

Who controls the flows?

A Comparative Analysis of Fernand Braudel and David Harvey

In September 2013, during an official visit to Kazakhstan, Xi Jinping announced the adoption of the Belt and Road Initiative (BRI) -a global infrastructure development strategy in Central Asia- with the ambition to resurrect the mythical caravan route that connected the Cathay to the Mediterranean Sea 2,000 years ago.

Fernand Braudel (1902-1985) was a French historian, leader of the Annales School, specialist of the “longue-durée” (long duration approach) and advocate of a large-scale socio-economic approach of History (“total history”). His book “La Dynamique du Capitalisme” gathers three conference he gave in 1976 in which he summarized thirty years of work on the world economic history between the 15th and 17th centuries. Following structuralist and universalist methodology, he developed a comprehensive theory of capitalism, and introduced the concept of “économie-monde” to describe the evolution of hierarchized geographical economic areas throughout History.

This paper is an attempt to compare Braudel’s work to David Harvey’s theory of the circulation of capital. In “The Geopolitics of Capitalism”, the Neo-Marxist geographer focuses on the inherent spatial logic to capitalism by explaining the role of both “capital fix” and “spatial fix” play in its reproduction.

Thus, we will argue that despite coming from different theoretical backgrounds, both authors introduced geography as a key discipline to understand the functioning of capitalism and hence reached the same conclusion: territorial domination is the result of the control of capital flows within a specific economic area.

To support our thesis, we will first focus on Braudel’s and Harvey’s methodologies, how they both depart from Marxism to introduce a spatial dimension to their work. We will observe that, despite their different approaches, they end up emphasizing on the issue of economic flows. Then, we will expand on their concepts of “économie-monde”, as well as capital and spatial fixes, to understand how their theories of capital circulation can complement each other. To do so, we will discuss the need for infrastructures within hierarchized economic areas, and to what extent it explains the expansionary dynamic of capitalism and finally why it creates territorial domination. In order to illustrate our argument, we will use the case the BRI project.

To begin with, both Braudel and Harvey originally build their theories from Marx. Indeed, despite the common opposition between the Annales School and Marxist historians, Braudel’s methodology could be described as historical materialism without class struggles. In fact, if he rejects a revolutionary dimension to History, his focus on long-time spans, material history and especially on infrastructures¹ are very similar to the Marxist “base and superstructure” theory. Thus, society would consist of two structures interacting, an economic

¹ Braudel-p.11

substructure (of production and exchanges) on which relies an ideological superstructure. Braudel's analysis is built on the idea of the predominance of the base over the institutions, cultures, or politics throughout History. On the other hand, Harvey is Neo-Marxist and believes in class antagonism and in the "exploitation of living labor production"². But his work is based upon another idea of Marxism which is the circulation of capital, or the "continuous process in which money is used to buy commodities for the purpose of combining them in production to make a fresh commodity that can be sold for the initial money outlay plus a profit"³.

However, both authors depart from Marx by introducing geography as a key discipline to their analysis. To Harvey, "the production of space relations and geographical configurations are often ignored" in Marx's work, despite the inherent spatial logic to capitalism. In that sense, one could say he draws closer to Lenin who was the first to identify this spatial dimension by theorizing the exploitation of people in one place by those in another. Hence, the geographer intends to develop his own methodology: "historico-geographical materialism", a way to "integrate Marx's history with Lenin's geography of capitalist dynamics"⁴. Braudel, on his side, added geography to the socio-economic approach of the Annales School. His core concept of "économie-monde" describes the hierarchical division of socio-spatial economic areas, organized around a capitalist center that dominates them.⁵ We cannot help but notice the parallels that can be made between Lenin's "center-periphery" and another inspiration from Marxist-Leninist background.

Lastly, we can highlight the fact that Braudel and Harvey have, according to their schools of thought, a different approach to the history of capitalism and understanding of its origins. Nevertheless, they eventually agree on the necessity to deal with the issue of economic flows and capital circulation. Indeed, in Marxist historical materialism, capitalism emerges with the industrial revolution, the end of the feudal era, and the development of capitalist means of production. Thus, Harvey builds his theory of the history of capitalism upon a productivist logic, typical of industrial capitalism. This is why he believes that the domination of one economic area over another relies exclusively on the productive exploitation of the dominated area. Nevertheless, the French historian is opposed to this idea of a late capitalism that would have risen in the 18th century. On the contrary, he argues that industrial capitalism is the consequence of an older form of capitalism, one that emerged with the Great Discoveries and started the economic domination of Europe over the world. He calls this form of capitalism that flourished from the 15th to the 18th century "merchant capitalism", because instead of being directed towards "productive" investments capital was essentially dedicated to trade activities. He takes as an example the United-Provinces: during the 16th century, Amsterdam was the first economic power of the world and dominated global trade.⁶ But Dutch investors, rather than investing in colonies, focused on the establishment of commercial counter that would take in charge the transportation of goods across the seas. The United-Provinces economic domination did not rely on any productive capacity superiority, but on the control of trade and capital flows. Therefore, Braudel places the issue of flows at the core of his work, a circulation predicated on infrastructures to be mastered. And even if Harvey fails to identify the control of these

² Harvey-p.314

³ Harvey-p.312

⁴Harvey-pp.325-333

⁵Braudel-pp.84-100

⁶ Braudel-pp.62-65

infrastructures as a source of domination, his geographical approach reaches similar conclusions regarding the importance of capital circulation, as we will see in the following section.

In this second part, we will develop on how Braudel's and Harvey's theories of "économie-monde" and circulation of capital interact and see to what extent their interaction can help us in understanding territorial dominations in a capitalist system. We will support our arguments with the example of China and the Belt and Road Initiative strategy in order to demonstrate that their approach can be relevant to the study of modern international economics.

To Braudel, the world can be divided into different areas he refers to as "économies-mondes". They represent "the economy of a portion of our planet" that can be defined as a threefold reality. It means that one "économie-monde" occupies a given geographical space with its own limits, is dominated by a center that organizes it, and around which we can observe hierarchical succession of intermediary and peripheral zones.⁷ The center, often a city, organizes the division of labor and controls the "flows" infrastructures within the "économie-monde". It concentrates the capital and invests it in intermediary and peripheral zones to capture the value created and generate profits, following a logic of accumulation. In Harvey's terms, the center rules the circulation of capital to accumulate surpluses. Thus, Harvey argues that the reproduction of capitalism relies on the production of commodities through a system of circulation of capital. But to avoid overaccumulation crises, capital and labor surpluses need to be absorbed and it can be done by investing in the immobile social and physical infrastructures that support the circulation of capital (the "capital fix")⁸. These structuralist approaches can be illustrated by the New China Infrastructure Project started in 2020 that aims to develop innovative and digitally-driven infrastructures within the country.

However, Harvey also warns us that the continuity of the circulation of capital depends on a "continuous expansion of the value of commodities produced"; the reproduction of capitalism requires growth.⁹ But situations occur when surpluses can no longer be absorbed by the capital fix, which leads to their overaccumulation and devaluation. This is where he introduces his idea that these crises can be avoided thanks to geographical expansion or restructuring: the "spatial fix". Harvey considers that the expansion of foreign trade alone, with the increase of surplus exports, does not solve the issue. Nevertheless, if the excess capital and labor power were to be invested in "creating new productive capacities in new areas", then the surplus would be absorbed for much longer periods of time¹⁰. Besides, he particularly emphasizes infrastructure investments which contribute to the expansion of the regional capitalist economy. Thus, the Chinese BRI strategy takes on its full meaning. By investing in the creation of a vast infrastructure network of road, rails and maritime corridors, China has found a way to absorb its enormous capital reserves and to deal with its industrial overcapacity by sending its own public works companies. The PRC also intends to assert its influence over Central-Asia and the Eastern African Coast, as well as to diversify and securitize its energy

⁷ Braudel-pp.84-89

⁸ Harvey-pp.319-324

⁹ Harvey-p.337

¹⁰ Harvey-pp.335-339

supplies, in other words, to create peripheral areas and exploit their resources. In a Braudelian perspective, the BRI “spatial fix” is a clear example of the expansion dynamic of capitalism, where the need for increasing returns on investments lead a center to always reach further margins.¹¹

Finally, this leads us to the question of territorial domination in the capitalist economy, or: what makes the center of the “*économie-monde*”? From what we have already said, we can argue that an “*économie-monde*” is inherently unequal, as it is structured in a hierarchy of zones that become less and less developed as we move away from the dominating center. Indeed, if the intermediary zones still benefit from trade and spillovers, the underdeveloped peripheral areas stay exploited by the center. The “headquarter of capitalism” specializes in the more productive activities, that creates the most value, and organizes the division of labor in the “*économie-monde*” according to their own interest. Hence, it can exploit the margins, with low value-added production (raw materials), by injecting capitals and capture the value created through unequal exchanges¹². Here, we can make a parallel with Harvey’s socio-spatial Marxist approach to exploitation. But Braudel goes beyond and claims that what gives such power to the center is not its “organization” power, which only derives from the core element of territorial domination, but the control of trade infrastructures. It is only by ruling the flows of goods and capitals that the Dutch merchants put Amsterdam at the core of the new colonial trade¹³. Thus, beyond absorbing Harvey’s surpluses and the exploitation of peripheral areas, the BRI represents the will to create strategic infrastructures under the control of Beijing. As Braudel mentions it, different centers can succeed each other in the “*économie-monde*” regarding which masters the economic base. In this regard, the “merchant” analysis of Braudel completes the Marxist conception of “productivist” territorial exploitation.

To conclude, despite coming from different theoretical backgrounds, both historians eventually lead a geographical analysis of the circulation of capitals through infrastructure to understand the territorial domination inherent to capitalism. And while Harvey’s neo-marxist approach complements Braudel’s idea of exploitation and unequal exchange, the historian fills the gap left by the geography regarding the key role of the control of infrastructures. And as Braudel mentioned the possibility of a modern global “*économie-monde*”¹⁴, we can wonder if the Chinese expansion announces the dawn of Beijing’s domination and the end of the USA’s leadership era.

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¹¹ Braudel-pp.86-89

¹² Braudel-pp.62-65.86-90

¹³ Braudel-pp.25-30.53-64

¹⁴ Braudel-pp.85-88