

# Who controls the flows?

A Comparative Analysis of Fernand Braudel and David Harvey

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In September 2013, during an official visit to Kazakhstan, Xi Jinping announced the launch of the Belt and Road Initiative (BRI), a global infrastructure development strategy in Central Asia aimed at resurrecting the ancient transcontinental caravan route that linked China to the Mediterranean.

Fernand Braudel (1902-1985) was a French historian, leading figure of the Annales School, specialist of the longue-durée approach and advocate of a large-scale socio-economic approach to history; what he termed “l’histoire totale”. His book “La Dynamique du Capitalisme” compiles three lectures he delivered in 1976, summarizing thirty years of work on the world economic history of the 15th to 17th centuries. Following structuralist and universalist methodology, he developed a comprehensive theory of capitalism, and introduced the core concept of “économie-monde” to describe the evolution of hierarchized geographical economic areas throughout history.

This paper compares 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 of capitalism by explaining the role played by both the "capital fix" and the "spatial fix" in its reproduction.

Thus, we will argue that although they come from different theoretical backgrounds, both authors introduced geography as a key discipline for understanding the functioning of capitalism and ultimately reach 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 examine 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 the issue of economic flows. Then, we will analyse 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. We will illustrate our argument with the case of the BRI.

To begin with, both Braudel and Harvey ground their theories on Marx. Indeed, despite the

common opposition between the Annales School and Marxist historians, Braudel's methodology could be described as a form of historical materialism minus class struggle. Although he rejects a revolutionary interpretation of history, his focus on long-time spans, material processes and especially on infrastructures<sup>1</sup> are closely aligned with the Marxist "base and superstructure" theory. Thus, society would consist of two structures interacting, an economic substructure (of production and exchanges) on which relies an ideological superstructure. Braudel's analysis is built on the idea of the predominance of the economic base over institutions, culture, and politics. On the other hand, Harvey is Neo-Marxist and emphasizes class antagonism and the exploitation "exploitation of living labor production"<sup>2</sup>. 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"<sup>3</sup>.

However, both authors depart from Marx by introducing geography as a key dimension of 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. His position thus aligns more closely with 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"<sup>4</sup>. Braudel, on his side, integrated geography into the Annales School's socio-economic approach. His core concept of "économie-monde" describes the hierarchical division of socio-spatial economic areas, organized around a capitalist center that dominates them.<sup>5</sup> We can note the parallels between Lenin's "center-periphery" and another inspiration from Marxist-Leninist background.

Lastly, we highlight that Braudel and Harvey have, according to their schools of thought, a different approaches to the history and origins of capitalism. Nevertheless, they ultimately 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, Braudel challenges the 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

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<sup>1</sup>Braudel-p.11

<sup>2</sup>Harvey-p.314

<sup>3</sup>Harvey-p.312

<sup>4</sup>Harvey-pp.325-333

<sup>5</sup>Braudel-pp.84-100

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.<sup>6</sup> But Dutch investors, rather than investing in colonies, focused on the establishment of commercial counter that would handle the transportation of goods across the seas. The United-Provinces economic domination did not rely on any superior productive capacity, but on the control of trade and capital flows. Therefore, Braudel places 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 infrastructures as a source of domination, his geographical approach reaches similar conclusions regarding the importance of capital circulation, as further discussed below.

In this second part, we will examine 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 analytically relevant to contemporary international political economy.

To Braudel, the world can be divided into different areas he terms 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. It is structured around center that dominates successive intermediary and peripheral zones.<sup>7</sup> This 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 the intermediary and peripheral zones in order 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”)<sup>8</sup>. 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 argues 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.<sup>9</sup> But surpluses may fail to be absorbed by the capital fix, which leads to their

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<sup>6</sup>Braudel-pp.62-65

<sup>7</sup>Braudel-pp.84-89

<sup>8</sup>Harvey-pp.319-324

<sup>9</sup>Harvey-p.337

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 time.<sup>10</sup> Besides, he particularly emphasizes infrastructure investments which contribute to the expansion of the regional capitalist economy. Thus, the Chinese BRI strategy becomes particularly salient. 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 deploying its own public works firms. 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 supplies, in other words, to create peripheral areas and exploit their resources.<sup>11</sup> 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.<sup>12</sup>

Finally, this leads 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 “headquarters of capitalism” specialize 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 generated through unequal exchanges.<sup>13</sup> 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 trade.<sup>14</sup> Thus, beyond Harvey’s analysis of surplus absorption 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 depending on which actor controls the economic base. In this regard, the “merchant” analysis of Braudel completes the Marxist conception of “productivist” territorial exploitation.

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<sup>10</sup>Harvey-pp.335-339

<sup>11</sup>Braudel-pp.86-89

<sup>12</sup>Braudel-pp.86-89

<sup>13</sup>Braudel-pp.62-65.86-90

<sup>14</sup>Braudel-pp.25-30.53-64

To conclude, despite coming from different theoretical backgrounds, both historians ultimately converge in 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 a gap left in Harvey's geographical approach, as he emphasizes the importance of controlling trade infrastructures. And as Braudel mentioned the possibility of a modern global "économie-monde"<sup>15</sup>, this raises the question of whether the Chinese expansion announces the emergence of Beijing's global predominance and the end of the American leadership era.

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<sup>15</sup>Braudel-pp.85-88