

The end of capitalism

What would a world beyond capitalism look like? Simon Glendinning looks for answers in the work of the Italian economist Piero Sraffa.

In 2014 Nuno Martins, a young political economist from the Universidade Católica Portuguesa, published a paper in the [Review of Political Economy](#) that brought to light a very brief but fascinating text on the history of capitalism by the Italian economist Piero Sraffa, a little text that Martins had found among Sraffa's papers at the Wren Library, Trinity College, Cambridge.

Drawing on concepts and categories that belonged to the abstract and formal economic theory of his book [Production of Commodities by Means of Commodities](#) (1960), Sraffa's text, written in 1950, identifies five broad phases of historical capitalism. Sraffa's description of the contemporary phase is especially striking. It is a phase where capitalism has no interest in the future beyond whatever it can secure as a future for itself in its presently existing form.

Sraffa calls this phase the "*ultima tappa*": it is the final stage of an exhausted capitalism, a phase in which it simply "defends itself", having "no further tasks" for itself beyond that. Sraffa pointedly dates the onset of this phase from the start of the First World War, a time when faith in the progressive promise of science and industry, already fragile, became increasingly unsustainable, and our condition was ever more widely felt as one of a general world crisis. We are still in that phase today.

It is a condition that belongs to what Marx had called the political economy of "equality and freedom" that historical capitalism itself introduced into world history. That political economy may not have new tasks belonging to specifically capitalist interests, but that does not mean it is without new tasks. Indeed, when Sraffa adumbrates the historical phases of capitalism, he does not stop his list at the "*ultima tappa*". Or rather, he emphasises that the final stage is not the phase of the end of capitalism's history. The phase of the "*ultima tappa*" will be followed, he suggests, by a new phase: the phase where capitalism's history ends.

A point of capital significance should be noted about Sraffa's conception of this end. No more than the first phase that he lists (the phase of the rapid increase in *population*, marked socio-politically by mercantilism and monarchism), which is the phase where capitalism's history *begins*, the phase that follows the "*ultima tappa*", the phase where capitalism's history *ends*, is *not* an age without capital. The history of capitalism and the history of capital are quite distinct. Indeed, the history of the former is simply a distinctive period within the history of the latter: the phases of capitalism's history are primarily about conditions dominated by the production and management of *rapid increases* in capital of some variety.

To run through them quickly, Sraffa's historical phases of capitalism were ones which saw rapid increases in, first, *circulating* capital (Sraffa's phase two, which saw increases in raw materials and other commodities destroyed in the process of the production of a final good, and which need to be replaced each year); followed by rapid increases in *intermediate* capital (Sraffa's phase three, which saw increases in finished or semi-finished goods that are used as an input to produce a final good but either become part of the final good, or are transformed in the production process of the final good; things like car engines and sheet metal); and, finally, rapid increases in *fixed* capital (Sraffa's phase four, which saw increases in things like machine-technologies which can be used in more than one production cycle of the final good, even if they wear out over time).

Sraffa links these three phases to what capitalism frees up *politically* in societies with an emerging political economy of equality and freedom – "democracy", especially and centrally, he says. The phase that follows after the "*ultima tappa*", the phase of our future, phase five, is, like phase one (the phase marked by rapid increases in *population*), not centrally about rapid increases in varieties of *capital*, but rather, Sraffa suggests, rapid increases in *land* improvement. Sraffa thought that the phase that will follow after the final stage of capitalism, the phase that in this way goes beyond the history of capitalism as a distinctive mode of production and management of rapid increases in capital, would be characterised above all by capital "inventions" that bear on improving the quality of the productive land in use.

We do not know what Sraffa thought would be freed up in this new age to come as a future for our politics. But his landing on “land” as the mark of the new age seems especially prescient and fertile today, in a time of increasingly rapid climate change. It is hard to imagine that inventive responses in relation to the quality of land in use will not be among the central tasks that face the self-transforming political economy of equality and freedom most profoundly in its own “beyond capitalism” tomorrow.

However, while the phase that follows the final stage of capitalism is a phase which is no longer dominated by the production and management of rapid increases of capital of some variety, while it is no longer therefore a specifically capitalist phase, whatever we see emerging there is not to be conceived as an “anti-capitalist” or “anti-globalisation” movement, still less the end of capital. It is simply a phase in which the history of the political economy of equality and freedom that capitalism introduced is no longer characterised by distinctively capitalist conditions and tasks. It is a mutation within and not the end of the history of the political economy of equality and freedom.

“It is easier to imagine an end to the world than an end to capitalism” – Mark Fisher, attributed to both Fredric Jameson and Slavoj Žižek

How far the decision-makers in our post-industrial world will go in trying to defend the political economy of equality and freedom in its present capitalist form, we do not know. Perhaps, they will do everything they can to make it stagger on in its final stage for a *long* time yet. Or, perhaps, like the nineteenth century slave-owners who, with generous “compensation”, accepted the abolition of slavery in the UK in 1833, the old order will one day give way, more or less voluntarily, to a new one. Or, perhaps with climate change or new pandemics, or both, in view, developments which escape the present order might one day take over without any resistance at all.

Sraffa’s own gloss on the capital inventions that would belong to the rapid increases in land improvement in the new age to come was a parenthetical reference to them as “Ricardian”. The reference is clear, and it concerns, above all, the consequence of such a development for *rent*. Ricardo had argued that “whatever diminishes the inequality in the produce obtained from successive portions of capital employed on the same or on new land *tends to lower rent*”. What is in view here, a tendency for the rate of rent to fall under conditions of diminishing inequality of land in use, is not dependent on radical political interventions (rent caps or taxes), or, apparently more radical still, the appropriation of land into public hands (the socialist ambition to make it *ours*). Putting to work inventions that tend to equalise qualitative differences in the productivity of any land in use – in whatever land is left available for use, supposing there is any left after the “*ultima tappa*” – tends overall to reduce the quantitative differences in rent.

Only where there are qualitative differences between better and worse land in use is there rent. “The least productive land in use”, Sraffa says (following Ricardo) in *Production of Commodities by Means of Commodities*, “pays no rent”. Such “marginal land” is the benchmark: anything better, any land in use that produces a surplus beyond what, at any time, can be eked out of the least productive but actually cultivated land, pays that surplus in rent. Of course, a landlord may demand rent from a tenant farmer who works on the least productive land in use (it will come out of the farmer’s profit) but objectively speaking it is no-rent land. It is, Sraffa stresses, as “free” as the air, wind, rain and sunshine, everything which, while “necessary for production are not part of the means of production”.

One can expect that the phase that follows after the final stage of exhausted capitalism will be characterised by inventions in relation to land in use that will lead to an overall tendency for the level of rent to fall. Indeed, one can anticipate, at the limit, rent tending to zero, and a motivation to approach that as a new intrinsic task. Making the land *free* would not, however, make the land *ours*. On the contrary, it would make it transparently, like the air, wind, rain and sunshine, no ones, or better it would make land entirely, and for all and all equally, *not ours at all*.

In an age where the rate of rent has a tendency to fall – hence where the shape of our social life no longer has so much of its ground on the buying and selling of land – there is thus a transformation of our political economy just as significant as the end of capitalism. Even before the first phase of capitalism came on the scene, all important wealth (such as gold rings, leather stockings filled with silver pieces, trinkets, expensive raiment, expensive house furniture, etc.) was supplementary to that fundamental and chief wealth which is land. That situation did not simply disappear as varieties of capitalism began to appear.

Marx famously wrote about economics *from the point of view of capital* and capitalism's quick time "Money-Commodity-More Money" (M-C-M') circuit. But *from the point of view of land* and its ownership things are very different. From that point of view, all capital ownership is simply accessory to land ownership. Even a capitalist enterprise so fundamentally important as flour milling was of tributary interest for the landowners: it was simply an additional instrument for obtaining a rental income. This is how it was before conditions became dominated by rapid increases in some variety of capital. But this is how it remained when they were. A far slower but no less forceful feudal "Land-Rent-More Land" (L-R-L') circuit underlies everything.

"To equalize the productivity of land" by inventive Ricardian improvements has a singular effect: to convert it thereby into a rent-free surface. Good land is scarce, and whenever or wherever such land is in short supply there is rent that can be obtained by whoever owns it. However, as Sraffa stresses in *Production of Commodities by Means of Commodities*, "if there were no scarcity", if, that is to say, whatever land is available for cultivation is as good (or bad) as any other, "there could be no rent". In conditions of global warming, scarcity is not, of course, likely to decline at all: it will ramp up massively.

Paradoxically, however, the loss of usable land could also be a motivating condition (mother of (Ricardian) invention) for putting capital to use in the equalisation of whatever remains available, and hence the creation of an increasingly rent-free surface. It would of course be utopian to suppose one could actually attain the zero point. Rent (land inequality) will never disappear. But a world in which the buying and selling of land no longer shapes the ground of all buying and selling is a very different world from our own. This, Sraffa suggests, is the world of our "beyond capitalism" future. There where we are forced to imagine an end to the world, there too we glimpse an end to capitalism.

In this beyond capitalism future that heralds itself in our time, the buying and selling of land would not have been abolished any more than capital would have been eliminated, but the buying and selling of land would have become increasingly pointless. The old feudal system in which the deepest and most important line of cleavage in the economy and society resides in the divorce of the occupation of land from its ownership would have lost the motivational ground of its L-R-L' circuit. In short, the world after the end of capitalism would usher in... the end of feudalism.

Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [Charles Etoroma](#) on [Unsplash](#)
