labor power and capitalists confront each other in their class relation. Labor represents a use value to the capitalist insofar as it is able to (re) produce surplus value. The capitalist accumulates by consuming the means of production and exploiting labor power and converting these into commodities impregnated with surplus value, which signals the success of capitalism in enforcing its social system. By understanding the different forms of capital as intertwined in a constant flow, a change or disruption in one circuit

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7 Ibid., 145-46, 157. Although the Tax Equity and Fiscal Responsibility Act of 1982 scaled back most of ERTA’s tax provisions on businesses, the neoliberal state still succeeded in creating an environment for the hungry money capitalists.


is bound to have consequences on the others. While productive capital relies on commercial capital to shorten the turnover time and increase the velocity of circulation, it relies on finance capital for credit to expand. In the neoliberal moment finance capital is increasingly engaging in speculation revolving around fictitious capital, and not the source of surplus value reproduction, thus affecting the other circuits. In its dialectical relationship to other circuits, finance capital is actually directing capital away from the very source that is keeping it alive, which makes the emergence of crises, embedded in these contradictions, inevitable and actually speeds up the appearances of next crises. These internal dialectical relations are, nevertheless, concealed through the fetishisms of the neoliberal moment, including the fetishistic ideas embedded in the circuit of finance capital.

Finance capital obliterates the general form of the capitalist metamorphosis of $M-C-M'$ that productive capital goes through and conceals the social relations between classes that is embedded in this process. In this movement, $M$ constitutes the money advanced to the purchase of the means of production and commodity of labor power. The sale of labor power and process of self-valorization, converts $M$ into $M'$, in which $M'$ constitutes the original money advanced to which the newly acquired surplus value is added ($M' = M + \Delta M$). Merchant capitalism plays an essential role in the realization of surplus value by facilitating the transition from $C$ to $M'$ through the sphere of circulation on the market. Surplus value is, however, created only in the sphere of productive capital through the exploitation of labor power that is impregnated with it. In contrast, money capital obscures this metamorphosis through its movement of $M-M'$. By yielding $M'$ through interest, money capital “produces more money, self valorizing value,

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without the process that mediates the two extremes” and transforms money into capital.\textsuperscript{12} Finance capital’s circuit of value appears as fetishistic and independent of the production and circulation process, as naturally being “a mysterious and self-creating source of interest, of its own increase,” and replaces all social relations with that of money to itself, losing all its ties to its origin.\textsuperscript{13} Finance capital does not transform money into capital, but appears instead through its fetishistic ideas as creating new value by yielding interest, not through its role as functioning capital, but as finance capital. The neoliberal moment is marked by the disconnect between wealth and value, i.e. money and the value it represents.

The Volcker shock and tax cuts are dialectically related to the ascendance of fictitious capital and restoration of class dynamics that favor capital, attracting foreign finance capital eager to purchase US treasury securities in return for these astronomical interest rates and appreciating exchange value of the dollar. Hence, while fetishistic ideas within the circuit of value of finance capital are delusional and mystifying, they are socially real and result in objective consequences that affect the balance of class relations. For finance capital, this has meant its empowerment. As of 2006, the US Treasury market was the largest financial market in the world, with an average of US$ 531 billion transactions and US$ 4.84 trillion of securities carried out by primary dealers on a daily basis.\textsuperscript{14} The act of capital transfer from lender to borrower marks legal transactions in which ownership titles transfer and further conceal the accumulation of surplus value and circulation of finance capital. These transactions represent claims on future value, giving the appearance of self-valorization and the appearance that the

\textsuperscript{13} \textit{Ibid.}, 516.
recovery of original capital is possible, thereby constituting it as fictitious capital.¹⁵ These exchanges must not be backed by actual money. Money as such is “not produced at all, butcomes into being through the mechanism of banking or state finance,” making it “entirely fictitious.”¹⁶ The neoliberal market creates a reality based on this fiction in which unlimited growth appears as a real possibility, while policies that may hinder the formation of this fictitious capital are regarded as endangering the system as a whole. Now interest, a part of profit, appears as the “specific fruit of capital,” while profit “appears as a mere accessory and trimming added in the reproduction process.”¹⁷ The imposition of the neoliberal project has at its center fictitious capital, which seems dazzling and attractive through its fetishistic appearance as self-valorizing capital that is now attainable as a result of these soaring interest rates.

Capitalist property appears on the stock exchange as a title to the yield, while its relation to the appropriation of surplus labor, and exploitation, the very relations on which it rests, are not visible, as a result of the appearance of this fictitious capital. It is no longer an expression of relations of production, but a quantitative expression determined by its yield that it is seemingly completely divorced from production. The quantitative measure of exchange value of money capital here appears to mask its qualitative aspects embedded in value and its valorization. The surge in finance capital masks one of the most fundamental contradictions that its fetishistic ideas conceal – that surplus value can only be created in the sphere of production. Neoliberal policies increasingly direct, however, capital towards the orbits of speculative financial activities that promise higher exchange values through the shuffling and reshuffling of bundles of assets. This, along with the transnational character of finance capital, also means a proliferation of joint

¹⁵ Marx, Capital, Volume III, 468-69.
¹⁷ Marx, Capital, Volume III, 516.
stock corporations. This represents another dialectical trajectory of capital, as Marx claims that these are “an abolition of capitalist private industry on the basis of the capitalist system itself.”\textsuperscript{18} As ownership titles are represented in forms of the purchasing of shares, capital is no longer individual and the private property of a single capitalist. Instead, capital takes on a more social character, as many capitalists now own a single corporation. This contradiction becomes obscured through the fetishistic ideas concealed in the circuit of value of finance capital which gives the appearance that anyone can transform money “into capital without having to become an industrial capitalist.”\textsuperscript{19}

These fetishistic ideas are exacerbated not merely by concealing social relations and relations to value, but by concealing relations and claims on future value that has not even been produced. Finance capital “represents a new integration of social cooperation under capital and the development by capital of a more highly attuned organ for seeking to represent, comprehend, and command social totality and futurity.”\textsuperscript{20} Other than interest, derivatives, as instruments to hedge risk, are vital to this. They have increasingly evolved as speculative bets on movements of specific stocks or bonds, interest rates, currencies and offer finance capital a plethora of ways to grow. Since one buys against risks that have not unfolded and to assets one must not own, this activity is completely fictitious. It “harnesses the imagination of investors, each seeking his or her own profit maximization, and develops its own synthetic “imagination” of the world.”\textsuperscript{21} The market of this fictitious capital has eclipsed even stocks and bond markets on a global scale, as in 2006, derivative contracts sold amounted to US$ 450 trillion, compared to the global stock

\textsuperscript{18} Ibid., 570.
\textsuperscript{19} Ibid., 375.
\textsuperscript{21} Ibid., 112.
market of US$ 40 trillion and world bond market of US$ 65 trillion. The appearance of reality through fetishistic ideas has fundamental consequences, as the expansion of fictitious capital is necessary for the growth of capital in certain historical moments and represents fetishistic ideas of self-valorization on the future production of surplus values that have not yet come into existence.

The neoliberal project creates an environment that allows finance capital to take, under the name of market signals, a larger distributive share of the surplus value produced in the productive circuit. While in the 1950s and 1960s, the profits of finance capital constituted 10-15 per cent of total US profits, by the 1980s, this percentage doubled to around 30 per cent and continued to rise in subsequent decades. In relative terms this means that less and less surplus value goes to commercial capital, but even more importantly, to the circuit of production, which affords finance capital its very existence. Due to relative falling rates of profit in the productive and commercial circuits, corporations in these circuits began looking towards the deceptive stock market in order to accumulate these above average rates of profits that it is able to yield. Although the preservation and reproduction of value “is only the result of [its] contact with living labour,” the fetishistic ideas within the circuit of finance capital dazes even the productive and commercial capitalists in becoming preoccupied with breeding money from money and looking towards financial speculation for profit. Among the most notable examples are the financial arms of General Motors (GM), the General Motors Acceptance Corporation (GMAC) and Ford Motor Credit, which were originally established for the exclusive supply of credit to their

customers. Their engagements in the circuit of finance capital began in the 1980s and by the 1990s they had expanded to include mortgage lending, insurance, commercial finance and banking, as two thirds of GM’s US$ 1.3 billion quarterly profits came from GMAC in the finance circuit in 2004.\(^{25}\) The empowerment of money capital, the object of the capitalist fetishistic desire, tilted the scale of value’s distributive share towards finance capital and away from labor. By not coming into direct confrontation with labor, the fetishistic conceptions in finance capital’s circuit allow it to successfully conceal the sociality of the labor congealed in the production process of value.

Concerned with the realm of appearances, the essence of fetishisms becomes completely hidden through “the irrational form of capital, the misrepresentation and objectification of the relations of production, in its highest power (...) capital[’s] mystification in the most flagrant form.”\(^{26}\) The reproduction of capital is in fact the reproduction of its class relations, i.e. between different forms of capital and of course capital and labor, which are disciplined through the functions and forms of money, commodities and the labor market. The concentration and centralization of finance capital’s claims to value and power reflects the social relations of the neoliberal moment. As Harvey states, the “essence of capital is the class relation between capital and labor in production that facilitates the systematic production and appropriation of value and surplus value.”\(^{27}\) Hence, changes in the different circuits of capital are bound to dialectically relate to the class relations that co-evolve along with it. The crisis of overaccumulation was used as an opportunity to attract wealth away from the working class and towards the magnetic orbits of capital in general, and finance capital specifically, through the neoliberal project. Capitalist


\(^{27}\) Harvey, *A Companion to Marx’s Capital, Volume 2*, 84.
production cannot, however, continue to exist solely through interest and the persistence of the collective delusion that accompanies it. It is only through the appropriation of surplus value through the exploitation of labor power that capitalism can expand. The Volcker shock and Reagan administration’s tax cuts fuelled the growth of fetishisms that obscure these developments in class relations, thereby mystifying the laws of motion of capital accumulation.

**The Counterattack on Labor and the Welfare State**

Just as capital used the crisis of overaccumulation as an opportunity to impose its neoliberal policies and provide finance capital with the fertile ground it needs to further expand, these policies were also used as an opportunity to directly counterattack the working class and essentially destroy value in the form of the labor power commodity. This was facilitated by the “greatest peacetime accumulation of government debt in history,” which accompanied the explosion of credit.\(^{28}\) The dialectical relation between accumulation of capital and simultaneous debt guarantees the dependence of the US on credit, i.e the very source behind its surging mountain of debt. Debt is essential for the realization of surplus value objectified in commodities produced in the past and future. It comes as no surprise that the US$ 74 billion in US deficit and US$ 1 trillion in national debt in 1981, quadrupled within a matter of ten years.\(^{29}\) Along with tax cuts, debt exploded as a result of the Reagan administration’s enormous defense spending. As taxes were cut, defense spending massively increased. The defense budget increased in 1987 to


US$ 289.6 billion, which is a 45.5 per cent increase after inflation from the amount in 1980. In this regard, military spending represents another bourgeois means of the neoliberal state to transfer value away from the working class. Not only did this affect US debt, but played an important role in the creation of crisis conditions that sucked capital from the rest of the globe into American society that was to be spent on the US defense budget. This debt is in turn used as a justification for the actions taken by the neoliberal state and finance capital. The working class is to pay the price for the growing mountain of debt, as neoliberalism has been “from the very beginning a project to achieve the restoration of class power.” Finance capital stands in a dialectical relation to the working class and conceals this relation through the fetishistic ideas within its circuit. Hence, merely because these fetishistic ideas are mystifying, does not mean that they do not have detrimental consequences for class relations. While these mystifying ideas allow for the rise of finance capital and its larger distributive share, they also mean the neoliberal counterattack on the working class.

While the post war era was marked by strong unions and supportive welfare states, as a result of the relative empowerment of the working class, capital through the neoliberal project, along with the increase in interest rates and the largest tax cut in American history, dismantles the welfare state and labor collectivity, by opening up opportunities for privatization. As the capitalists, whose incomes were pushed into higher tax brackets under the welfare state, welcomed tax cuts with open arms, they had and continue to have detrimental consequences for

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the working class. The top tax rate was cut from 70 per cent in 1982 to a shocking 28 per cent by 1988, reducing taxes paid to the state in 1982 by US$ 37 billion, an amount that multiplied to US$ 267 billion by 1986. Along with the business tax reductions, these policies direct less money to provide services of the welfare state that are essential for the reproduction of the working class. Everything labor relies on underwent a wave of privatization, ranging from public utilities (i.e. water, transportation) to social welfare provisions (public education, pensions, health care and housing) and institutions (such as prisons and universities). As David Harvey points out, “neoliberalism has meant, in short, the financialization of everything.” As more and more of labor’s means of reproduction are privatized, labor has to direct more of its wages to acquire additional commodities at higher exchange values. The creation of the neoliberal order is premised on such destruction, not only of previous institutional frameworks and social relations, but stores of value in the forms of welfare provisions, divisions of labor, attachments of land and much more that take place across the world. The fetishistic ideas in the circuit of finance capital now conceal how “[t]oday’s cannibalistic capitalism feeds off workers’ debt, annihilates pension savings (when asset bubbles burst) and opens new fields for securitization strategies to increase workers’ dependence on the market.” Although finance capital does not produce value or

33 Sloan, The Reagan Effect: 145, 146, 157. Although the Tax Equity and Fiscal Responsibility Act of 1982 scaled back most of ERTA’s tax provisions on businesses, the neoliberal state still succeeded in creating environment for the hungry money capital. In 1984, the government sought to increase its pool of buyers of US government debt by further eliminating the 30 per cent withholding tax imposed on interest earned by foreigners on US investment.
34 Harvey, A Brief History of Neoliberalism, 33.
35 Ibid., 22.
surplus value and relies on its distributive share it receives, it is able to accumulate value through dispossession. Its predatory character pushes it to rely on processes of privatization and financialization that counterattack the working class. These shifting power balances between classes, dialectical processes and relations are mystified by the fetishistic conceptions in the circuit of value of finance capital.

The debtfare state facilitates the expansion and intensification of these predatory practices in order to protect banks and their legal and financial policies and increase the extension of credit to the working class and reserve army of labor. This “debtfare state legitimates, normalizes, depoliticizes and mediates the tensions emerging from cannibalistic capitalism.”37 Workers are now relying more and more on Wall Street and finance capital, as value is stolen from them through the privatization of schools, utilities, etc. As such their minimal exchange values as a result of neoliberal policies cannot cover the exchange values of these privatized commodities. The interrelation of capital’s three circuits and the empowerment of finance capital, rather than productive capital, increasingly transfers portions of the labor force to the labor reserve army. The reliance on credit and dismantling of the welfare state altogether drives labor into having a huge stake and interest in preserving the very system that exploits them. In the neoliberal moment, destroying capitalism also means annihilating the savings of labor. The dismantling of the welfare state restructures capitalist relations in such a way that subordinates the reproduction of the working class to the reproduction of fictitious capital. While capital receives ever-greater profits, the labor power commodity is devalued. This demonstrates why productive capital goes along with neoliberal policies. Alongside rising poverty,

unemployment and interest rates, one now also witnesses personal bankruptcies.\textsuperscript{38} The Volcker Shock and tax cuts were essential in that regard, because they began to shift balances of class forces in the US towards finance capital. By reallocating money capital away from production and labor, facilitated by the Volcker shock and tax cuts, labor was and continues to become more dependent on this capitalist system. In effect, “corporate welfare substituted for people welfare.”\textsuperscript{39} In the Keynesian moment rising wages were possible because of the gains capital accumulated through the circuits of productive capital. In the neoliberal moment, in which finance capital drives capital away from the other circuits, this is no longer possible as labor’s exchange value declines.

Figure 2.1 The attack on labour: real wages and productivity in the US, 1960-2000
(Source: R. Pollin, \textit{Contours of Descent})

The fetishistic ideas in the circuit of finance capital pushes capital to not merely seek to conceal its relation to value and thereby to labor, but also seek out ways of controlling labor that

\textsuperscript{38} Ibid., 502.
\textsuperscript{39} Harvey, \textit{A Brief History of Neoliberalism}, 47.
impede possibilities for its recovery. The working class is to be pushed aside, as it can hinder the creation of the exploitative bourgeois capitalist climate that relies on the privatization of the very things labor depends on to survive or at least to retain its value. Labor power can be devalued for instance by a poorer quality of education. Another essential step to weaken labor’s position to capital is to attack its unions. The strike by the Professional Air Traffic Controllers Organization (PATCO) in 1981 provided the neoliberal state with an opportunity to demonstrate labor’s weakening position in the wake of the empowerment of finance capital. The Reagan administration reacted by permanently dismissing 12,000 controllers, bringing in military personnel to run the airports, arresting strikers and leading them away in chains. Volcker notes that breaking PATCO did “even more to break the morale of labor” than had the earlier “breaking of the pattern of wage push in the auto industry.”

Volcker was referencing the concessions made by the government and the United Autoworkers Union to bailout Chrysler in 1979 with a loan of US$ 1.5 billion, in exchange for wage cuts and benefit concessions from workers that amounted to US$ 462.5 million.

Destroying unions means destroying forms of resistance to the class based capitalist system, replacing social solidarity with individualism. Capitalism needs a forcefully disciplined labor force that accepts the forms of exploitation imposed on it and its weakening position to capital that accompanied the neoliberal moment. This does not mean that labor easily accepts this neoliberal project or that resistance to it does not exist. Capital is, however, adamant to weaken the position of labor as much as possible. The neoliberal project has meant for the working class: receiving a decreasing share of surplus value.

worsening working conditions, no substantive wage increases or rather wage cuts, and privatization which effectively removes the state from providing services that collectively force the labor force into debt until the present day. This wave of privatization must be regarded as being dialectically related to the crisis of overaccumulation, as it provided and continues to provide profitable uses for surplus value. Neoliberal policies, in effect, have both use and exchange values for capital.

The fetishistic ideas embedded in the circuit of finance capital conceals and mystifies these relations to value and labor, hiding the exploitation of the labor force in and outside of the work place that leaves it in mountains of debt, shatters its working class aspirations and defeats its militancy and the achievements made in the previous decades. The empowerment of finance capital effectively weakens the very source of valorization, labor power. Now,

[i]t seems absurd to connect interest, which is always fluctuating and can change regardless of what is happening in the sphere of production, with labour. Interest seems to be a consequence of the ownership of capital as such, a Tóros, the fruit of capital which is endowed with productive powers. It is fluctuating and indeterminate, and the ‘value of property’, a category, fluctuates along with it. This ‘value’ seems just as mysterious and indefinite as the future itself.42

The contradictory character of the fetishistic ideas, embodied in bonds, derivatives and stocks wipes out its dialectical relations to value and reduces everything down to the isolated money form, disguising the social relations between the empowerment of finance capital and the increasing exploitation of the labor force. While the Volcker shock and tax cuts have meant increasing the hold of finance capital over the social totality, they essentially also meant undercutting labor, intensifying class divisions and extending the contradictions of capitalism. As money appears to be ‘growing on trees’ to finance capital, it does so by appearing as

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completely void of class power and social content. This must be regarded as dialectically related to capitalist development which reconfigures social relations in the neoliberal moment in an increasingly advantageous way for capital, slashing worker’s solidarity and benefits.

**The Internationalization of Finance Capital and its Crises**

In order to reveal finance capital’s dialectical relationship to labor, the role of global spatial and temporal relations in the neoliberal moment, must also be considered. The growth of the credit system in the neoliberal moment is dialectically related to the crisis of overaccumulation and has been further facilitated through the close network of finance capital across the world. The internationalization of capital is not new for capitalism’s development, as it has always been transnational in character and dependent on processes of primitive accumulation or accumulation of dispossession. However, what is different now, are the changes in the world economy’s spatialization, and the kinds and volumes of capital that are moving across national borders.\(^{43}\) The physical limits of surplus value valorization such as the working day are surpassed through the creation of fictitious capital, as credit becomes the savior of capitalism, even if that is only temporarily so. The capitalist desire for the money fetishism seeks to further overcome its barriers to accumulation by presuming a global character, going beyond previous boundaries to continue to valorize. Indeed, “[w]hen it comes to [the] constant search for surplus value, capitalists know no national boundaries or national sentiment.”\(^{44}\) Capital uses the neoliberal project to conquer the entirety of the world market and thereby society, as credit money in the


global system takes on the role of means of payment across borders. The internationalization of money capital and the fetishistic ideas of its circuit have objective consequences unfolding across the globe that are accompanied by the massive expansion of international credit as a way to sustain accumulation.

By concealing the underlying contradictions, rather than eliminating them, the fetishistic ideas in the circuit of value of finance capital mystify the laws of motion of capital and result in inevitable crises. Since the accumulation of capital and debt go hand in hand, crises continue to emerge in the neoliberal, marking that limits are reached despite the internationalization of finance capital. Yet, capital attempts to overcome these through spatio-temporal fixes. The debt crises across the globe, especially in the imperialized world, which have accompanied the rise of finance capital are not unique in that regard. The scale of financial speculation in fictitious capital grew on a scale that went far beyond anything the production and appropriation of surplus value could achieve. This situation was exacerbated in the early 1980s, as New York investment banks recycled massive amounts of petrodollars and were eager to find borrowers, especially in the imperialized world. The oil crisis in 1973 raised the price from US$ 3.011 to US$ 5.119 a barrel, and led to one of the biggest profit transfers in history, as billions were now going to the OPEC countries and required absorption by leading banks. Among the countries that borrowed from these US banks was Mexico. While Mexico’s governing party, the Partido

46 Harvey, A Companion to Marx’s Capital, Volume 2, 173.
48 Ibid., 89-90.
Revolucionario Institucional (PRI), extended its public sector by acquiring private enterprises, these quickly began to fail and were in desperate need of credit. By 1982, Mexico’s foreign debt exploded and soared from US$ 6.8 billion in 1972 to US$ 58 billion, as a direct result of the imposed interest rate hikes under the Volcker shock. This exemplifies how neoliberal policies govern societies by putting these into bankruptcy and crisis, which offers capital a way to realize previously objectified surplus value. As Marx states “[n]o matter how these transactions are multiplied, the capital of the national debt remains purely fictitious, and the moment these promissory notes become unsaleable, the illusion of this capital disappears.” Eventually the fetishistic ideas of this fictitious capital collapsed, as Mexico declared bankruptcy in 1982 and was provided with a bail out package from the IMF, World Bank and US Treasury, which essentially meant the imposition of neoliberal policies. This demonstrates that the neoliberal moment is marked by the entrenchment and restoration of power to capital on a global scale, whether voluntarily or as a result of the imposition of IMF structural adjustment programs. It should come as no surprise that since the 1980s financial crises have been unfolding around the world, affecting two thirds of members of the IMF at least one time.

Regarding these crises through a historical materialist lens based on a dialectical understanding of the world reveals that debt must be viewed as a social relation as ‘fictitious capital’ that is not backed by commodity transaction but rather a claim on future labor-time and consequently value. The act of neoliberal debt creation allows for the imposition of this exploitative, fictitious system on the imperialized world. The metamorphosis of capital reveals that the processes of production and reproduction are interconnected to and reliant on the supply

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of credit. If credit is withdrawn from the circuit, and is replaced by the scramble for money a crisis will follow, as many of the bills “now come to light and explode.”\textsuperscript{52} The appearance of fetishistic ideas of the circuit of value of finance capital is in fact an imaginary and mystifying construct that has been accepted as a social fiction given real power that has real consequences. Credit that is expanded to the entire globe and imperialized world does not therefore appear as representing the underlying social relations embedded in the process of surplus value accumulation.

**Conclusion**

The dialectical relations and processes in capitalist temporality demonstrate that capital accumulation will always be interrupted by crises that will devalue capital and exacerbate class differences. Finance capital cultivates from such crises that leave the working class in misery by redistributing wealth through spatio-temporal fixes to finance capital. Yet, these crises are sometimes superficial expressions of the fundamental contradictions underlying capitalist accumulation.

The empowerment of finance capital in the neoliberal moment changes the relationship of the three circuits of capital to each other, subordinating productive capital and the production and appropriation of surplus value, through a process of exploitation of labor, to finance capital. Capital’s reproduction can only be realized through the continued metamorphosis, as productive capital is solely responsible for the creation of surplus value. As Marx states “without the production of surplus-value there can be no capitalist production, and hence no capital and no

\textsuperscript{52} Marx. *Capital*, Volume III, 621-2.
capitalist!"53 Yet, finance capital, caught in the glittry fetishisms and fetishistic ideas of the neoliberal moment, seeks to drown in fictitious capital, even if that is dialectically related to the reproduction of its lifeline to value. As the world’s social relations become increasingly mediated by exchange values, it appears that “[i]t is difficult to escape the impression that we live in a world of finance.”54 The fetishistic circuit of finance capital conceals its relation to labor and systematically grows at the expense of the working class. The geographical expansion of finance capital further swallows the world into neoliberal fetishisms. Fetishisms are not natural and signify something historically specific to the neoliberal moment in capitalist temporality. They are absolutely vital and inevitable for capitalism’s survival, and are crucial for the obscuration of the neoliberal project as a project that aims at the restoration of capital’s power through the expansion of fictitious capital and the direct counterattack on the working class.

CHAPTER III. THE NEO-NEO DEBATE AND THE FETISHISM OF INTERNATIONAL RELATIONS

Introduction

The debate between Neorealism and Neoliberalism (Neo-Neo debate) is regarded as dominating IR theory since the 1980s. While this debate is not necessarily characterized by confrontations and rival positions, by seeing a world premised by and large on the same theoretical conceptions, the two schools of thought are able to engage with each other.¹ Both theories accept a world structured by anarchy. Anarchy is understood as driving what are perceived as rational state actors to calculate their interests in terms of relative gains (Neorealism) or absolute gains (Neoliberalism), closing or opening up in turn questions of cooperation.² While their ontology and epistemology stand in a dialectical relationship to each other, only the former is the focus of my thesis. The discipline of International Relations claims by its name to be analyzing relations between states. I argue that the Neo-Neo debate, as a manifestation of the discipline and bourgeois mental conceptions at a particular moment, empties its units of analysis, the state, from any class relations, thereby reproducing an international order that appears to be studying

¹ Steve Smith, “The Self-Images of a Discipline: A Genealogy of International Relations Theory,” *International Relations Theory Today*, Ed. Ken Booth and Steve Smith (University Park, PA: Pennsylvania State UP, 1995), 19. In the literature Neorealism is also referred to as Structural Realism and Neoliberalism as Neoliberal Institutionalism. I use the terms Neorealism and Neoliberalism. I do not distinguish between supposed differences of Neorealism (offensive and defensive) or Neoliberalism. Scholars such as Gilpin strongly oppose such a dismissal; see his “The Richness of the Tradition of Political Realism” In *Neorealism and Its Critics*, ed. Robert O. Keohane. (New York: Columbia UP, 1986), 301-321. Since I am only interested in interrogating the core contestations of the debate, I do not engage with topics relevant only to one theory like Neorealism’s bipolar and multipolar orders or balancing and bandwagoning.

relations between these classless states, effectively a *classless* global order. IR’s fetishistic individual ontology, also, extinguishes any traces of relations and studies an atomistic world, detached from its moment in capitalist temporality, historical processes and relations. By doing so, the Neo-Neo debate’s bourgeois fetishistic conceptualizations of states and the international order as driven by individual self-interests is projected as unchanging across time. IR thus consists of numerous fetishistic ideas that in turn constitute IR as a fetishism in and of itself. Exposing the whole fetishism of IR for what it is, would lead to its very collapse, as it is nothing outside of the world of appearances it naturalizes, internalizes and eternalizes (figure 3.1).

I engage first with Neorealism and then Neoliberalism, as much of the debate is understood as a reaction to Kenneth Waltz’s *Theory of International Politics*. I do not individualize some scholars over others, but merely engage with works that are representative of this fetishistic debate in the 1980s. The also does not mean that works preceding or succeeding this decade are any less relevant to this debate, or dominant understandings in IR. The 1980s merely represent a moment in the development of bourgeois mental conceptions in IR in the capitalist moment that reproduces and further centralizes the fetishism. For that reason I do not claim that the Neo-Neo debate has constructed the fetishism of IR, but view it rather as built on past developments and constantly evolving as a result of dialectical relations of the previous decades. While this timeframe corresponds to the previous chapter, locating the dialectical relationship between bourgeois mental conceptions and the neoliberal moment in capitalist relations and processes and its material conditions within the totality is the focus of the next chapter. For now, I study how IR ultimately obscures the existence of class and the underlying social relations of exploitation, removing the possibility of class struggle from its scope.

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Figure 3.1 The Fetishism of International Relations
Neorealism and the Fetishism of the State

The Neo-Neo debate is premised on an individual ontology in which the international order and states are not studied in a dialectical and mutually constitutive way. These are instead removed from any dynamic relationships and studied as interested only in individual gains, emptying the international order from any class relations within states and across states. Neorealism claims to be studying the entire international political order, understood as constituted by the mutual dependence and interaction of its structure, the ordering principle of anarchy, and its units, the primary political units of an era (i.e the state). However, it compartmentalizes the domestic and international sphere, stating that “just like economists get along quite well with separate theories of markets and firms” so too can international politics be quite separated from what goes on within its states.4 In order to separate the international from the domestic sphere, Neorealism constructs the former in direct juxtaposition to the latter. The ordering principles of the domestic and international spheres are regarded as “distinctively different, indeed contrary to each other.”5 The domestic sphere is described as centralized and hierarchic in which certain entities have different functions and authorities, some commanding and others obeying through relations of super- and subordination. As the complete opposite, the international order is characterized by anarchy which means there is no higher governing body, which is also presented as a “foundational truth, a self evident limit that virtually defines the compass of imaginable possibility.”6 Instead of leading to chaos and disorganization, anarchy is regarded as the ordering principle that constrains the behavior and interaction of states based on their position and

4 Kenneth N. Waltz, Theory of International Politics (Reading, MA: Addison-Wesley Publisher, 1979), 340.
5 Ibid., 88.
arrangement, which in turn generates the anarchic order. The domestic and international spheres are thought of as distinctively different and not affecting each other. IR is characterized both by the absence of a sovereign higher government, and the presence of sovereign states that collectively constitute the international order. Rather than interrogating the dialectical and mutually constitutive relation between the artificial fragmentation of the domestic and international sphere, IR leaves us with a static and simplistic worldview that reinforces these two as atomistic, isolated and completely separate from one another.

The dichotomization of domestic and international means that the analysis of state and state interests in IR is divorced from class formation and relations in and across states. The international order and its structure are analyzed in relation to the state, which effectively becomes the object of analysis of the Neo-Neo debate. While “states are not and have never been the only international actors, (…) structures are defined not by all of the actors that flourish within them, but the major ones.”

Neorealism assumes the existence of the state as the natural property of the current global order and as generating it and cannot explain the latter without first assuming the former. States, as units, are approached as homogenized black boxes that are formally equal to each other by simply being states. Caught in the webs of bourgeois economic theory, Neorealism argues that just as “firms [are treated] as firms” in the capitalist market, so too must “states [be treated] as states, without paying attention to differences among them.”

Having separated itself from the domestic sphere, Neorealism distances itself from any ongoing processes of class relations within states and actually fetishizes states altogether. It dismisses

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8 Waltz, *Theory of International Politics*, 93.
9 The state has been a preoccupation of IR and been discussed by various scholars in and outside the discipline such as Bob Jessop.
how “[t]he executive of the modern state is but a committee for managing the affairs of the whole bourgeoisie.”\textsuperscript{11} The history of class struggle in the society governed by the bourgeois state is completely obscured by the fetishism of the state. While the context may differ, the form remains the same. Dominated by this fetishism, IR does not acknowledge the existence of the capitalist and working classes. This obscures labor’s relation to value and dismisses the contradictory relationship between the bourgeoisie and labor altogether. This debate in IR is hence premised on and revolves around this fetishistic state that makes up the international order. By emptying the state, as a unit of analysis, of class relations, it follows that the entire international order is also emptied from class relations across states. This means that IR fetishizes the state, the international order, and in turn the relations that exist between these. The inability to study relations as mutually constitutive, and accounting for dialectical developments and relations of exploitation, does not mark a failure of Neorealism or IR, but in fact the success of its fetishistic ideas.

Mystifying the state and thereby the international order has consequences for the conceptualization of possibilities for change. The existence of this international order is completely dehistorcized, presenting it as having always been in its current form and eternalizing this world of appearance. Neorealism assumes this order as fixed and denies “history as a process,” conceptualizing “all movement (…) [as] confined within a closed field whose limits are defined by the pregiven structure.”\textsuperscript{12} The global order and state in IR are not just divorced from the current moment, but from any specific time and place. By doing so, IR totally rejects and actually ignores how the development of the state has been fundamental to the development


of capitalism, how these are dialectically related and historically linked to capitalism and the contradictions embedded in it. The international order is constructed as uniform across time and thus Neorealism sees state actors as behaving in the same way despite their different forms across history (i.e. city states, nation states, etc.) and the importance of the universalization of the state form in capitalist temporality. Neorealism claims that “[b]alance-of-power politics in much the form that we know it has been practiced over the millennia by many different types of political units, from ancient China and India, to the Greek and Italian city states, and unto our own day.”\(^1\) This statement is just one of many that reflect Neorealism’s projection of the same international order across time. The transhistoricism embedded in Neorealism’s claims reflect Neorealism’s underlying ahistoricism. Accordingly, it does not, for instance, theorize about the dialectical relations between the Westphalian order, which is fundamental to the Neorealist view, and elements such as transportation and property relations, and how these were and are central in mediating class relations through the development of private property and the division of labor.\(^2\) To the extent that Neorealism engages with history at all, it finds itself explaining it in terms of recurring patterns and cycles, in which states seek to change the status quo by assuming that profits will outweigh the costs of economic, political and territorial expansion.\(^3\) By establishing unchanging patterns when looking at history, the international order is removed as a whole from the material conditions of the time. This has meant the effective naturalization of the current


\(^2\) Teschke, The Myth of 1648, 21-23.

international order and the fetishization of all class relations within it. The failure to see the unique features of global orders across history and to present the current international order as peculiar to the current moment in capitalist temporality and totality of relations ultimately reaffirms the fetishistic ideas of IR and its inter-state order as unchanging and eternal.

Having divorced global political relations from national and transnational class relations in the present and the past, Neorealism’s individual ontology explains the interests of states as identical across time. Given the anarchic structure of the order, states are presented as always having to rely on themselves. Since security is not assured in the anarchic global order “survival is a prerequisite to achieving any goals that states may have” and thereby constitutes the ultimate ends of all states. Neorealism regards anarchy, therefore, as exogenously determining the interests, preferences and behavior of states, without stopping to question the existence of this correlation in the first place and conceiving of it as mutually constituted by its units. In the international sphere, force is regarded as serving “not only as the ultima ratio, but indeed as the first and constant one.” Thus, at a minimum states seek self-preservation and at a maximum they strive for universal domination and a change in the status quo. The material relations that measure the military capabilities of states conceal social relations within and between these fetishized states. By reducing the state to its military capabilities, Neorealism makes it appear as if the interests of states is separate from the interests of the bourgeoisie, when however “all other interests are regularly subordinated to the interests of the ruling class.” Rather than analyzing how the importance of survival as the ultimate end for the fetishized state is dialectically related to the importance of the survival of the state for capitalism, survival is simply reduced to the

16 Waltz, Theory of International Politics, 91, 96.
17 Ibid., 113.
national interest’ of all states. Neorealism does not engage with how the state “promote[s] and defend[s] the ruling class and its mode of exploitation” over the working class.\(^\text{19}\) Instead, Neorealism presents the state and its interests as in the interest of the entire population, including the working class that is exploited by the capitalist class, when in fact unlike the capitalist class, labor should be seeking the very dissolution and not the survival of this form of state and international order as a whole.

Devoid of any social relations, the ontology of this deductive theory presents the state as individualistic, only interested in gaining relatively to other states by closely calculating its actions in the conflict driven international order, much like individuals in the bourgeois market. The Neorealist international order is constructed as being “formed much like a market: it is individualistic in origin, and more or less spontaneously generated as a byproduct of the actions of its constitutive units.”\(^\text{20}\) Similar to the capitalist market that has no higher authority and individual firms that are in constant competition with each other, states are constantly competing in the anarchic order striving to serve their own individual interests, regarded as relative gains, in the most efficient way. It is evident that the market is regarded as the regulative and organizing principle of the state and international order.\(^\text{21}\) Concerned with comparing their relative levels of achievements with performances of other states and caught in the security dilemma, states continuously arm themselves as a way to bolster their security. Similarly, states could leave, decline to join or limit commitments to cooperative arrangements, if partners are likely to gain


disproportionately. States are thus conceptualized as only seeking relations to others to the extent that it contributes to their individualistic gain. Similar to the bourgeois market in which “Freedom, Equality, Property and Bentham” rule, Bentham is at the center of the fetishized state, “because each looks only to his own advantage.” Bourgeois conceptions are thereby immunized and become integral to fetishistic conceptions in IR. Neorealism “reduce[s] politics to those aspects which lend themselves to interpretation exclusively within a framework of economic action under structural constraints.” Taken IR’s dominant conceptualization revolving around the competitively driven, self-interested state in the Neo-Neo debate, no other ontology, but an individual one, can be compatible with its understanding of this atomistic, utilitarian, ahistorical international order.

Based on this ontology, Neorealism reproduces the international order not just as given and eternal, but also as inevitable. By reducing its structure to the capabilities of states, Neorealism understands changes in the order exclusively as changes in the distribution of these capabilities. For that reason Neorealism claims not to be studying states as “atomistic,” but rather as “positional (...) in character.” As bourgeois economics claims that market structures change based on the distribution among its actors as opposed to the essence of relations, so too does bourgeois IR claim the same about the international order. While a change in the ordering principle (i.e. to a hierarchical one) is not dismissed, Neorealism does not engage with the

possibilities of deep transformations of international politics and how this would affect its theory. Change is limited to the repositioning of states in a unipolar, bipolar or multipolar order in which the balance of power plays a crucial role.\textsuperscript{26} Change is therefore understood within the current fetishized international order, making it questionable whether this qualifies as any change at all. IR cannot tackle questions of change when it sees the state and international order as removed from the conditions in which they arise and to which they are dialectically related. Concerned with maintaining the status quo discipline of IR, Neorealism is not interested in, nor can it engage with how “the whole organisation of nations, and all their international relations [are] anything else than the expression of a particular division of labour[?] And must not these change when the division of labour changes?”\textsuperscript{27} Similar to capitalism, Neorealism naturalizes the international order, presenting it more or less as inevitable in its currents form and disregarding the possibility of changes in the entire network of relations.

The current fetishized international order is separated from its material and social realities, as well as its dialectical relations to the domestic sphere. By homogenizing the state, Neorealism draws stark conclusions and comparisons between completely different historical moments. Neorealism’s delusional fetishisms have serious effects on the way the world is conceptualized, as it contends that “the nature of international relations has not changed fundamentally over the millennia.”\textsuperscript{28} Neorealism completely neglects the particularities of historical moments that are a result of previous developments, processes and relations, thereby dismissing how, for instance, the territorial, political, social and economic organization of the world are linked within a larger totality of relations in a given moment. While Neorealism

\textsuperscript{26} Waltz, \textit{Theory of International Politics}, 101-102, 199.
\textsuperscript{28} Gilpin, \textit{War and Change}, 211.
reproduces a fetishistic international order with the fetishistic individualistic state at its center, it
does not realize that it is engaging merely in the appearance level, but sees this appearance as in
fact representing the reality. The potentiality for grasping a dynamic world through dialectical
relations is replaced with an understanding of eternal, abstract, individual bourgeois relations that
are emptied from any real meaning. These dominant ideas do not just affect how the world is
conceptualized, but have socially real consequences in political and economic life such as on
regional politics and trade liberalization. Caught in the webs of the fetishistic ideas and incapable
of going beneath the appearance, Neorealism is incapable of seeing the underlying contradictions
and exploitative relationships between classes in past and present world orders that are
constantly evolving. The individual ontology of Neorealism does not therefore just erase the
existence of classes in the current world, but across the history of the world, and is perpetuating
in its place a classless worldview.

Neoliberalism and the Cooperative Fetishized State

A debate between Neorealism and Neoliberalism is only possible because of a shared worldview,
emphasizing and dismissing by and large the same conceptions and ultimately reproducing the
fetishism of IR. As a response to the surge in Neorealist theoretical work, Neoliberalism started
to engage with Neorealist conceptions, by accepting and expanding on its individual ontology.
Neoliberalism asks “[u]nder what conditions will cooperation emerge in a world of egoists
without central authority?”29 Neoliberalism does not question the existence of anarchy and states
that conceal all social relations, but merely reproduces and solidifies these at the core of IR. It
argues that cooperative institutional arrangements are possible in the anarchic international order,

as these can bring absolute and long-term gains in the cost-benefit calculations of fetishized states. The Neo-Neo debate is essentially a debate about how these atomistic states behave as a result of their individualistic interests in mind, with one perspective presented as mostly focusing more on conflict and the other on cooperation. It seems however that “the sharp disagreement between [Neo]Realis[t] and [Neo]Liberal theories is overstated.” From within the debate, i.e. from the perspectives of Neorealism and Neoliberalism, it appears as a debate between different views of the international order in which the existence of cooperation is contested depending on divergent interpretations of anarchy and state calculations (relative versus absolute gains). From a historical materialist and dialectical understanding, both are conceptualized as a reflection of the same bourgeois mental conceptions at the heart of IR that would collapse without the individual ontology. In order for Neoliberalism to make its arguments, it is essentially reproducing the fetishistic worldview of Neorealism, and cannot exist outside of it.

Neoliberalism contributes to the construction of IR’s appearance as being concerned with relations by focusing on the possibilities of cooperation under anarchy, which is still presented within the interest-driven framework. Regarding the world as marked by cheating and deception in the absence of a higher authority to oversee the enforcement of rules, Neoliberalism sharply distinguishes its understanding of cooperation from harmony. While harmony assumes complete agreement on issues of interest, “cooperation can only take place in situations that contain a mixture of conflicting and complementary interests.” Cooperation is understood as bringing

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30 Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton UP, 1984), 26. While discussions of interdependence and transnationalism were dominant in the 1970s, discussions of the role of international institutions and regimes in mitigating the effects of anarchy through cooperation took center stage in the moment under investigation of the 1980s.


individuals together whose interests are not harmonious, but can produce an outcome more useful to states in the long run than situations in which coordination is absent.\textsuperscript{33} Thus, the debate around cooperation assumes firstly the existence of anarchy, secondly the centrality of the state, thirdly the self-interested nature of these states and finally the complete separation of the state from history and the development of capitalism and class relations. All of these assumptions further naturalize the fetishisms of the state and international order that dismiss dialectical relations altogether. Building on the Neorealist anarchic world, Neoliberalism regards international institutions as central to advancing the interests of states through cooperation. It defines institutions as “persistent and connected sets of rules (formal and informal) that prescribe behavioral roles, constrain activity, and shape expectation.”\textsuperscript{34} While it may appear as if Neoliberalism’s attention to international institutions decenters the state and its individualistic interests, these institutions are only analyzed in relation to the fetishized state and are premised on this form. Some Neoliberal work investigates for example to what extent the presence of a dominant great power or hegemony can contribute to cooperation, by playing an important role in the initial stage of forming institutions and maintaining these.\textsuperscript{35} Neoliberalism is essentially not discussing institutions or a more dynamic view of the world, but the same fetishized static order of states of Neorealism, as the latter and not the former ultimately takes center-stage in the Neo-Neo debate and IR. While Neorealism’s fetishistic ideas have consequences on what is perceived as matters of security, so too do Neoliberalism’s fetishistic ideas have consequences on what is perceived as matters of cooperation.

\begin{itemize}
\item\textsuperscript{34} Keohane, \textit{International Institutions and State Power}, 3.
\item\textsuperscript{35} Keohane, \textit{After Hegemony}, 31, 46, 240.
\end{itemize}
Neoliberalism extends bourgeois rational choice and game theory to frame cooperation of self-interested individualistic states as compatible with the Neorealist international order by highlighting the importance of absolute and long-term gains. As an example it looks at the Prisoners’ Dilemma, in which it ranks mutual cooperation as the most superior option for involved actors. In the Prisoners’ Dilemma, two players are suspected of committing a crime with the authorities only possessing at most enough evidence to secure conviction on a minor charge. Both players, assumed to be self-interested utility maximizers, are faced with the option of cooperating or defecting.\textsuperscript{36} If both prisoners cooperate together by not saying anything, they both receive a minor charge (CC). Since uncertainty about the other player’s behavior exists, one may choose to defect. If both defect, both receive a moderate sentence (DD), which is most likely greater the level of conflict of interest between the two players. If only one player defects, the defector goes free without a sentence (DC), while the one that cooperates receives the full sentence for the crime (CD). Based on the rational choice of the actors, the preference order for each prisoner is calculated to be DC>CC>DD>CD. Neoliberalism uses this to demonstrate that based on calculations of the uncertain behavior of the other party, it is in the self-interest of both states not to defect (DD), but cooperate (CC), forgoing relative gains and short-term interests for long-term interests and absolute gains, even if this is not the automatic outcome.\textsuperscript{37} The reliance on bourgeois theory to explain the behavior of states in the international order, allows for the continued presentation of interests as completely divorced from the network of relation that gives rise to them and their relation to this network. It is assumed that all states simply seek to behave this way because of anarchy. Thus, also in Neoliberal theory, the international scope of state


relations is not analyzed as dialectically related to its inner dimensions, but anarchy is instead studied as the determining factor and driving force of state interests, behaviors and any outcomes in the order.

Cast in terms of calculations of self-interest in a competitive world, bourgeois economic theory is extended to the Neo-Neo debate to account for and support prospects of cooperation between fetishized states. What this means is that “not only is the human being configured exhaustively as homo oeconomicus [in our current capitalist moment], but all dimensions of human life are cast in terms of a market rationality.” Cooperation is framed in terms of profitability of the states and everything is understood in terms of weighing costs against the benefits. Such an analysis, embedded in this dominant debate of IR, echoes that “the state must not simply concern itself with the market but think and behave like a market actor across all of its functions.” This is crucial for the Neo-Neo debate, which uses every opportunity to compare the anarchic international order, marked by never-ending uncertainty and competition, to the bourgeois market. Neoliberal theory states that institutions can only come into being if “[p]olitical entrepreneurs (...) see a potential profit in organizing collaboration” and are therefore a product of the fetishized state. Accordingly, the existence of cooperation cannot be separated from the willingness of states to participate, which in turn is regarded as only possible in the presence of incentives. The debate about institutions is framed in the language of bourgeois economics, speaking of their supply and demand, providing benefits, incentives and profits for these rational actors that must outweigh the costs of joining these. This debate is, however, separated from any consideration of class relations and questions of how the interests of states

38 Brown, Edgework, 40.
39 Ibid., 42 (emphasis in original).
are dialectically related to those of the bourgeoisie. Consistent with competitive bourgeois markets, Bentham continues to be in the limelight of the Neo-Neo debate, as Neoliberalism reproduces, disseminates and further institutionalizes the same fetishistic state and international order that Neorealism worships. While the state behaves in the Neo-Neo debate and IR like the capitalist class in a competitive market, its interests and relations are conceptualized as removed from those of the capitalist class.

Neoliberalism must present incentives for establishing and joining institutions and cooperating in the context of the competitive market, and provide states with direct assurance that long term gains can be made and that short term gains are worth forgoing. Thus, Neoliberalism argues that institutions “make it possible for states to take actions that would otherwise be inconceivable.”\(^\text{41}\) Uncertain about the situation of other states, it seems that despite claiming to focus on absolute gains, states are still focused on their relative position to others, but merely understand, in comparison to Neorealism, that absolute gains can be made along the way. The state, which is constructed in Neoliberal theory by being concerned with these absolute gains, should not be mistaken as any less concerned with its own self-interest. Neoliberalism, in fact, goes a step further than Neorealism in that it seeks to project the fetishized state not merely in the short-run, but ensure its survival in the long run through cooperation and institutions. Institutions can, for instance, improve the quantity and quality of available information which could mitigate concerns of states about the resources of other governments, formal negotiating positions, their intentions and preferences, and of course willingness to stick to an agreement in the case of unforeseen circumstances. This is framed as especially important when states are reluctant to make agreements in the absence of ‘perfect’ information, a situation that compares to

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\(^{41}\) Keohane, \emph{International Institutions and State Power}, 4.
the lack of information in the market place. Assuming an order marked by uncertainty, increased information can provide one party with a relative gain over the other. Interested in their individualistic gains, this could provide states with an incentive to join. This highlights the understanding that the anarchic structure produced by self-interested states is at the heart of the Neo-Neo debate. Neoliberalism reproduces the correlation that the structure of anarchy is conceptualized once more as driving the behavior of these states, rather than understanding the international order and states as dynamic and mutually constitutive.

Another way that Neoliberalism further guarantees long-term gains for cooperative states is through the institutionalization of reciprocity in which coercive measures are taken against those who defect. Since states similar to firms in the capitalist economy, may not stick to an agreement if conditions of the environment change, reciprocity becomes crucial and makes retaliation a real possibility and defection more costly. Reciprocity is central for a mutual cooperation situation to take place in contexts that are similar to the earlier example of the Prisoners’ Dilemma. In order for states to be rewarded with gains for behaving in line with the Neoliberal conceptualization of rational actors, those who do not behave in line with the bourgeois political market must also be punished. In both cases, Neoliberalism seeks to differentiate itself from Neorealism by focusing on absolute gains, when in both cases states are presented as essentially being interested in their gains vis-à-vis other actors. Neoliberalism claims with its analysis “not [to] necessarily sacrifice [Neo]realism when (..) analyzing international regimes as the products of voluntary agreements among independent actors within

42 Keohane, “The Demand for International Regimes,” 344.
43 Axelrod and Keohane, “Achieving Cooperation under Anarchy,” 250. Increasing information and reciprocity are only two of many factors that Neoliberalism focuses on. Another one is issue density, meaning, the more interdependent agreements are, the less profitable deception becomes, as the player has more to lose and more actors can retaliate.
the context of prior constraints.” Within this context Neoliberalism not only fully accepts Neorealism’s reproduction of the fetishistic international order based on states, but also contributes to its perpetuation by continuing to present the incentives in a historical vacuum and as autonomous from the existence and exploitation of class.

Despite seeking relations to other states through cooperation and presenting its conception of the international order as more dynamic than that of Neorealism, Neoliberalism shares the same individual ontology of Neorealism. Neoliberalism’s focus on cooperation and on absolute gain gives it the appearance of studying social relations. However, instead of incorporating a dialectical understanding of relations, Neoliberalism also views the world through causal links in which institutions can mitigate the effects of anarchy and provide long-term gains for states that are at the end of the day, individualistic and atomistic. Neoliberalism is not interested in studying mutually constitutive relations by, for example, engaging with how states produce the very order that has produced them. To the extent that Neoliberalism studies relations at all, “[s]ocial interaction is interpretable, by direct extension as instrumental coaction or exchange among individual actors, each party regarded as an external object or instrument in the eyes of the rationally acting other.” What Neoliberalism has essentially done is further naturalize the individual ontology of Neorealism and its fetishistic ideas, which dominate the Neo-Neo debate and IR. By reproducing the fetishized state, there is no engagement with how the “state is really a facet of the class relation.” Blinded by such fetishisms, Neoliberalism does not realize that it is merely concerned with the appearance level. Thus it is not in its interest to penetrate it and interrogate how it is dialectically related to the history of capitalism and the

development of the bourgeois society. The appearance level of IR based on an individual ontology, rather than a social ontology, allows Neoliberalism to mask the contradictions of its own theoretical conceptions. Although absolute gains are emphasized through cooperative relations to other fetishistic states, these absolute gains are nonetheless conceptualized as being in line with the state’s individualistic character.

Conclusion
The Neo-Neo debate demonstrates the ways these two theories extend bourgeois understandings to the conceptualization of international politics, yet remove the interests of the bourgeoisie and capital from these conceptualizations. This debate contributes to a certain dominant and commonsensical worldview in IR that is projected far beyond academic disciplines and institutions in today’s world. IR should not be mistaken for falling prey to the fetishistic ideas that it reproduces such as the fetishisms of the state, international order and the relations existing between these and its fetishistic Neo-Neo debate. Rather it relies on these since IR is constituted by these ideas and is in fact a fetishism in and of itself and cannot exist outside of it. The reassertions of bourgeois conceptions contribute to IR’s reproduction and its survival. By criticizing the current ontologically individualistic state of IR, I directly call the whole field into question. For that reason, the penetration of the appearance level and uncovering of the underlying exploitative class relations would result in the complete and utter collapse of IR. The Neo-Neo debate favors and relies on the maintenance of the status quo to continue to exist. It seems that “[d]rawn into the [N]eorealist [and Neoliberal] circle, we are condemned to circulate entirely at the surface level of appearances.”47 Both of these theories differentiate themselves in

47 Ashley, “The Poverty of Neorealism,” 256.
the smallest of elements as they are both built on the same individualistic and fetishistic ontology, ultimately concerned with a world of egoistic states. As mentioned earlier, despite the emphasis of the two theories on relative versus absolute gains and their views on corresponding possibilities for cooperation, they are both reducible to the same concern for advancing their own interests and surviving in the competitive international political market. Thus it should come as no surprise that “for better or worse, [Neoliberal] institutional theory is a half-sibling of [N]eorealism.”

The Neo-Neo debate presents the international order, which is based on the fetishism of the state, as autonomous and atomistic, divorced from the capitalist totality and its social relations. When it comes down to it, this debate should not be interrogated from the perspectives of Neorealism and Neoliberalism as two different schools of thought, but rather conceptualized as one and the same manifestation of fetishistic and mystifying bourgeois mental conceptions that have objective consequences on our current order both in ideal and material terms.

It is not enough to engage with how the modern state developed, but also how it persists. By separating itself from any engagement with how states and the organization of world politics are historically constituted, the Neo-Neo debate, based on problem solving theories, assumes a fixed order that naturalizes and eternalizes anarchy and states, detaching these from any history and susceptibility to fundamental transformation. The fetishistic ideas allow Neorealism, as well as Neoliberalism, to constantly present the state as an “unproblematic unity: an entity whose existence, boundaries, identifying structures, constituencies, legitimations, interests, and capacities to make self-regarding decisions can be treated as given.”

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49 Ashley, “The Poverty of Neorealism,” 238.
not only obscure the existence of classes and their relations, but by producing the state as ahistorical, it in effect obscures the entire historical development and trajectory of capitalism’s exploitative class relations. This allows IR to disguise how its fetishistic character actually represents a peculiarity within the current mode of production. Rather than revealing how the current international order is historically embedded, IR further “invest[s] [its fetishism] with power it does not itself have.” IR therefore dismisses any discussion as to how the current state is central and dialectically related to the neoliberal order and the legitimization and naturalization of the relations of production and exploitation of labor. The absence of analyzing the current international order as a historical form within a specific time and place, allows IR in effect to delink the dynamics of international politics from the developments of capital accumulation. Because it does not historicize its individualistic ontology within a time and place, IR cannot regard itself as a mere manifestation of bourgeois thought within the particular neoliberal moment in capitalist relations and processes, as doing so would threaten the objective conditions that it serves in this moment.

CHAPTER IV. RETURNING TO THE CAPITALIST TOTALITY: CONCLUDING REMARKS

Bringing Finance Capital and International Relations Together

Historical materialism provides me with an alternative way to view the world, away from atomistic analysis and more towards a holistic one that reveals the complex processes that extend capitalist relations into the future. My thesis aims at interrogating the relation between mental conceptions and production processes by holding a certain temporal moment of the 1980s as stable and exposing the fetishisms that are perpetuated during this neoliberal moment. I now bring these two elements together to demonstrate that these should not be studied as things that are separate from each other, but as dialectically related elements. It is important to grasp their dynamic relationship to each other, but also bare in mind that these are only two of the co-evolving seven elements in the capitalist totality (figure 4.1). By focusing on these two elements specifically, I have sought to gain a clearer understanding of at least part of the relations that make up the complex totality in the neoliberal moment. For that I have the studied the fetishisms of this moment which are related to the material context and the empowerment of finance capital and counterattack on the working class, and the mental conceptions of the Neo-Neo debate which dominates IR.
Given the focus of my thesis, it is important to investigate how the developments in capital such as that of finance capital influences how we think of the global order through the lens of IR, but also how these mental conceptions contribute to the overall survival of capitalism. In order to do that, I must return to my two foundational and interrelated thesis questions: 1) how are the material conditions of the neoliberal moment dialectically related to the reassertion of bourgeois mental conceptions in International Relations?; and 2) how does the ontology of dominant IR theory, understood as the Neo-Neo debate, lead to the exclusion of class analysis altogether? Having interrogated the fetishistic circuit of value of finance capital and the fetishistic ideas of the Neo-Neo debate separately, I now bring these two together. I demonstrate that the fetishism of IR and its fetishistic ideas and theories allow it to separate itself as mental conceptions from the material conditions of the neoliberal moment to which it is dialectically related. IR thereby divorces itself from the class interests its bourgeois mental conceptions directly serve. In the neoliberal moment, IR must be studied along side production processes and

Figure 4.1 (Source: Harvey. A Companion to Marx's Capital: 195).
as facilitating and contributing to the neoliberal project that aims at restoring more power to capital and counterattack the working class. The (re)production of fetishisms across the inner elements of the totality are of vital importance to this process, as they mask the contradictory class relations at the heart of the current capitalist system, and contribute to its overall survival. These contradictions are further masked through the bourgeois conceptualization of harmony of interests that is understood as ordering the world, in which individuals and states pursuing their own political and economic interest actually serve the world as a whole.¹ Such bourgeois thinking, which is reflected in IR and the neoliberal moment, presents the interests of the entire world as completely divorced from class relations and the interests of capital that it is meant to serve and the working class it is meant to exploit.

The synthesis of the analyses of the previous chapters reveals the constant perpetuation of a fetishistic world that is to be understood in parallel fetishistic terms, analyzed outside the moment in which it develops. These fetishisms appear as natural and commonsensical, rather than peculiar to the capitalist temporality and thus must be constantly analyzed in relation to the totality. It is important to note that although I make the distinction between fetishisms (i.e. that of finance capital’s circuits and of IR), in essence these fetishisms do the same thing. They obscure the antagonistic class relations between labor and capital, which facilitates the accumulation of surplus value. As such, they play a critical role in the neoliberal moment for the restoration of power to capital across the world and must be studied along co-evolving processes and relations. As the fetishistic circuit of value of finance capital obscures the empowerment of its capital, the counterattack on the working class and redistribution of wealth globally, the fetishism of IR obscures the entire existence of class, class relations and their development in the realm of

mental conceptions. While the empowerment of finance capital in the neoliberal moment creates a capitalist world that appears as removed from labor and the production of surplus value, IR, based on an individual ontology, constructs a commonsensical corresponding worldview to that of finance capital that rejects the existence of the exploitative relationship altogether and sees individual classless states making up an entirely classless international order (figure 4.2). IR gives this international order the “the form of universality, and represent[s] [it] as the only rational, universally valid [one].”² States are regarded as given and separated from the prevailing capitalist economy, despite the constant interaction and co-evolution of the political sphere with that of production and capital in general. This in effect means concealing the development of class relations and configurations between capital and labor that are dialectically related to the neoliberal moment and are essential for the redistribution of wealth from labor and the imperialized world to capital and imperial world. The mysticism and illusions in and of IR obfuscate in turn neoliberal predations of value and accumulation by dispossession. Just like all other elements, the continued perpetuation of bourgeois mental conceptions is absolutely necessary for the survival of capitalist relations and the continued existence of bourgeoisie and proletariat.

![Diagagram](image)

Figure 4.2 Dialectical Relations of the Two Elements

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As a reflection of bourgeois mental conceptions, the fetishistic study of International Relations, dismisses the importance of how its units of analysis, i.e. the state and also the international order, are crucial to the neoliberal project and the empowerment of the finance capital following the crisis of overaccumulation in the 1970s. The neoliberal state has played an absolutely fundamental role by imposing a collection of policies based on “Freedom, Equality, Property and Bentham” which are essential for the expansion of capitalism’s toxic system and class relations across the world.\(^3\) These policies have been and continue to be exclusively in the interest of the capitalist class and absolutely detrimental for labor. Closing itself off from the domestic sphere and national and transnational class configurations, IR cannot conceptualize how the bourgeoisie uses its central actor of the state to restore its position and completely crackdown on the working class. Instead IR fetishizes the state and international order and empties these from national and transnational class relations and presents its ideas and their emergence as abstract from all time and space relations. IR is preoccupied with theorizing and reasserting how states behave similar to self-interested individualistic actors in the competitive anarchic market removed from any historical developments and actual changes taking place in the spheres of production and circulation. The role of the material context in which the Neo-Neo debate and the reassertion of bourgeois ideas emerged in the 1980s has been and continues to be completely irrelevant to IR’s study of the globe. Regardless of how relations are changing and evolving in the neoliberal moment, IR continues to study the world in the same fetishistic way.

The refusal to see the world through a lens based on a social ontology means the refusal to recognize the importance of ongoing reconfigurations of class relations to which neoliberal policies such as the Volcker shock along with tax deductions were and remain central. Creating

an environment based on skyrocketing interest rates is dialectically related to the explosion of fictitious capital within and across borders, resulting in a different distribution of surplus value among capitalists and their global capitalist relations that must be studied. By rejecting how the inner configuration of states and the international order are mutually constitutive and dialectically related, IR in fact obscures the relation of the global order to its historical moment and material conditions, denying a global order based on class relations. Instead, it conceives of an abstracted, static, ahistorical order based on correlations in which anarchy is deemed to determine the behavior of states across time, regardless of changing class configurations which are dialectically related to the global order. This also means the separation of the political and economic realms and the divorce of the neoliberal project and corresponding restoration of class power from political relations and political means. As a fetishistic collection of bourgeois conceptions IR hides the fact that its commonsensical, individual ontological and classless international order contributes to the restoration of class power to capital and the survival of the capitalist system.

IR serves the interests of the capitalist class, as all dominant ideas do, and in doing so completely obscures the increased sufferings of the working class as a result of the neoliberal counterattack. This is a reflection of the socially real consequences of fetishisms that include the dismantling of the welfare state, increased waves of privatization, commodification and financialization of everything, resulting reliance on credit, declining wages, and crushing labor unions, ultimately devaluing labor and weakening labor’s position in relation to capital. As a result, the fetishistic ideas in the circuit of value of finance capital and IR are of vital importance to the overall persistence of the capitalist system and dominance of capitalist class power. By concealing the relation of finance capital to labor that directs capital away from spheres that
create surplus value, finance capital appears as a source of self-valorization external from labor, when the exploitation of labor forms the very foundation on which capitalism is founded. Similarly, IR does not acknowledge class relations in general to acknowledge the existence of the working class specifically and the effects neoliberal policies have on it. By mystifying relations to value, both IR and finance capital completely bury the exploitative relation of the capitalist class to the working class far beneath the surface appearance of the world. While Marx’s labor theory of value is central to understanding all elements within the capitalist totality, the fetishistic ideas in the circuit of finance capital and IR eradicate any trace of it altogether. Fetishisms provide capital with ways to mask the contradictions of its parasitic system by rejecting or rather not even acknowledging its source of valorization, accumulation and survival both on a national and global scale.

The fetishisms that were produced and are reproduced across the inner elements of the capitalist totality in the neoliberal moment can thus be seen as integral to the neoliberal project and counterattack on the working class. The growth of the fetishistic credit system across the world must be studied vis-à-vis unfolding crises and spatio-temporal fixes that are produced through the corresponding accumulation of debt. Capital’s need for unlimited accumulation has meant the application of neoliberal policies beyond territorial and national borders and expansion across the globe. When these exploitative neoliberal policies that directly attack the working class on a global scale and restore power to capital are not embraced voluntarily, the indebted imperialized world is forced to accept structural adjustment packages by institutions such as the IMF and the World Bank that impose neoliberal policies onto their societies. While the ruling classes in each of these societies were and continue to be interested in the neoliberal project, these continue to have detrimental consequences on labor. The mystifying fetishisms have in this
case real effects on the current order and class relations. These developments are not accompanied by a thorough investigation from the very discipline that claims to be studying relations on a global scale. Instead, it is accompanied by the reassertion of bourgeois fetishistic mental conceptions in IR that dominate and inform its study of its self-constructed understanding of the international order, completely divorced from these ongoing processes, developments and internal dynamics of national, transnational and global class relations. In doing so, IR does not threaten the objective conditions that it serves in this neoliberal moment in capitalist temporality.

Caught in the web of historically specific fetishisms, IR reproduces a world based on an individual ontology in which the international order is separated from the development of material production which forms the basis for all social life, relations and history. As IR defines its interests and incentives as removed from the interests and incentives of capital and its system it denies the existence of the contradictions embedded within these. Such conceptions of the world must be understood as the “ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force.”

The material conditions and bourgeois mental conceptions are at the same moment an expression of each other, they exist, thereby, in a dialectical relation to each other. IR must be constantly linked to the specific social, political and economic time and space in which it has developed and is developing. The international order is conceptualized through its fetishistic character in a way that corresponds to the moment in the mode of production and obscures the exploitative relations and developments across the globe. The capitalist class and the neoliberal order relies, in turn, on IR’s fetishism. Just like all other bourgeois mental conceptions, IR reproduces a world that obscures the importance of labor and the increasing exploitation it faces on the back of the global redistribution of wealth to capital.

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As such IR represents a site of class war that participates in the neoliberal moment’s empowerment of capital and the counterattack on the working class by not even acknowledging the existence of these class relations.

The world in the neoliberal moment is dominated by an individual ontology that divorces material production and classes from mental conceptions, with absolutely no comprehension of dialectical relations and thinking. IR constantly produces and reproduces a world that is not just bourgeois for concealing class relations and conceiving of a non-dialectical world, but also for applying a bourgeois market rationality to the international order in which every state is treated as an individual that is purely concerned with its own self-interest. As mentioned earlier, the penetration of such thinking into commonsense marks nothing but the success of IR. By producing its fetishism, as well as others, IR tries to resolve unresolvable contradictions that it does not conceptualize as such. The inability to see contradictions allows IR to dismiss accounting for the study of capital’s crisis and temporally fixes and their impacts on the global order and conceive of relations and processes as constantly evolving. The refusal to study how its atomistic abstractions are actually situated in and coevolving with the dynamism of the capitalist totality, IR does not realize that it is nothing outside its fetishism; it is the fetishism and the fetishism has created it as a product at the service of capital and the capitalist system. IR cannot be studied as divorced from the times in which it develops. As with all of the other dialectically related elements in the totality, IR must be studied in the neoliberal moment as bourgeois mental conceptions that are part of the neoliberal project and not as outside of it. As such, IR constitutes a use-value to the neoliberal project by masking and veiling the dialectical relations of exploitation on a global scale through its fetishistic ideas that are produced and reproduced inside
the university and outside of it. The naturalization of these affect acts of regional and global politics, and are internalized in organizations and foreign policy globally. The Neo-Neo debate in IR must continue to exclude class from its analysis and push aside the threat of historical materialism to the status quo in order to continue to exist and serve the interests of this parasitic system.

**Beyond International Relations and Towards the Study of Global Relations**

I apply historical materialism to the study of IR to expose it as mystifying delusions. I call for destroying it and replacing with a post-IR study of global relations based on a social ontology, and not an individualistic, atomistic, bourgeois one. It is by exposing IR’s fetishism for what it is, by situating it along with relations of other elements in the capitalist totality, that I conceive of IR as an embodiment of peculiar mental conceptions located in the historical development of capitalism. Since the inner-related elements of the totality are co-evolving along with other processes and relations, possibilities for change must be studied not as external to this totality, but internal. This fundamentally questions all elements that assume fixity, and present the world as given, natural and isolated. The continued study of IR impedes any interrogation of the evolution of the global order to which capitalism is absolutely integral. The continued preoccupation with the dominant realm of appearances of the fetishistic world impedes conceptualizations of real change from the minds of people. However, as capitalism’s crises and contradictions continue to unfold, people will conceive of change and find ways to realize it. In doing so, IR will be exposed as the momentary delusion that it is. The fetishism of IR must then

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5 This opens up questions for further research about the commodification of intellectual labor and the exchange value of IR in the neoliberal moment which would be interesting to investigate and tie to the larger totality, the labor market and capitalist relations and processes.
be destroyed and with it the discipline. In its place, a world different to the bourgeois must be theorized that considers the vital dynamics of class relations and exploitation on a global scale and accounts for transformation. It is non-dialectical to think that is possible for IR to change into anything else than its bourgeois form. IR corresponds to the neoliberal moment in capitalist relations and processes and evolves with it. To destroy bourgeois mental conceptions means destroying IR and replacing it with a post-IR study of global relations altogether.

This study of global relations will open up spaces for the conceptualization of alternatives outside the capitalist system that IR deliberately closes off. It will go beneath and beyond IR’s fetishistic understanding of relations that are emptied of any content. Instead, global relations will study the dialectical relationships between capitalism’s elements and between the domestic and international sphere, by conceptualizing them as mutually constitutive through economic, political and social relations. This also includes grasping how the global order is bound by global class relations and ongoing processes of developments. “[T]he fetishized categories of bourgeois thought” should not be adopted; neither should “the fragmentation of bourgeois society into economic and political” be accepted, nor the bourgeois understanding of political economy as separate from social relations be perpetuated.6 Studying the international order through the fetishistic lens of IR benefits and reflects the interests of capital, while it is completely counter-productive to the working class. The preoccupation with appearances diverts attention away from possibilities of class struggle. The study of the international order in IR unifies territories of demarcated parts of the bourgeoisie, and directly fragments the working class. States can be regarded as existing as a result of the fragmented working class and give the appearance of

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coherence. Instead of perceiving of themselves as a collectivity that relates to each other based on their class in the nation and across nations, workers are reduced to citizens and individuals, identifying with the state and the interests of the state that are tied to the very system and class that exploits them. The fetishisms of the state and nationalism are generated and continuously reproduced and reinforced by the bourgeoisie as “necessary, everyday condition[s] of its continued existence” by maintaining the division of classes across the societal fabric. Capitalism relies on the reproduction of homo oeconomicus as the organizing idea across its elements and relations in this individualistic world, extending beyond the domain of economics and into the political and social. The reconstruction of such a world of self-interest and relative gains through bourgeois mental conceptions equally contributes to the further removal of possibilities of change and class struggle from the minds of those exploited by this parasitic system. Exposing the IR fetishism and instigating in its place a study of class relations and imperialism that reveals the contradictions of capitalism on a global scale, comes one step closer to enabling the “forcible overthrow of all existing social conditions” and the collectivity of “working men [and women] of all countries, [to] unite!”

A change in the way mental conceptions are produced about today’s world, can begin to change the capitalist totality one part after the other. This is not to say that a study of global relations or global political economies, based on a social ontology that opposes the dichotomization of national and international or political and economic, does not exist. Rather, the

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aim of my thesis has been to demonstrate how IR, through its Neo-Neo debate, is a fetishism that contributes to capitalism’s survival and reflects the naturalization of bourgeois ways of conceiving of the world. Based on that, I advocate for its very destruction and replacement with a more dynamic analysis of global relations. IR, as a fetishism, constructs a world emptied of the existence and relations of class and assumes complete separation of the elements of the totality. As the fetishistic name of IR gives the appearance of studying relations across states, it determines, however, how the state and international order, emptied of any relations, are to be studied and has fetishized the meaning and appearance of relations. Regarding the present as already complete, IR is resistant to conceive of processes of transformation. Caught up in its own fetishism, the Neo-Neo debate in IR is unable to recognize and therefore understand global collectivist relations such as those of class, as more than the aggregation of individual state relations. For that, the fetishized conception of the bourgeois international order must be exposed and denaturalized. The importance of the international order must be investigated in relation to the survival of the capitalist system and capitalist class, rather than completely divorcing these and dismissing their dynamics internal to the state and the international order from the totality of relations.\footnote{Christian Heine and Benno Teschke, “Sleeping Beauty and the Dialectical Awakening: On the Potential of Dialectic for International Relations,” \textit{Millenium – Journal of International Studies} 25.2 (1996): 421.} This marks not only the incapability of recognizing the bourgeoisie and working class as classes, but also the centrality of value, which defines the uneven exploitative relationship in favor of the bourgeoisie. Unaware of the existing inner dialectical relations and contradictions in the dynamics of the capitalist totality, class struggle cannot even be envisioned. This constitutes the aim of IR, since exposing these underlying relations and revealing the fetishism for what it is
would lead to the complete and utter collapse of this status quo discipline. This would ultimately threaten the objective conditions that it serves in the neoliberal moment.

The fascinating dialectical nature of the capitalist totality, however, guarantees that the destruction of IR and its fetishism is bound to have co-evolutionary effects on the other elements, in both ideal and material terms. The dialectical method, which is “in its very essence critical and revolutionary,” can lead to the conceptualization and reconceptualization of the world in a different manner and thereby mobilize action against the current exploitative, parasitic capitalist system.\(^{11}\) As class struggle is fought with technology and our species’ relation with nature, it must also be fought with IR theory. The inner dynamics and contradictions of class relations in the state and across states can be interrogated through a study of global relations. This also allows for the reevaluation of the role of the state in the maintenance of the current world order, asking whose interests it represents and locating it in the larger dynamism of capitalism. Such an analysis must be based on conceptualizing relations through a social and not individual ontological lens, moving away from bourgeois atomistic conceptions that have blinded IR from studying class struggle in the first place. By beginning to see a world of classes, the importance of, for instance, finance capital in today’s world can be grasped and how this shapes and is shaped by other elements in the capitalist totality.

Conceptualizing class struggle in mental conceptions would be affected by and would affect in turn all the other elements including all processes and relations of the material context. If the tendencies of global capitalist accumulation continue to lead to crises and are not contained, the fetishism of the circuit of value in finance capital and all capital will eventually be exposed and lead to the explosion of class struggle across the world. Capitalism will not be

destroyed by relations external to the totality of its social relations, but rather by the contradictions and dialectical relations internal to capitalism itself. By going beneath this surface appearance of fetishisms and recognizing and investigating capitalism’s relationship to labor, possibilities for conceiving of class struggle are opened up. As mystifying and delusional as the fetishisms are, they are also socially real with objective consequences. IR’s fetishistic conceptions are internalized in regional and global politics between states, while those fetishistic ideas of the circuit of value of finance capital lead to more exploitation, greater imperial penetration and financial dependencies across the globe. The interrogation of capitalism’s fetishistic appearance allows for the conceptualizations of the underlying dynamics of its inner element such as production and mental conceptions and the violent contradictions that arise out of these. These fetishisms of the neoliberal moment, reflected in the mental conceptions and material context, ultimately mask the centrality of value to the capitalist system and therefore the exploitative class relations. As such, fetishisms are not natural but are specific to capitalist temporality and absolutely vital and inevitable for capitalism’s survival, and are crucial for the obscuration of the neoliberal project as a project aimed at the restoration of capital’s power through the expansion of fictitious capital and the direct counterattack on the working class.

**Concluding Remarks**

Grasping the importance of mental conceptions, just like any other of the inner elements, and conceptualizing and historicizing these within the neoliberal moment in the capitalist totality is fundamental to understanding the current system and envisioning an alternative to it. IR as a reflection of such bourgeois mental conceptions, cannot exist outside its fetishism and will never be dominated by historical materialist class analysis, as the latter is dialectically related to the
former and constitutes a direct threat to IR’s existence. The naturalization of fetishisms contributes to capitalism’s survival and continued exploitation of labor. This marks a further step away from envisioning and creating a world different to the class-divided system that has come to consume every aspect of our every day lives. The dialectical and contradictory nature of capital ensures that wherever the battle against capitalism begins, it is bound to affect all the other co-evolving elements within the totality. This battle has already started and despite the resistance by capital, it is continuously becoming and developing. My thesis has sought to fight its battle against the dominant commonsensical understandings of IR. It is time to expose IR for what it is: as ideas serving the interests of capital and its parasitic system, move away from it, and destroy this manifestation of bourgeois thought altogether that has dictated how to view and analyze the global order by dazzling us with its fetishism, blinding us with its world of appearances, and pushing us away from resisting and attacking the very class and classist system that exploits and feeds off of us. The dialectical totality ensures that the end of capitalist relations and processes necessitates the ending of IR. One cannot take place without the other. Just as IR is nothing without the fetishism it has constructed, so too is capitalism nothing without those it exploits.
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