

New Understanding of Capital in the Twenty-First Century

Edited by
Vesna Stanković Pejnović
Ivan Matić

International Thematic Collection of Papers
Book 10



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EDITORS' PREFACE

The international thematic collection of papers *New Understanding of Capital in the Twenty-First Century* responds to the need to understand the huge changes in global society beyond currently available information. The papers collected in *New Understanding of Capital in the Twenty-First Century* are by scientists and researchers from different countries, who attempt to, metaphorically speaking, reshape history, portray the past, and inform about the future, with the aim of exchanging knowledge, experience, and information through the medium of written words. Approaching capital from a philosophical vantage point, the contributors of this edited volume expose the challenges and opportunities resulting from a more humanistic perspective.

The idea behind this collection, published by the Institute for Political Studies, is to display complex and diverse ways of understanding the notion of capital within different societies and in different historical moments, while adhering to scientific standards. The modern world is undergoing a transformation, driven by a narrow economic/political/social philosophy, which impacts every segment of today's society in every corner of the world. This edited volume presents a unique opportunity to bring together scientists from different countries, so they can promote a more reciprocal view of the modern world that seems to be crumbling in front of our eyes.

This endeavor aims to enable researchers to convey new and important findings from a variety of relevant scientific perspectives to the widest possible audience, by presenting previously unpublished results of scientific research and empirical studies. It aims to be interdisciplinary by encouraging a dialogue between scholars working in liberal arts and humanities, and also to provide researchers from different scientific traditions working in fields other than liberal arts and humanities the opportunity to speak and learn from each other.

The edited volume will try to illuminate new perspectives on capital with regard to our "new normal" which seems to be announcing a "new social contract". The authors of the papers are eminent experts in the fields of philosophy, sociology, economy, and history. All papers have been reviewed by two competent

international reviewers, and the edited volume as a whole has been reviewed by four competent international reviewers.

The Editorial Board would like to express their gratitude to all the authors on behalf of the Institute for Political Studies, the engaged reviewers, and its members. Their work obliges the present and future members of the Editorial Board to further improve and increase the quality and influence of academic writing in Serbia, as well as in the international academic community. We are particularly grateful to our collaborators for improving the quality of the editorial work and achieving recognizability of the International thematic collection of papers, as well as to the management of the Institute for Political Studies and our colleagues, whose commitment, engagement and assistance contributed to the progress of the International thematic collection of papers.

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THE PSYCHOLOGY OF CAPITAL

Abstract

There is an antagonistic dynamic within the human in contemporary society: the struggle of labour and capital, the capital relation, is within us. This is the psychology of capital, which also entails that the class struggle – as the capital relation – also runs through us and fractures and divides our personhoods. It is argued that this monstrous psychology must be dissolved within capital: there is no outside or beyond to appeal to. We must side against ourselves as currently constituted. This can be achieved through forming and strengthening alternatives within and alien to capital, in collective and communising practices, and intellectual attacks. The argument has significant consequences for class and freedom in the project of leaving capital behind.

Keywords: *capital, psychology, class, freedom, dissolution, alternatives, communisation*

Introduction

Imagine it is 1966, the 6th October to be precise, and a few months after England had won the World Cup. On BBC TV that evening episode 5 of the first season of *Star Trek* is being broadcast. The episode is called *The Enemy Within* and Captain James T. Kirk is struggling against himself after a transporter malfunction when

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he is brought up from the surface of the planet Alpha 177. Rather than just a single Captain Kirk, another version, an evil version – so not an exact duplicate – is brought onto *Starship Enterprise*. The Evil Kirk causes havoc on the spaceship with the Good Kirk and Mr Spock trying to work out a solution. The situation is resolved when the sequence is reversed: Good and Evil Kirk are transported back to Alpha 117 and the two Kirk's become as one – the original Captain James T. Kirk with good and bad aspects to his persona, integrated within a single person, yet nevertheless divided.

Apparently, this episode of *Star Trek* was inspired by Robert Louis Stevenson's story of *Dr Jekyll and Mr Hyde*, although in that story the division of good and evil manifests itself differently: rather than two aspects of the same person being generated as two bodies, we find the same body undergoing alchemical transmutation with good and evil aspects manifesting bodily at different times. The psychology of capital, the focus of this chapter, is more akin to the resolution at the end of *The Enemy Within* rather than the two grotesque examples of the two Kirks or Jekyll and Hyde. This will become clearer as the article progresses.

After a brief section on exploring what Marx might have meant by *real psychology* the chapter draws from the writings of John Holloway and other Open Marxists such as Werner Bonefeld and Richard Gunn. It is argued that there is a *dynamic* existing within persons in capitalist society: a division, a struggle of oppositional forms – labour and capital. The class struggle, the struggle between capital and labour is within us. This is the psychology of capital, though it is not a purely mental or psychic phenomenon; it is premised on there being no division between mind and body, or society and the individual.

Human psychology as a whole cannot be reduced to the psychology of capital, of course. Yet if I utter 'I am capital' this has social validity within capitalist society, as does my asserting 'I am labour' – though all of us are and can be so much more than either.

The article develops a further aspect of this psychology; the 'alternative within' *alt-within* us, or *alien-to* capital (capital's other and oppositional force within the human). This is the human revolutionary impulse that terrorises capital whilst healing ourselves, the more so when transformed into practices beyond our bodies,

especially in joint actions with others, thereby celebrating the *alt-within*. This dissolves the psychology of capital as an intellectual and practical movement. The final sections work through two implications of the perspective advanced here, focusing on class, and a peculiar form of freedom and choice.

1. Marx and Real Psychology

In the *Economic and Philosophic Manuscripts of 1844*, Marx points toward the possibility for a *real psychology* (Marx 1977a, 104). He invoked the concept of the Real in a number of his works: ‘real humanism’ in *The Holy Family* (Marx and Engels 1980, 12); communism as the ‘*real* movement which abolishes the present state of things’ in *The German Ideology* (Marx and Engels 1976, 57 – original emphasis); ‘real history’ (Marx and Engels 1980, 17); and ‘man’s *real* nature’ (Marx 1977a, 105). One of the best-known examples is ‘real abstraction’, although Marx does not use the term directly but alludes to it in the *Grundrisse*: for in the society of capital ‘individuals are now ruled by abstractions’ (Marx 1973, 164). The significance of this outlook was enhanced by Alfred Sohn-Rethel in his classic *Intellectual and Manual Labour* (Sohn-Rethel 1978). There are many other examples, and Engels, in his individual works also called forth the Real: for example, real men (as opposed to Feuerbach’s ‘abstract man’) in *Ludwig Feuerbach and the End of Classical German Philosophy* (Engels 1969, 36). Again, for Engels, there are many other examples in his individual works.

But what *is* real psychology when set within conceptions of the Real as advanced by Marx and Engels? One way of approaching this question would be to construct such a psychology based on a thorough analysis of the works of Marx and Engels, taking into account how they conceived of the Real as much as their specific views on psychology. First of all, Rubištejn, drawing on Marx’s thought on real psychology in the *Manuscripts* of 1844, indicates that, for Marx, this psychology rests on observations of ‘essential human powers, concretely laying before us human psychology’, and these are expressed in productive practice (Rubištejn 1987, 115). There are problems with this approach. According to Rubištejn, in Marx’s works, only fragments can be found on

psychology, though he claims that these scattered notes can be systematised and be made to form a unity (1987, 111). The most serious problem is that starting from Marx's brief encounter with psychology in the *Manuscripts*, following Rubinštejn, only ever yields a psychology of *labour*, and not capital. Lucien Séve, for example, in his groundbreaking work on Marxist psychology, argues that his psychology of personality – which he subdivides into psychobiology, psychosociology, and the psychology of the concrete individual – rests on the centrifugal force of labour (Séve 1978, 285). But labour cannot be divorced from capital in this way, as will become clear.

Furthermore, for Marx, this perspective on psychology as an exploration of human powers and capacities as expressed in capitalist production 'cannot become a genuine, comprehensive and *real science*' (Marx 1977a, 104 – original emphasis) until 'Natural science ... [incorporates] ... into itself the science of man, just as the science of man will incorporate into itself natural science: there will be *one science*' (Ibid., 105 – original emphasis). Thus, any psychology of capital must be framed within a unified science; social and natural sciences must form a unity. It must be dissolved within capital's world: in its explication, the psychology of capital must vanish as point of reference and return so that it cannot drift off as a discrete social scientific discipline. This shall be adhered to here.

Another possibility would be to start out from a conception of the Real within the works of Marx and Engels and then to relate this to their fragments on psychology. Katerina Kolozova has focused on conceptions of the Real in Marx (and also in Francois Laruelle's works) in particular (Kolozova 2014, and 2015). She argues that:

Marxism understood as a philosophical project aims to reclaim the real identified with matter and emancipate it from the dictate of the idea or of the speculative (Kolozova 2015, 4).

Marx's entanglement with the Real, argues Kolozova, is primarily an attempt to move beyond any philosophical materialism – such as Feuerbach's – and to ground his materialism 'as *human sensuous activity, practice*' as stated in the first thesis of his *Theses on Feuerbach* (Marx 1977b, 13 – original emphasis). Hence, to start out from the Real in Marx would seem to entail beginning

from a particular phase of Marx's thought that was a reaction to Young Hegelianism and his Feuerbachian predilections. This starting point limits enquiry by focusing on a particular juncture in Marx's intellectual development.

As Marx notes in the *Preface to the First German Edition of Capital*, 'Every beginning is difficult, holds in all sciences' (Marx 1977c, 18). Yet given the problems and limitations involved with the starting points noted above then the launch pad for the psychology of capital appears to be the obvious one: *capital*.

2. The Starting Point (Again): Capital

Radical psychologists might argue for starting from psychology, and, through radicalising it, make it fit for critique of the ways capital has penetrated our consciousness and being. Ian Parker has done something like that in his *Revolution in Psychology* (2007). Yet the aim here is not just to critique capital's psychology, or to redeem it for radical purposes, but to *dissolve* it.

Dissolution is necessary as psychology, like other capital-enhancing forms of thought, presupposes fetishism of social ideas into rigid social forms that express 'alienated social relations' (Burnham 1996, 226). Thus, 'to think scientifically is to criticize academic disciplines which take [these] rigidified social forms as their starting point, and to proceed to *dissolve* these forms' (Ibid., emphasis added). For 'in society there are no absolute separations, no hard categories' such as 'physics' or 'psychology' (Holloway 1996, 119). This is because:

To think scientifically is to dissolve the categories of thought, to understand all social phenomena as ... forms of social relations ... [Thus] to think critically is to criticise the disciplines, to dissolve these forms ...[and]... to act freely is to destroy these forms [of thought] (Ibid.).

This synchronises with Marx's view of *one* science (Marx 1977a, 105) while also striking against the propensity to separate forms of thought into disciplines, sub-disciplines and micro-disciplines – thereby mystifying human practices and the social constitution of these disciplines. Martin Shaw (1975) showed many years

ago how the roots of social sciences originate in the productive, educational and ideological systems of capitalism.

As Kingsley (2013) indicates, *separation* of phenomena as reflected in forms of thought can be traced back to Plato and Aristotle, while the Pre-Socratics – such as Parmenides and Empedocles – started from the abolition of separation. In the modern, bourgeois era, the social sciences have exemplified hyper-separation, despite official urgings for transdisciplinarity in government-backed research.

So: we begin from capital. Yet John Holloway argues that ‘we must *not* start from capital’ (Holloway in Holloway and Susen 2013, 32), or any other fetishised social form, such as labour, value, money, state etc. To do so would lock us into a theory of social domination with no way out: an endless intellectual and practical struggle between one fetishised social form (capital) and another (labour). Having blocked out capital as a starting point for analysis and critique Holloway argued elsewhere that it is acceptable to start from ‘a fetishised category’ as long as it becomes ‘the starting point for criticism’ (Holloway 2011, 28). More recently, Holloway has argued that we must ‘start from ourselves’ and ‘from our own richness’ (2016, 7). This is because we are rich in terms of our capabilities, desires, creativity and visions as ‘we are creators of the social world’ (Ibid., 52). Most importantly, we create capital: capital depends on us, our labour and thought, for its existence; yet we do not necessarily depend on capital for our existence – we could labour, think and exist otherwise, without capital.

As will become clear, to begin with capital is simultaneously to ‘begin with ourselves’ as capital’s dynamic resides within the human in contemporary society. This point flows from recognising capital as a social relation, as opposed to it being a physical or social ‘thing’, such as commodity, value, or money. Marx noted that, ‘*Capital* ... is a social relation of production. It is a *bourgeois production relation*, a production relation of bourgeois society’ (Marx 1977d, 212 – original emphases), and in *Capital* volume III he points out that ‘...capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society’ (Marx 1977e, 814). Thus, argues Anwar Saikh, ‘To understand Capital, one must therefore decipher its character

as a social relation' (1990, 3), and not view it as a person, group of people or organisation(s) (The Free Association 2011, 70), or any kind of physical or social thing (Bonefeld 2001, 3).

3. The Monster Within

At this point the work of John Holloway attains particular significance. His insistence that capital is within us, runs through us, opens up the horror of a psychology of capital. For Holloway, we hate capital:

... because it tears us apart, because it penetrates us, because it turns us against ourselves, because it maims us. Communism is not the struggle of the Pure Subject, but the struggle of the maimed and schizophrenic. Unless we start from there, there is no hope ... [We must say] ... NO to our capitalist selves (Holloway 2002a, 89-90).

Capital runs through us: we are partially constituted by a social relation that is historically determinate. This makes 'every moment of our existence contradictory' (Holloway 2002b, 63) as, within this social relation of the contemporary human, the capital and labour aspects (or poles) of the relation, struggle within us for attention, for support and as bases for action. This *is* the psychology of capital: the fluid, flowing tension between capital and labour within us.

The capital relation – the struggle between capital and labour – penetrates 'every aspect of human existence' in contemporary society (Holloway 2002b, 63). It is no fight of Good (labour) against Evil (capital), as in the Captain Kirk example noted previously. This is because our labour and intellects *create* capital – the monster within and outside ourselves, though technically there is no outside / inside, as we are thoroughly social individuals (Smith 2005), infused with capital that exists everywhere. Labour in capitalist society is not innocent. Thus, when capital and labour 'confront each other, this is not an external confrontation' (Holloway 1991a, 73), as labour is confronting its own creation – capital. Capital is therefore the 'terrible dynamic in which we are trapped' (Holloway 2020, 168); an aspect of our human condition. As capital is created by our labour, by human practices and intellectual expressions

(or *inner*-expressions, as we think the capital relation within ourselves), then its inner destruction, within us, implies the destruction of the labour aspect of ourselves, too.

This last point invokes the double meaning, or two-fold mode of existence of capital within the human. First, there is the *relation*, the capital / labour, or labour / capital (as my friend, the late Paula Allman, expressed it) within the human. This is how John Holloway largely views the monster within. Secondly, there are the *poles* or extremes of the relation, what could be called the capital and labour *aspects* of the relation – as pointed out by The Free Association (2012, 9). It is because capital can be viewed as a pole of the relation, as the capital aspect, that it can appear to have a ‘life of its own’, yet it is ‘never on its own’ (Ibid.); it is shackled to labour. Likewise, the labour aspect can *appear* as independent but is always limited by its relation to the capital aspect as oppositional pole in the relation. Thus, it is important to see that when we speak of ‘capital’ or of ‘labour’ within the human it must be specified whether we are referring to the relation itself or to its poles, or aspects.

We have divided selves, as capital and labour struggle within our personhoods: we are ‘self-divided, self-alienated’ from ourselves as incorporating the capital relation, and are ‘torn apart by the class antagonism’ within us (Holloway 2002, 37). We are ‘desperately self-antagonistic subject[s]’ (Holloway 2005a, 2), and therefore critique does not just pertain to fetishised capitalist social forms – value, money, state etc. – but also ‘against our own way of thinking (and indeed our mode of existence)’ (Holloway 2013, 5) as labour and capital. Thus: to think scientifically, analysis of the human condition involves a science that ‘must turn against ourselves’ as schizoid humanoids (Ibid.).

The capital relation within us is a *dynamic* as well as an antagonistic phenomenon. The flows of tension between the capital and labour aspects create inner turbulence – especially in critical situations (e.g. strikes, protests, or buckling under the rule of managers as they represent capital) – as we feel the practical dilemmas within us, as at the same time experiencing those external to our bodies. It is in these critical moments, or sometimes in moments of intense reflection or anxiety, that we can experience the capital

relation, or one or both of its aspects, within us. This is the dynamic of the struggle within; capital revealing itself within us, to us, and through us, with our wills engaged. As Richard Gunn suggests, such antagonisms can ‘be matters of experience – to be ‘glimpsed’, in Anaxagoras’s meaning – in however self-contradictory and distorted a way’ (Gunn 1987a, 59). Following Hegel, the essence of the human, as capital’s (i.e. as *our*) constitution, must appear; it is not a mysterious, hidden phenomenon: for ‘The Essence must appear or shine forth’ (Hegel 1978, 186). Or, in Anaxagoras’s terms: ‘What appears is the sight of what is unclear’ (Anaxagoras, in Barnes 1987, 235). I aim to increase the intensity of the view here!

4. Dissolution

Thus far, we are left with a psychology that locks labour and capital aspects of ourselves in relation: the capital relation. This interpersonal dynamic expresses antagonism between the two aspects: labour against capital, but also labour against itself as the progenitor of the capital aspect that oppresses and attacks the labour aspect in the relation. We are self-antagonistic beings, riven by oppositional forms at work within us. This is part of the human condition in capitalist society, and what has to be dissolved, intellectually and practically.

John Holloway uses a battery of ideas to attack and dissolve fetishised forms in capitalist society – the notion of there being a ‘beyond’ capital, Doing, reveries on anti-non-capitalist social relations, Dignity (after the Zapatistas), valuing useful and concrete over abstract labour (and rescuing the former from the latter), impossible autonomisations, abstract Creativity, and a form of humanism that reasserts a philosophical anthropology. Using these ideas and perspectives *would* partially dissolve the labour-capital relation at the core of the psychology of capital; but it would also induce transcendentalism (invoking non-immanent critique), trans-historical concepts, and ethical moments and motivations that take the edge off the stronger negativity necessary for completely dissolving it. Holloway catches himself in a series of paradoxes. In what follows, there is an implied critique of Holloway’s ideas as outlined briefly above. On the other hand, it could be read as

a radicalisation and development of Holloway's work. I prefer to view it that way.

First of all, it could be argued that a quick fix for banishing capital from within us would be to attempt to destroy it from within; by thinking against the capital aspect of the relation from the side or pole of labour within our consciousness. To think the capital aspect away, or at least minimise its effects in our thoughts, discourses and practices. This would require a superhuman effort of individual self-monitoring – of our thoughts and actions – for the rest of our existence, not yielding to the capital aspect in our lives. As self-divided entities this involves turning against ourselves (Holloway 2016, 12) in schizophrenic mode, though Holloway argues that we are schizophrenic in a 'popular sense, not in a clinical sense' (Ibid.). We would have to continue self-monitoring and searching for the capital aspect within ourselves, and it might not be possible to tell if we are successful. Furthermore, we would be left with the labour aspect from which we had launched an attack on the capital aspect within ourselves! Plus, this process might yield *clinical* schizophrenia, or some other forms of mental illness. It also assumes that we can get rid of one pole of a relation from the vantage point of the opposite constituent pole.

There is a deeper problem in such a project of self-healing, alluded to by Holloway: the self-antagonistic capital relation is also outside individuals; in other people, fetishized in the network of capitalist social forms, such as the commodity, value and state. An individual against the whole social universe of capital! Reinfection – the re-virusing of capital within the human – would seem inevitable, even if through some supreme individual effort the capital and labour aspects of personhood could be driven out. For the 'self-antagonism of this society reproduces itself *inside us* as a self-antagonism' (Holloway 2019, 89 – emphasis added): any individual psychological victory against the capital relation, or even against its capital aspect, is likely to be fleeting. Our inner and extra-personal modes of existence are indissolubly linked. The latter of these Hermetic sayings 'As below; so above. As within; so without' (Hermes Trismegistus in Gaia Staff 2020, 1) summarises this point.

If there is no purely psychological escape or intra-personal dissolution of the monster within, then one solution to this parasitism

on the human might be to discover or project a safe haven, capital-free. Holloway seems to concur, as for him this means ‘jumping to another dimension in our thinking and in our actions, breaking with the categories of capitalism’ (2002d, 8-9), despite holding that ‘there is no area of capitalism-free existence’ elsewhere (Holloway 1995, 176). Such ‘jumps into other dimensions’ are impossible! This is because wherever we are, capital *is*. The capital relation, with its obnoxious capital aspect and two-faced labour aspect (creator of the monster within, but also its victim), flows through our thoughts, actions, visions, dreams, desires, bodies, and our intellectual life – flows thorough *us*, *in toto*. There are no safe havens, or pure radical spaces, no Hollowian ‘cracks’ in capitalism (Holloway 2010), and no interstices into which radicals and revolutionaries can make mischief and forge new social relations or oppositional social forms or institutions. There is no form of ‘doing beyond’ capital; we drag our oppressor with us, wherever we go, whatever we do. Neither can we take refuge in concrete or useful labour, as opposed to the scourge of abstract labour.

Entangled as we are with capital, we must struggle against it *within itself*, and through it, and, partly *as* it. The psychology of capital has to be dissolved within capital’s realm. We have to create *alternatives within* and *alien-to* capital: the alt-within and alien-to. Capital must be alienated, ‘othered’ and dissolved within itself. Thus, rather than there being an antagonistic *dynamic* within personhoods, as in Holloway’s thinking, there is a *trinamic* – a three-way flowing between the capital aspect, the labour aspect (comprising the capital-labour relation) and *alien-to*. These are not rigid distinctions or *separations* within our personhoods but fluid *mergations*. Mergations are mergings between phenomena that nevertheless remain different, but *not separate*; they are not distinct as ‘things’. Perhaps one way of seeing this is to visualise three overlapping circles, though that is inadequate as the circumferences of each circle denote separation within the overlaps. Maybe mergations can only be imagined, but not perceived in any sense.

The third aspect of the trinamic must be there; the alt-within and alien-to is expressed in some of the examples given by Holloway, though in need of re-interpretation. For example, his views on alternative schools (Holloway 2010, 29). It is the practical and intellectual, and above all the *collective* expressions of the alt-within

as alien-to that dissolves the psychology of capital, *weakens* it as a dynamic within the human in contemporary society. The existence of the third aspect of the trinamic becomes clearer when we explore class in the next section.

Back-tracking to the capital-labour dynamic as psychology of capital, for the moment, a few observations can be made here on how this fucks us up, and about. It ‘does our heads in’. Capital speaks to us, through us, and as itself within us, as part of us, with our duplicity and assistance. We speak for it, as its voice within our consciousness. We hear its voices that we invoke. All this – though we can, with varied results, dampen, ignore or subvert its cries. But capital does not necessarily speak with a single voice. According to Werner Bonefeld, orthodox globalisation theory ‘posits the capital relation as a relation of capital to itself rather than as a social relation of production’, expelling labour in the relation (Bonefeld 1999, 76). Two years later, Bonefeld argued that ‘the relation of capital to itself’ is possible, but only as ‘The most developed perversion’ and constituted fetish (Bonefeld 2001, 3). The latter is correct, but rushes to simplification. Capital is fragmented by its differential ‘needs’: national, fractional, sectoral, individual capitals, and functions of capital (Rikowski 2001, 41-3), and its different voices cry out to us, within our consciousness, in particular situations. For example, in government ministers and civil servants framing economic policy, or for young people making careers decisions. More insidious and common are the voices of capital speaking to, as and through us, urging us to tend its tensions and contradictions. In the labour process, for example, as labourers, we may be conflicted between the use-value of aspect of labour (and labour-power), the qualitative aspect of labouring; and the quantitative aspect of labour (and labour-power) relating to abstract labour, labouring to produce the maximum number of commodities in the shortest time (Rikowski 2002, 187-93). Examples from my own working life would illustrate these points more clearly, but that would require more space than is available here.

The dissolution of the psychology of capital simultaneously involves dissolving the class relation, and a particular form of class struggle within the human in today’s society. The following section expands on this point.

5. Classes and Struggles

In this section, the notion of class advanced unfolds from Richard Gunn's observation that 'class relations just *are* the social relations (i.e. the totality of the social relations) grasped as production relations' (Gunn 1987b, 16 – emphasis added). Class *is* the capital relation, and 'capital *is* class struggle, a class struggle in which we inescapably participate' (Holloway 1991b, 100 – original emphasis). Class is an antagonistic relation of struggle; thus 'class struggle is class itself' (Gunn 1987b, 16). Capital and class are united, within us, and 'the line of class division' falls through 'and not merely between, the individuals concerned' (Gunn 1987b, 17).

On this account, class as the capital relation, 'is something that runs through us, individually and collectively' (Holloway 2002c, 36), and is 'a conflict that permeates the whole of human existence' and we 'all exist within the conflict, just as the conflict exists within all of us' (Holloway 2005b, 15). Thus:

...class is the capital relation: the dynamic, contradictory, antagonistic relation that generates and maintains the social universe of capital. No "class" in *this* sense implies no capital, and a different social universe (Allman, McLaren and Rikowski 2005, 147 – original emphasis).

If class as the capital relation runs through us then the psychology of capital is capital's psychology; a psychological form that inhabits and burns its imprint into our thoughts, practices, visions and desires. The class antagonism cannot be viewed directly as 'the changing position of different groups' (Holloway 2002c, 37): it cannot be seen primarily as a clash of opposing human bodies – in protests, strikes, factory takeovers – but as the 'changing configuration of the antagonism that traverses us all' (Ibid.). However, it can *manifest* itself as groups engripped by either the capital *aspect* of the relation within themselves (e.g. government and employer attacks on labour, and labour's reactions) in a particular conjuncture or context, with responses from labour; *or*, the labour *aspect* (e.g. strikes for more pay, better health and safety conditions), yielding reactions from those identifying with their capital aspects, thus from capital's supporters.

The *strength* of the capital and labour aspects within individuals will vary, as there are ‘clearly differences in the way the class antagonism traverses us’ and ‘differences in the degree to which it is possible for us to repress that antagonism’ (Holloway 2002c, 37). Thus, there will be differences in the *strengths* of first, each of the aspects – capital and labour – within us; and, secondly, the strength of the actual relation as people are more or less able to suppress it, or more or less actively embrace it in their everyday lives. As Richard Gunn indicates:

... (the capital-labour relation) is present – wholly present, though in qualitatively different ways – in each of the individuals who form that society’s moments or parts (Gunn 1987b, 22).

For those who benefit more than others from the proceeds of capitalist value production and its profit form it could be asserted that they are more likely to, first of all identify with the capital aspect of themselves and capital’s social world; and, secondly to repress the need for the abolition of the class (capital) relation as they derive goods (wealth, status, power etc.) from its continuance. The opposite may apply to those who feel the oppression, and relative or absolute poverty, of capital’s form of life. Yet individuals have choice in the extent to which they identify with either the capital or labour aspects of their monstrous psychology, and the next section explores the peculiarities of this form of freedom.

What is clear, is that if class is the capital relation, and *vice versa*, then it is a thoroughly bourgeois, capital-infested concept, as is the limited form of class struggle it generates. For: ‘we cannot think of class struggle as labour against capital because labour is on the same side of capital’ as labour *produces* capital (Holloway 2008, 12). Of course counter to Holloway, we *can* think this way, and often do, and this is reflected in some Marxist perspectives on class. This is sometimes the Marxist ‘class struggle’; capital against labour, typically embodied in opposing groups!

Our inner lives appear to be stuck in an antagonism with no escape, as are struggles within the social life we find ourselves entrapped by. But there is another form of struggle, the struggle against class as the antagonism within us and through contemporary society: the struggle against *class itself*. The struggle to dissolve

class, and hence capital, and along with it the embattling social relation within us, is generated by the *alt-within* and *alien-to*. The latter, our *collective* efforts in creating alternative spaces, social relations and solidaristic support organisations *within* capitalism (not beyond it, there is no ‘beyond’) indicates three points. First, if we become *alien-to* capital, its ‘other’ in forging our alternatives to its mode of existence, then this can only be an ongoing process of struggle. Individually, this is expressed in the reconfigurations and changes in the composition of the mergations within us as the psychology of capital is threatened by its opposite, its dissolution-ising force. Secondly, the opposite must be the case: the more the capital relation is strengthened and is strengthening within us then either we become *less* alienated – as we *become* capital in our inner lives – and identify with capital, especially the capital aspect of the relation; or, it increases mental turbulence heralding the prospect of tearing us apart in particular crisis contexts (e.g. redundancy, depression caused by oppressive work situations); or both. Thirdly, there are two related class struggles within ourselves and in the social world of capital: the struggle against capital as we identify with the labour aspect of ourselves, and the struggle against class and the capital relation itself – the struggle to dissolve class and capital through communising alternatives within capitalism. This second struggle is the *strengthening* of the NO to capital: ‘the movement of corrosion’ and dissolution of intra- and extra-human capitalist social forms, and the ‘strengthening of the NO is the theoretical-practical movement from hell’ (Holloway 2005c, 3). These points indicate we have choices in how we relate to the internal dynamic of the psychology of capital and its dissolution through participating in creating forms of social life that incorporate the real movement of society, a movement away from capital. We also have choices regarding our suppression / recognition of these phenomena within consciousness. Thus, there is a peculiar form of freedom involved.

6. A Peculiar Form of Freedom

On the basis of the dynamic, antagonistic capital relation within us, we can ‘take sides’ in ourselves against, or for, the capital or labour aspects of our selves. Yet it should be clear that

in taking the ‘side of labour’ we are also taking the side of capital (Holloway 2012, 512), as our labour creates and sustains it. We also have the choice – to an extent – to suppress, ignore and avoid both the capital relation within us, and its aspects, or poles, or to pump up its significance within our self-expressions and social lives. We can also, take the side against ourselves in a more radical sense: we can take the side of wealth, of our richness – all our capabilities, capacities, desires, hopes and visions – against the self-antagonism and self-division of the psychology of capital and for emancipation of ourselves from it. We can take the side of the alt-within and alien-to capital in beautiful acts and thoughts antagonistic to the capital relation and its mirror image – class – in projects of leaving capital and its psychology, and hence aspects of ourselves, behind. As readers of *Capital* we ‘are on the *side* of wealth’ (Holloway 2015, 13 – emphasis added) against the capital relation and its aspects.

In particular, we might wish to escape the psychic and material attacks of capital. The side of the capital aspect, to which we, as labour stuck in the relation, respond – capital’s vicious aspect activated in us and in other human representatives as they express it in their oppressive thoughts and practices – is a continual attack, for:

The side of capital imposes its imperatives constantly, because it needs labour to exist at all, however it simultaneously seeks to do away with it altogether, but of course must stop short of this. So long as capitalism exists, there also remains the *class relation* – obscured and mystified as it is – and so too the inveterate antagonism between the two sides: capital and labour (Garland 2012, 2).

As Garland notes, ‘power from below’ – the workers asserting priorities against capital’s side, against capital’s imperatives, its ‘needs’ – is ‘the force of the other side of the capital-labour relation, that of labour’ (Garland 2012, 4), which, workers might fight back through as an *aspect* of the relation, or reject the relation altogether, to ‘break free from the relation once and for all’ – the latter case being to *take the side of wealth against capital* and the labour, thought and social energy that produces it. Our capitalist subjectivities jostle within us alongside our communising subjec

tivities (The Free Association 2012, 10); the movement of taking sides against ourselves.

For Richard Gunn, the key question is not whose side we are on – the side of the capitalists or the workers – ‘but rather on *which* side (which side of the class-relation)’ (Gunn 1987, 21 – emphasis added). We are torn and conflicted in the class struggle as damaging the capital aspect seems to damage us: for example, the fear of losing jobs and livelihoods if we appear to ‘ask for too much’, or ‘push things too far’ – raising the issue of our apparent dependence on capital, but perhaps also invoking the significance of creating *alternative* social relations and anti-capitalist forms of sociality; the alt-within.

Practices of taking sides – for the capital aspect, or against it and for the labour aspect, or against the capital-relation and for the alt-within – expresses a peculiar form of freedom we have in capitalist society. This strange freedom has to be recognised before it becomes entirely real for us, and its vitality only emerges when we glimpse all the options before us, especially the alt-within. Exercising this freedom, i.e. of taking sides in class and anti-class struggles, can drag in its wake all sorts of ethical considerations. For example, guilt or regret about the decisions we have made, the side(s) we have taken; or, our failure to fight sufficiently hard in the struggle, to have ‘let the side down’, and so on. Insofar as these ethical dilemmas and doubts creep into struggles *within* the capital relation, then they are aspects of the psychology of capital. They can be debilitating, unsettling or induce fear or suspicions of others – as they represent either capital or labour aspects. In the movement towards the alt-within and the alien-to (capital) these pathological moments can be left behind if the groundwork is present: alternative social relations, collective modes of being and action, and organisation, are existent, are real and strengthening.

The ‘principle of doubt’, about ourselves, the outcome of struggle, the motivations of others (those apparently either representing capital or labour), and so on, is something we are stuck with. This is because of the ‘open and contingent process of class struggle’ (Bonefeld 1987, 36-7); the fluid movement of mergations within us, and between us, especially in moments of intensity and overt struggle. We must live with it.

Conclusion

The psychology of capital is a monstrous reality and intellectual concoction. It appears to confine and contain us in a kind of psychological lockdown, where we are constantly subject to attacks from the capital aspect, and possibly fearful of destroying the labour aspect which creates the force for these attacks. We need to take the side of the alt-within, and, through *collective*, communising, acts of alternativisation, dissolve the locked down human condition – through expanding new worlds within the old, thereby dissolving capital and its malignant psychology. We must be alien – to capital!

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GRUNDRISSE AND CAPITAL

Abstract

*Marx's critique of political economy (which is systematically developed in his works *Grundrisse and Capital*) is in its essence a critical ontology of alienated and realized social being. Based on the analysis of alienated labor, Marx sees the necessity of private property and the logic of expanded reproduction aimed at making a profit within the bourgeois-capitalist mode of production. Insights into the internal contradictions of this logic point to the potentials for the abolition of realization that are contained in the existing order. The tendencies inherent in our times point to the conclusion that Marx's critique of political economy as an ontology of alienated social being – should be considered actual, despite the failure of previous attempts to transcend the boundaries of the bourgeois-capitalist world.*

Keywords: *Karl Marx, Grundrisse, Capital, alienated labor, realization, profit, ontology of social being*

This article** will try to shed light on the genesis and context of the most famous (of course, with *Manifesto of the Communist Party*, co-written with Friedrich Engels) work of Karl Marx, *Capital*, whose first volume was published in 1867. The basic thesis

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** The paper relies heavily on the chapter "Critique of Political Economy as an Ontology of Social Being" (in: Sunajko and Višić 2018), 27-39. and the article "Context and meaning of Marx's *Capital*" (February 2018).

is: The meaning and significance of *Capital* cannot be understood without an insight into Marx's unpublished writings during his lifetime known as entitled *Grundrisse*.

Marx's famous *Capital* is a work which, as one vicious remark reads (the source of which we have not been able to reconstruct), which no one has understood,¹ few have read, and all refer to, is the final part of Marx's corpus of critique of political economy. Together with the (until the 1930s unknown) *The Paris Manuscripts* and (also published only significantly after his death) the *Grundrisse* (and here we should also mention the notes published under the title *Theories of Surplus Value*, (cf. Marx 1965, Marx 1967, Marx 1968), *Capital* in its essential sense and meaning represents primarily a critical ontology of social being, although its meaning in the context of economic science should by no means be neglected.

As a kind of announcement to mark the 200th anniversary of Karl Marx's birth, 2017 marked the 150th anniversary of the publication of the first volume of Marx's *Capital*, which with the remaining two volumes (published after Marx's death by Friedrich Engels) is the final version of his critique of political economy. But Marx's critique of political economy cannot be properly reconstructed without taking into account the works that preceded *Capital*, especially the "Philosophical-Economic Manuscripts" and *Grundrisse*, since all these works, taken as a whole, constitute the corpus of Marx's critique of political economy.

If we are to understand the genesis and context of Marx's critique of political economy, it is necessary to consider what preceded it. In the first place, one should take into account the emergence of national or political economy as a science in the contemporary or modern sense of the word. Earlier writers dealt with the sphere of practical philosophy that Aristotle called economics² thematized as the skill (one could almost say: technique) of valid management of "temporal goods". In contrast, in the period marked by the beginnings of industrialization, the intention of a

1 Lenin's idea that *Capital* cannot be understood by anyone who has not studied Hegel's *Logic* is well known. From the point of view of orthodox Marxism, a comprehensive account of Lenin's notions of the character of the relationship between Marx and Hegel has been given in recent times by T. I. Oisermann (cf. Oisermann 2014).

2 According to some interpretations, the term *economics* was coined only by Aristotle's student Theophrastus (cf. Pomeroy 1995, 68).

scientific approach to economics is increasingly formed in order to establish a new economic science. There is almost consensus on the assessment that Adam Smith's work *An Inquiry on the Causes and Nature of the Wealth of Nations* originally published in 1776 (Smith 1979) marks the real beginning of scientific economics, which Marx would call the national economy.

Starting from the concept of natural law and from the insight into the imperfection of all human creations, Smith will formulate the requirement that the social order be formed as much as possible in accordance with the natural order, which by definition is superior to any man-made order, or, as one of his interpreters elaborates: "The only thing that is necessary for a wise social organization is to act as much as possible in accordance with the provisions of that natural order" (Roll 1956, 115). Hence the demand for the freedom of individual entrepreneurship, which in itself will fit into the natural order of things if it is not limited by the interventions of social institutions. Free enterprise automatically adapts to the logic of the natural order of things. Smith, of course, is not talking about ontology. But this "natural order of things" is an ontology, and it is precisely the ontology of social battle, a special form of general naturalistic ontology. And its culmination is contained in the famous *invisible hand*,³ which from the chaos of mutually divergent and opposing individual wills and actions produces a cosmos (unintended but real) of general welfare in the best (or least bad) of all possible worlds, in the capitalist market economy and its adequate liberal – to civil society.

In his quest to penetrate the logic of economic life, Adam Smith also shaped the foundations of working value theory. According to the formulation of Predrag Vranicki, Smith formulated this theory as "the basis for understanding the new economic system" (Vranicki 1975, 134). Admittedly, it is worth noting that the discovery of the working theory of value cannot be unequivocally attributed to Adam Smith. Thus, for example, Vranicki himself claims that the foundations of the working theory of value were laid by the Arab thinker Ibn Haldun (Vranicki 1988, 77). The extent to which this assessment is justified, ie the degree of its validity, can only be assessed by looking at the content and character of

3 On Smith's use of that phrase compare, Sen 2009, vii-xxix. In general about the phrase *invisible hand* and its use cf. van Suntum 2000, and Ingrao and Israel 2006.

Ibn Haldun's attempt to establish a philosophical historiography (cf. Bučan 1976, and Ibn Haldun 1982).

David Ricardo also derives from Smith's conception of labor as a source of value, and in his major work *On the Principles of Political Economy and Taxation* published in 1917 he states, among other things: "If the quantity of labor accomplished in commodity determines its market value, then any increase in labor must increase the value of the commodity in which that labor is invested, just as any reduction in the quantity of labor must lower its value." (Ricardo 1953, 9) These are all assumptions on which Marx will develop his critique of political economy. Other incentives and sources should not be overlooked, however. In addition to the optimistic founders of classical economics Smith and Ricardo (who causally link market freedom to the general growth of human happiness), we meet one of the first critics of classical English national economy: Jean-Charles-Léonard Simonde de Sismondi, who in his work *The new principles of political economy* (1819) will not, like Smith and Ricard, focus on national wealth or the development of productive forces, but on *man*, noting that the fact that production is determined by capital rather than human needs is at the root of hyperproduction and economic crises (cf. de Salis 1932). This, however, will not prevent Marx from making the assessment that Sismondi is right only with regard to those who try to conceal the contradiction between gender development and individual development, while according to Marx, Ricardo is right to focus on the development of productive force, which according to Marx is nothing but the development of human productive powers (Marx 1965, 111).

Marx developed his critique of political economy not only on the assumptions of knowledge of classical economic theories and the new science of economics established with Adam Smith, but also on some other assumptions (primarily the critical reception of Hegel's philosophy), and the motivation of this critique of political economy (but also Marx's opus as a whole) is perhaps best expressed by the famous 11th thesis on Feuerbach: it is not enough to interpret the world, the world must change.⁴

4 "Die Philosophen haben die Welt nur verschieden *interpretiert*; es kömmt drauf an, sie zu *verändern*" (Marx, Engels 1978, 7).

With his critique of political economy, Marx tries to shape the theoretical foundations of the required change of the world. Its culmination is precisely *Capital*. The question is, however, whether this work can be adequately understood if the importance of Marx's *Grundrisse: Foundations of the Critique of Political Economy* (*Grundrisse der Kritik der politischen Ökonomie*) is overlooked. This is not just an indirect (at least in time if not in structural terms) moment of the critique of political economy that Marx developed in his early writings, primarily in the *Economic and Philosophical Manuscripts of 1844* (first published only in 1932 in two different editions, with similar, though not identical text, cf. Quante 2009, 209 et seq.), but *Grundrisse* (under this title this work is generally known) constitute an essential moment of Marx's overall critique of political economy.

Marx began writing *A Contribution to the Critique of Political Economy* in 1857 on the basis of his fifteen years of research, and completed it a year later, but never published it, or even definitively finished it, dissatisfied with its form (Petrović 1986, 103-104). It was first published in the Moscow Marx and Engels Institute just before the outbreak of World War II, in two volumes (the first volume was published in 1939 and the second in 1941), but only the second edition, published in Berlin in 1953,⁵ made possible its wider availability. The original question that arose after Marx's work became available was primarily the question of whether it was a work that belonged exclusively to economics (and in a broader sense belonged to the field of social sciences) or whether it was also a work that was authoritative also for the methodology of economics, and in that sense having also the characteristics of an epistemological (and to that extent a philosophical) work. Unlike the Soviet economist L. A. Leontyev, who published one of the few reviews of the first edition of *Grundrisse* in 1946 and stated that it was not just a work in the field of political economy but also the science of human society in general, and that this work actually represents the first variant of *Capital* (Petrović 1986, 105), one of the first systematic researchers of *Grundrisse*, the unjustly

5 Cf. Marx 1953. An integral translation of *Grundrisse* was published in Belgrade as part of the collected works of Marx and Engels (Marx 1979), and before that a shortened version of essential parts of *Grundrisse* was published in Zagreb in the choice of one (along with Branko Petrović translator of that work Gajo Petrović, author of an extensive preface entitled "The Sense and Meaning of Marx's *Grundrisse*" (Marx 1974).

mostly unknown American author of Polish origin Roman Rosdolsky, advocated the thesis that this work is crucial for understanding Marx's method, and that method depends significantly on Marx's reception Hegel (Rosdolsky 1968, 8-10).⁶ A similar assessment, independent of Rosdolski, was made by Gajo Petrović, who claimed in 1963 that *Grundrisse* facilitated the understanding of the essential connection between *Manuscripts* and *Capital* (Petrović 1965, 63-64), and in 1974 he specified this assessment, claiming that "this work / *Grundrisse*, op. L. V. / should be viewed primarily as a source for a better understanding of the essence of Marx's thought... *Grundrisse*, both because of the level of thought at which they were written and because of the abundance of original thoughts developed or indicated in that particular work, they should be 'moved' from their position as an aid to understanding the relationship between *Manuscript* and *Capital* at least in the same rank as these works." (Petrović 1986, 109)

Both *Grundrisse* and *Capital* arose from the idea of a critique of political economy, originally formulated in the *Manuscripts*. The idea is based on the insight that today's people are not real people nor is modern society a true human community: the self-alienation with which they are marked leads to people in modern (essentially inhuman) society behaving inhumanely towards other people and towards themselves and nature, and they can be labeled as *economic animals*. The fact that people are like that today does not mean that the current state is their eternal destiny, since they possess authentic possibilities of becoming true people, and the basic premise of realizing these possibilities is contained in the critique of self-alienation in economics. Marx tries to realize this assumption through a critique of political economy (cf. Petrović 1986, 121). Political economy as developed by Smith, Ricardo and others critically analyzes the reality of the bourgeois-capitalist order, gaining significant insights into the mechanisms of functioning of a society based on (alienated) labor and the logic of capital, adequately reflecting the reality of a self-alienated society.⁷

6 In general about the reception of *Grundrisse* (including the Yugoslav reception) cf. Musto 2009.

7 Danko Grlić will formulate the essential dimension of this boundary and its transgression, which Marx set and problematized, with the help of a rhetorical question: "Isn't it precisely where economists of the classical school (e.g. Smith and Ricardo) saw only the relationship between things that Marx discovered, above all, the relationship between people?" (Grlić 1982, 272)

The main reason for this impossibility consists in the idea of human nature as advocated by classical economists: according to this idea, human nature is given and not historically created, and therefore the free individual is simply a natural given. With this in mind, Marx will, by creatively adopting Hegel's method, which is based on moving from immediate to mediated concreteness,⁸ as opposed to the economist indistinguishability of the natural from the historical, reconstruct the historical generation of assumptions of contemporary realities. An illustrative example offers his distinction between the relationship of producer and nature with regard to the mode of production and the social order in *Grundrisse*. Speaking of the "unity of living and active people with the natural inorganic conditions of their exchange of matter with nature" and their appropriation of the nature contained in that exchange (perhaps it would be more appropriate to say: exchange), he emphasizes "*the rift* between these inorganic conditions of human existence and that active existence, a split as first established only in the relationship of wage labor and capital. . . In the slave and serf relationship there is no such split, but here one part of society treats the other as a mere *inorganic and natural* condition of its own reproduction. The slave has no relation to the objective conditions of his work; rather, *labor* itself, both in the form of goods and in the form of serfs, is placed as an *inorganic condition* of production in the same order as other natural beings, along with cattle or as an appendage to the land." (Marx 1974, 200-201) Nor is capital a natural given, not even the existence of goods and money, but capital "becomes *only where* the owner of the means of production and foodstuffs finds himself in the market of the *free worker* as the seller of his labor power." (Marx 1947, 127) In this way, the fundamental assumption of classical economics (which it, of course, shares with classical metaphysics) is refuted, and that is the assumption of the essential readiness and completeness (either divinely created or naturally established) of the world⁹, the world reproduced in accordance with by a logic which is utterly meaningless to question, since it

8 The method that Marx takes from Hegel is, of course, dialectical. Dialectics, Marx will emphasize in his preface to the second edition of *Capital* "in its rational form . . . provokes the anger and horror of the bourgeoisie and its doctrinal advocates, because it brings into the positive understanding of the existing situation an understanding of its negation . . . for every form becomes understood in the course of motion, therefore also on its passing side" (Marx 1947, LXIV).

9 Milan Kangrga would emphatically formulate this as "absolute readiness" and "essential completeness" (cf. Kangrga 1984, 469).

represents an impassable boundary between the possible (and also the potentially possible) and the impossible.

The category of capital (as, after all, is the working theory of value) is not any original Marx's discovery,¹⁰ but what is new to him is the *ontological conception of capital*. As a social relation (namely the alienating and alienated production relation) that forms the basis of the entire modern mode of production and all the phenomena conditioned by it, capital represents one essential ontological entity (expressed in the terminology of classical metaphysics, capital would be being) (*esse*, *Sein*, *Being*) that *being*, by which the beings of our world are possible at all)¹¹. The immediate expression of this relationship is commodity, and it has a dual character, use and exchange value.¹² The analysis of use and exchange value enables an understanding of the logic on the basis of which modern society functions. It is a logic that perpetuates the relationship of universal realization and mystification, where capital is the expression of the concrete, while labor is an abstraction: "As opposed to capital, labor is a mere abstract form, a mere possibility of value-creating activity, existing only as ability, power in the body of the worker." (Marx 1974, 116). However, this abstraction, which is subject to mystification precisely because of its abstraction, also expresses real life in the conditions of necessary alienation and reality.

The notion of realization (*Versachlichung*, reification) is key here: the exchange value of the product of human activity becomes a commodity that becomes independent from people, and the existence of money presupposes the reification of social relations. People believe in things, which points to established relationships among human beings. Realization, according to one of the newer

10 For a detailed account and analysis of the historical genesis and variations of the notion of capital in modern times, cf. Boldizzoni 2008.

11 In the wake of such a provision of capital was Vanja Sutlić, who, interpreting Marx's notion of work as identical with God in the metaphysical sense of God as a *being*, and defining work as "production for production" (Sutlić 1970, 22) and emphasizing how that connection of work and God "completes the lordship of capital" (Sutlić 1974, 95; cf. also Sutlić 91 and 149) formed indications of the ontological character of Marx's critique of political economy.

12 Milan Kangrga, among others, warned of the influence of Hegel's opinion on Marx's insight into the double character of goods: "The dual character of the commodity form, i.e. hence the Marxist *notion of commodity* as exchange value (or only value), where commodity – according to Marx's explicit position – does not contain a shred of materiality, but determines a historically specific, alienated-created, social and human relationship (and it is determined *how*, not *what!*), it is possible to think only from the spirit and essential thought of classical German philosophy." (Kangrga 1988, 74)

interpreters Hiroshi Uchida, has an essentially ontological character, but also insofar as *Grundrisse* chapter “Money” structurally corresponds to Hegel’s teaching on being (cf. Uchida 1988, especially the chapter “The Chapter of Money and the Doctrine of Being”). It is precisely the concept of realization (originally formulated in the early writings) that is the key to understanding Marx’s notion of commodity fetishism, systematically elaborated in *Capital*.

With his analysis of commodity fetishism performed at the ontological (only seemingly exclusively or primarily at the scientific-economic) level, Marx will demystify the logic that produces the necessity that the product resulting from individual activity must first be transformed into exchange value in order to prove in such reality form its social power (cf. Vranicki 1975, 143). Or, as Marx puts it in *Capital*, people “do not bring their products into mutual relation *as values* because they see in these things *mere material envelopes* of homogeneous human labor. On the contrary. By equating their various products with each other as values in the process of exchange, they equate their various works with each other as human labor.” (Marx 1947, 39)

Furthermore, the capitalist mode of production implies the primacy of exchange over the production of use value. This primacy results in the necessity of expanding reproduction, which contains the logic of capital accumulation. The production of surplus value (making a profit) is expressed as the absolute law of that mode of production, and from it follows the change in the organic composition of capital: the constant part of capital (machinery, technology) increases more and more in relation to the variable part of capital, ie. labor force (Marx 1947, 559), which produces the necessity of surplus labor, creating a surplus population (today we talk about “redundant people”, about which Giorgio Agamben, cf. Agamben 2008) writes particularly strikingly, and structural unemployment. Already in Marx’s consideration of the causes of the creation of a mass of superfluous people, the relevance of Marx’s critique of political economy in the context of our time is evident. Marx’s diagnosis of structural unemployment deserves due attention: “The same causes that develop the expansive power of capital also develop the available labor force. The relative size of the industrial reserve army grows, therefore, with the potentials of wealth. But the larger this reserve army is in relation to the

active workers' army, the more the mass of *consolidated* surplus population grows". (Marx 1947, 573)

Our time empirically confirms the validity of this Marx analysis. However, (at least for now!) it did not confirm Marx's prediction that the necessity of a constant increase in capital due to the need to compensate for the fall in the rate of profit by multiplying the sum of profits, which causes hyperproduction and crises, would lead to a capitalist economy development and increase of social wealth. The past 20th century and the beginnings of the 21st century testify to how capitalism has managed to find new mechanisms for its survival and, indeed, its growth and its absolute dominance in our so-called postmodern times of advanced globalization. The role of an unsuccessful attempt to establish socialism, first in an underdeveloped country, and then in the so-called bloc of real socialism, would deserve special attention. This failed experiment serves today to the apologists of the capitalist order as proof that Marx was wrong. But there is no empirical refutation of Marx's ontology of alienated social being in sight – and as things stand, there will be none. The order is modified, adapted to new circumstances, thanks to the biotechnological and information revolution (cf. eg Caysa 2003 and Keedwell and Narayanan 2005) it is further strengthened,¹³ but the structure of its logic remains the same: production for profit, consumption of produce, and exchange – for profit. Profit for profit itself.

13 Radical – but also multi-problematic (primarily because they are marked by the production of postmodern opacity and the creation of additional confusion) – consequences derived from the insight into the establishment of the primacy of new information technologies and the resulting "transition to *posthuman state*" is performed by Žarko Paić, talking about capitalism as essentially obsolete historical event of "absolute innocence of the world" and nihilism (Paić 2018, 73), overlooking the fact that the implosion of information and the transformation of time into the ecstasy of communication in no way calls into question the absolute dominance of the logic of expanded reproduction of surplus value, self-serving profit, hence the logic of capital. The fact that we spend time in communication through new information technologies, and that communication produces profit, should not give us the right to forget the real ontological structure of our world. Can capitalism be declared obsolete just because today less and less profit is made in the sphere of production of material goods and more and more in the sphere of sale of services and entertainment? Contrary to such an approach, it is worth noting H. J. Krysmanski's insight that Marx's diagnosis of capitalism as an order marked, among other things, by the depersonalization of all previous human relations can explain today's establishment of Big Brother as a being more realistic than Little Brother (cf. Krysmanski 2001, 149).

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INDIA IN MARX'S CAPITAL VOL. 1: A CRITIQUE

Abstract

Marx had no occasion to study the history of India, specifically the history of its ancient and medieval times. However, he made an extensive study of the journals, reports and travelogues available to him, and made use of them while writing Capital. His representation of India, particularly his use of objectionable epithets have been criticised by the Marxists themselves. Nevertheless, they have followed his method in writing the history of India anew, particularly of the pre-modern era.

Keywords: *Asiatic mode, method, savage, unchangeableness*

Marx studied India, her history and economy, from all contemporary sources, both German and English. His main debt was, of course, to Hegel – not only to his philosophical works (both *History of Philosophy* and *Philosophy of History*) but also from his lectures on aesthetics and other writings. References to India in Goethe's and Heine's poetry also impressed him, as can be shown from his letters to various persons (Bhattacharya 2014a). He also compiled a chronology of Indian history which began from the Mughal rule and did not go beyond that (later collected and printed as *Chronology of Indian History* in English, Bangla and other

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languages from Moscow). However, his knowledge of India's history as a whole, from what little was known in his times, was extremely meagre. Excepting the law code of Manu in English translation, he did not have even a nodding acquaintance with any other Sanskrit literary work (Manu mentioned in *Capital*; for details, see Bhattacharya 2014b, 185 n2). In the course of writing *Capital*, he also studied the records of the East India Company. However, if we survey the works he had read and the records he had made use of, it cannot be said that he had followed the course of India's history in every detail. For example, he knew perhaps next to nothing of the philosophies of India, although Karl Köppen, one of the Young Hegelians and a Buddhologist, was one of his close friends in his Berlin days (see Bhattacharya 2014b, 175). He had presented him with two large tomes of his work. However, whether Marx had leafed through it is not evident from his work.

Engels, also a friend of Köppen, however, had the highest regard for Buddhists for being the earliest dialecticians in the world. That is how he mentions them in a passage in *Dialectics of Nature*:

On the other hand, dialectical thought – precisely because it presupposes investigation of the nature of concepts themselves – is only possible for man, and for him only at a comparatively high stage of development (*Buddhists and Greeks*), and it attains its full development much later still through modern philosophy – and yet we have the colossal results already among the Greeks which by far anticipate investigation (Marx and Engels 1987, 503. Emphasis added.)!

All in all, not much is to be expected from Marx's stray comments and observations on India. Nevertheless, it is worthwhile to study his representation of *modern* India, that is, India after the advent of the British Rule (late eighteenth century) in *Capital*, vol. 1 insofar as they shed welcome light on Marx's concept of colonialism in general.

D. D. Kosambi first quotes a long passage from Marx's 1859 Preface to his *Contribution to the Critique of Political Economy* (Marx and Engels 2010, 263-64). He cautions his readers:

When one applies these inspiring words to the Indian problem, it must be kept in mind that Marx speaks of all mankind where we deal only with a fraction. For short periods in

restricted localities, a dead end, retrogression, or evolution by atrophy are possible which cannot stop the progress of mankind as a whole, not even mankind under the threat of total annihilation by atomic warfare (1975, 9-10).

Kosambi then quotes the specific passage from Marx's *Capital*, vol. 1, that specifically deals with India's history:

Those small and extremely ancient Indian communities, some of which have continued down to this day, are based on possession in common of the land, on the blending of agriculture and handicrafts, and on an unalterable division of labour, which serves, whenever a new community is started, as a plan and scheme ready cut and dried. Occupying areas of from 100 up to several thousand acres, each forms a compact whole producing all it requires. The chief part of the products is destined for direct use by the community itself, and does not take the form of a commodity. Hence, production here is independent of that division of labour brought about, in Indian society as a whole, by means of the exchange of commodities. It is the surplus alone that becomes a commodity, and a portion of even that, not until it has reached the hands of the State, into whose hands from time immemorial a certain quantity of these products has found its way in the shape of rent in kind. The constitution of these communities varies in different parts of India. In those of the simplest form, the land is tilled in common, and the produce divided among the members. At the same time, spinning and weaving are carried on in each family as subsidiary industries. Side by side with the masses thus occupied with one and the same work, we find the "chief inhabitant," who is judge, police, and tax-gatherer in one; the bookkeeper, who keeps the accounts of the tillage and registers everything relating thereto; another official, who prosecutes criminals, protects strangers travelling through and escorts them to the next village; the boundary man, who guards the boundaries against neighbouring communities; the water overseer, who distributes the water from the common tanks for irrigation; the Brahmin, who conducts the religious services; the schoolmaster, who on the sand teaches the children reading and writing; the calendar-Brahmin, or

astrologer, who makes known the lucky or unlucky days for seed-time and harvest, and for every other kind of agricultural work; a smith and a carpenter, who make and repair all the agricultural implements; the potter, who makes all the pottery of the village; the barber, the washerman, who washes clothes, the silversmith, here and there the poet, who in some communities replaces the silversmith, in others the schoolmaster. This dozen of individuals is maintained at the expense of the whole community. If the population increases, a new community is founded, on the pattern of the old one, on unoccupied land. The whole mechanism discloses a systematic division of labour; but a division like that in manufactures is impossible, since the smith and the carpenter, find an unchanging market, and at the most there occur, according to the sizes of the villages, two or three of each, instead of one. The law that regulates the division of labour in the community acts with the irresistible authority of a law of Nature, at the same time that each individual artificer, the smith, the carpenter, and so on, conducts in his workshop all the operations of his handicraft in the traditional way, but independently, and without recognising any authority over him. The simplicity of the organisation for production in these self-sufficing communities that constantly reproduce themselves in the same form, and when accidentally destroyed, spring up again on the spot and with the same name – this simplicity supplies the key to the secret of the unchangeableness of Asiatic societies, an unchangeableness in such striking contrast with the constant dissolution and refounding of Asiatic States, and the never-ceasing changes of dynasty. The structure of the economic elements of society remains untouched by the storm-clouds of the political sky (Marx and Engels 1996, 362-364, Part IV, Ch XIV, Sec 4; Marx 1976, 477-479).

This is a mere synopsis of what Marx had written in his essay, ‘The British Rule in India’ in 1853 (Marx and Engels 1979, 125-133, particularly 131). In this essay, he speaks of the *unchanging* nature of India:

However changing the political aspect of India’s past must appear, its social condition has remained unaltered since its

remotest antiquity, until the first decennium of the 19th century. The hand-loom and the spinning-wheel, producing their regular myriads of spinners and weavers, were the pivots of the structure of that society (Marx and Engels 1979, 128).

He then refers to 'immemorial times':

From immemorial times, Europe received the admirable textures of Indian labor, sending in return for them her precious metals, and furnishing thereby his material to the goldsmith, that indispensable member of Indian society, whose love of finery is so great that even the lowest class, those who go about nearly naked, have commonly a pair of golden earrings and a gold ornament of some kind hung round their necks. Rings on the fingers and toes have also been common. Women as well as children frequently wore massive bracelets and anklets of gold or silver, and statuettes of divinities in gold and silver were met with in the households (Marx and Engels 1979, 128).

This is how he described the social picture of India (based mostly on traveller's accounts of the subcontinent, but mostly confined to western India). At the outset he stated:

I share not the opinion of those who believe in a golden age of Hindostan, without recurring, however, like Sir Charles Wood, for the confirmation of my view, to the authority of Khuli-Khan. But take, for example, the times of Aurangzeb; or the epoch, when the Mogul appeared in the North, and the Portuguese in the South; or the age of Mohammedan invasion, and of the Heptarchy in Southern India; or, if you will, go still more back to antiquity, take the mythological chronology of the Brahman himself, who places the commencement of Indian misery in an epoch even more remote than the Christian creation of the world (Marx and Engels 1979, 126).

Marx then accuses the British for causing untold suffering that has no precedence in the history of India:

There cannot, however, remain any doubt but that the misery inflicted by the British on Hindostan is of an essentially different and infinitely more intensive kind than all Hindostan had to suffer before. I do not allude to European despotism,

planted upon Asiatic despotism, by the British East India Company, forming a more monstrous combination than any of the divine monsters startling us in the Temple of Salsette (Marx and Engels 1979, 126, Marx here refers to 109 cave temples situated in the then Bombay Presidency, now Mumbai. It contains a huge number of carvings chiselled in stone).

Thus, the passage in *Capital* quoted above contains Marx's views of India that he had gathered from reading mostly travelogues and maybe a few memoirs. Kosambi, however, challenges all the propositions in the passages quoted above. He writes:

Acute and brilliant as these remarks are, they remain misleading nevertheless. Most villages produce neither metals nor salt, two essentials that had mostly to be obtained by exchange, hence imply some commodity production. Who exchanged these commodities is a different matter. Marx was justified in saying that the surplus did not become a commodity till it reached the hands of the state – if one restricts the statement to certain periods. The villages did not exist “from times immemorial.” The advance of plough-using agrarian village economy over tribal India is a great historical achievement by itself. Secondly, even when the size of the village unit remains unchanged, the density of these units plays a most important role; the same region with two villages, or two hundred, or twenty thousand cannot bear the same form of superstructure, nor be exploited by the same type of state mechanism. Conversely, the progressive weight of this superstructure changes land ownership within the village. Change of quantity ultimately means change of quality. Similarly, we cannot let pass without challenge Marx's statement “Indian society has no history at all, at least no known history. What we call its history, is but the history of successive intruders who founded their empires on the passive basis of that unresisting and unchanging (village) society.” In fact, the greatest periods of Indian history, the Mauryan, Satavahana, Gupta owed nothing to intruders; they mark precisely the formation and spread of the basic village society, or the development of new trade centres (Kosambi 1975, 11-12).

Despite this sharp criticism of Marx's views on India, Kosambi did not hesitate to declare: 'For all that, the theoretical basis [of my work] remains Marxist – as I understand the method' (1956, 12). Eric J. Hobsbawm quotes this passage in his introduction to Marx's *Pre-Capitalist Economic Formations* (Hobsbawm 1969, 61-62).

Kosambi, a non-party Marxist, came to this conclusion. However, he is not the only Marxist to criticize Marx's view of India. More recently, Bipan Chandra, another non-party Marxist, also finds fault with Marx (quoted by Paul Sweezy, 2013, 20). Unfortunately, Sweezy merely quotes from Bipan Chandra but does not provide the source). One might argue that it was lack of material rather than Marx's approach to oriental history in general that lies behind such conclusions. Be that as it may, the question remains: does the concept of the self-sufficient village community mentioned by foreign travellers and apparently approved by Marx bear scrutiny? Marx gathered this idea from the reports left by casual visitors as well as East India Company officials. They were not trained economists and do not appear to have possessed much insight into the working of rural economy. So, Marx can be exonerated to a certain extent because of his sources that were faulty. Nevertheless, Sweezy's words are worth pondering:

Such a view [of 'a stagnant changeless society which was incapable of change from within'] obviously could not have been held simultaneously with a belief in the universal applicability of the schema set forth in the Preface to the *Critique*. Nor did Marx and Engels on any other occasion elaborate on the schema or seek to apply it to the understanding of precapitalist societies (Sweezy 2013, 20).

Sweezy admits that Marx's view of Asian society was indeed 'erroneous', and urges 'later Marxists' who had 'undertaken for their own reasons and purposes' such an erroneous view 'and not because it was a logical outgrowth of the Marxist interpretation of history' (Sweezy 2013, 20).

Mention may also be made of Marx's quite uninhibited use of politically incorrect terms. Martin Nicolaus, in a footnote to his translation of Marx's *Grundrisse*, quite apologetically admits:

Marx's English in the above sentence has been altered to conform to modern usage. His use of these and other passages, of terms, which today have an offensive ring (e.g. 'semi-civilized', 'uncivilized', 'savage', 'semi-savage', where what is meant is simply 'pre-capitalist') reflects the general blindness of European scholarship towards non-European civilizations and indicates the relative weakness of anti-colonial political movements at the time (Marx 1973, 798).

Nicolaus, however, added: 'This did not prevent Marx from being an enemy of colonialism and of great-power chauvinism in every form'.

Such objectionable expressions are also found in Marx's essays on India written particularly in 1853. Like everyone else, Marx too, was a child of his time (as Hegel 1949, 11, says, 'Whatever happens, every individual is a child of his time') and could not avoid such odious expressions as 'semi-barbarian', 'semi-civilized' and the like (Marx and Engels 1979, 131). If Marx went ahead of his time in many respects, in some other respects he was, in the words of Hegel, 'a child of his time'.

Marx was not even a little amused to find the peculiar habit of the Indians of storing their wealth and burying their gold and silver:

In the early stages of the circulation of commodities, it is the surplus use values alone that are converted into money. Gold and silver thus become of themselves social expressions for superfluity or wealth. This naïve form of hoarding becomes perpetuated in those communities in which the traditional mode of production is carried on for the supply of a fixed and limited circle of home wants. It is thus with the people of Asia, and particularly of the East Indies. Vanderlint, who fancies that the prices of commodities in a country are determined by the quantity of gold and silver to be found in it, asks himself why Indian commodities are so cheap. Answer: Because the Hindus bury their money. From 1602 to 1734, he remarks, they buried 150 millions of pounds sterling of silver, which originally came from America to Europe. In the 10 years from 1856 to 1866, England exported to India and China £120,000,000 in silver, which had been received in exchange for Australian gold. Most of the silver exported to

China makes its way to India (Marx and Engels 1996, 141).

This is also a pre-capitalist trait: instead of using gold and silver in any other way, the well-to-do people of Asia, particularly of India, preferred to preserve them and keep them out of circulation.

All the other references to India are rather casual. For example:

The completion of the task within the proper time depends on the simultaneous application of numerous combined working days; the amount of useful effect depends on the number of labourers; this number, however, is always smaller than the number of isolated labourers required to do the same amount of work in the same period. It is owing to the absence of this kind of co-operation that, in the western part of the United States, quantities of corn, and in those parts of East India where English rule has destroyed the old communities, quantities of cotton, are yearly wasted (Marx and Engels 1996, 333).

He also mentions the quality of a fine cloth called muslin which exhibits the skill of the weaver but is confined to handicraft. He refers to the demand for cotton in Europe after 1861 and writes:

In consequence of the great demand for cotton after 1861, the production of cotton, in some thickly populated districts of India, was extended at the expense of rice cultivation. In consequence there arose local famines, the defective means of communication not permitting the failure of rice in one district to be compensated by importation from another (Marx and Engels 1996, 358 fn 2).

It is clear from the instances cited above that India has very little to do with the study of *Capital*. However, we should notice that despite Marx's regrettable use of such phrases as 'semi-civilized', 'semi-savage', etc., he did not forget to note the glory of ancient India, not so much in *Capital* as in his essays on British Rule in India (1853). He does not refrain from quoting laudatory references to the Indians as found in the travel accounts of Alexei Dimitrevich Saltykov (1806-1859):

The Indians will not reap the fruits of the new elements of society scattered among them by the British bourgeoisie, till in Great Britain itself the now ruling classes shall have been

supplanted by the industrial proletariat, or till the Hindoos themselves shall have grown strong enough to throw off the English yoke altogether. At all events, we may safely expect to see, at a more or less remote period, the regeneration of that great and interesting country, whose gentle natives are, to use the expression of Prince Soltykov, even in the most inferior classes, “plus fins et plus adroit que les Italiens,” [More subtle and adroit than the Italians] whose submission even is counter balanced by a certain calm nobility, who, notwithstanding their natural langour, have astonished the British officers by their bravery, whose country has been the source of our languages, our religions, and who represent the type of the ancient German in the Jat, and the type of the ancient Greek in the Brahmin. (Marx and Engels 1979, 221).

In his writings on Britain, he often refers to British domination and colonial oppression in India, castes, dissolution of Indian community, East India Company as an instrument of British colonial policy, revolt of Sepoys and heinous retaliation of British, ruination of Indian hand weavers and ways of emancipating India. (All the references are conveniently collected in Marx-Engels 1953 *passim*). He was highly amused to learn from François Bernier’s (1625-1688) account that, ‘being held in thrall to the belief that the gold and silver they hide during their lifetime will serve them in the next world after their death’ (Marx and Engels 1987, 363).

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MARX'S THOUGHT BETWEEN STIGMATIZATION AND REACTUALIZATION (MARGINALIAS)

Abstract

The author is problematizing the impact of the crisis on the reactualization of Marx's thought in the contemporary time. The article depicts several forms of reductionism, falsification and misusing of the Marx's theory; then, it demonstrates on authentic validity of Marx's theory and method in the research of human social history. The article focuses on the researching how the actual crisis reactualizes the renewal of the Marx's thought and what its significance is for contemporary science and social praxis.

Keywords: *Marx, Authentic Principles of Marxism, Revision, Crisis and Reactualization of Marx's thought*

“It is time to come to the conclusion that a crisis can be life-saving for the world, a last warning before a catastrophe brought about by anarchic mundialization.”

(Jacques Attali, 2010, 127)

“Marx's magnificent vision continuous to live as a utopia of man's emancipation that emerges on the horizon of history.”

(Ziegler 2017, 156)

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Opening remarks

With the implosion of socialism (1989), the left went on the defensive and Marxism was suppressed as both a theory and an ideology. In that anticommunist hysteria, real scientific innovation in Marx's thought was thrown out with the bathwater. The process of expulsion was started with Marxism being removed from curricula and educational programs and Marxists being persecuted, while a certain number of official Marxists overnight became liberal democrats and friends of Popper's "open society" ideology (Popper 1993).

The actual crisis of the neoliberal mode of development (starting in 2008) has brought about an erosion and destruction of the myth of capitalism as a system without alternatives. Today, interest in Marx's works, methods and results of his analysis of capitalism is on the rise, with a focus on the exact material that can be used to find the causes of the contemporary crisis as well as the paths that would lead to its overcoming. The last 10 years have seen the works of Marx being printed once again all over the world (from earlier works, to "The Manifest" and "Capital") (Vidaković 1981), along with an ever-greater number of studies written by some of the leading theorists in the field of social sciences: Immanuel Wallerstein (Wallerstein 2012), E. Morin (Morin 2012), A. Haller (Haller 1985), Z. Bauman (Baumann 2009)... Additionally, numerous authors are re-contextualizing the importance of Marx's method for the analysis of the contemporary moment – ranging from Thomas Piketty ("Capital in the Twenty-First Century") (Piketty 2014) to Anthony Negri and M. Hardt ("Empire") (Negri 2005) and authors from ex-Yugoslav countries (Mihajlo Marković, Miroslav Pečujlić, Zagorka Golubović, Zoran Vidojević, Adolf Dragičević, Todor Kuljić, Lj. Mitrović...) (Mitrović 2015).

This wave of interest in Marx and Marxism seems to be motivated by two currents. On the one hand, it is motivated by the structural crisis of modern capitalism and on the other, by the crisis of the ruling paradigm in contemporary science. Both of these currents demonstrated the need for the re-contextualization of Marx and the problematization of the position and role his work occupies in the development of modern science. It is for these reasons that we ask ourselves what has survived in Marx's that still has the potential to mobilize the upcoming generations as actors of social changes?

1. The contemporary crisis and the recontextualization of Marx's thought

The crisis and contradictions of contemporary capitalism seem to be actively re-contextualizing Marx's thought, beckoning scientists to search for new answers to epochal challenges. The myth of the neoliberal paradigm of development and the lack of alternatives to capitalism seems to be crumbling and falling apart. Not only the loan shark bankers (centers of financial power), the representatives of megacapital, and the capitalist government and the leading institutions restless, but also the widest circles of society. They are hardest hit by the crisis, because they are being pushed by it off of the underbelly of the sinking Titanic and onto social poverty and the societal rock-bottom, marginalizing their chances of survival.

The waves of crisis, of the global social tsunami, are yet to come. Their destructive power is disconcerting for numerous social classes and layers. They also bring scientists out of slumber, who, as representatives of the middle class, drunk with neoliberal metasocial fatalistic discourse (Bourdieu 1999), have been asleep in their ivory towers, far away from the social problems and poverty of the widest social layers.

Discontent is spreading like wildfire among the masses from country to country, from continent to continent. It manifests itself in different forms: from strikes to vicious forms of social conflict. Political parties and social programs are reexamining their programs and modus operandi while governments are doing the same with their strategies of governance in conditions of crisis.

Asymmetrical globalization in modernity has led to a globalization of crisis, risk and crisis of the neoliberal mode of globalization, which technologically networks society but socially breaks it down, divides it and antagonizes it.¹

Modern society is at a crossroad. The crisis in which it is currently engulfed is of an enduring and structural character. Its

¹ I addressed this topic in my articles: "The Crisis of Globalization and the Globalization of Crisis" (2009) and "The Neoconservative Protectionist Answer of Trump to the Current Answer and its Fate" (2017). Also see my articles published in the conference proceedings of the Center for Economic Research of the Institute for Social Sciences in Belgrade.

consequences are destructive to development, quality of life and social status of the majority of population, as well as classes and nations. Its causes are tied to the nature of the capitalist mode of production and the inability of the ruling classes and elites who, instead of subordinating their logic of profit and rule to the interests of the majority, are investing all efforts into turning capitalism into a system without alternatives.

Although the contemporary crisis manifests itself as a financial crisis, its causes, syndromes and generators are inseparably tied with the contradictions between actors within the forces of production, or, in other words, between social character, the mode of production and the private ownership-based monopolistic acquisition of surplus value. Today, in the global world system, both in its center and the countries of the periphery and semi-periphery, the financial bourgeoisie rules as a parasitic structure in alliance with the nomenclature, the military complex and the media elites. These last three groups serve to conserve, maintain and symbolically legitimize the capitalist system, or, in other words, they serve to reproduce the economic power centers of megacapital and its geopolitical interests in the modern world.

Table 1. Regarding the distribution of economic power: the rich minority and the poor majority

World population	World wealth
The richest 20%	82,7%
The 2nd richest 20%	11,7%
The 3rd richest 20%	2,3 %
The 4th richest 20%	1,9 %
The poorest	1,4 %

Source: Held & McGrew, 2002: 82.

As highlighted by modern research conducted in the last 40 years, with the inauguration of the neoliberal strategy of development in the world, class and regional socio-economic inequalities have grown enormously. In his studies “Economic Inequality” (1997) and “Capital in the Twenty-First Century” (2014) French economist Thomas Piketty highlights, based on a comparative historical/economic analysis, how the dynamics of the rising inequality were attained in the 20th and at the beginning of the 21st century.

Table 2. The percentage of population in the sharing of world wealth

	The % of people holding wealth	% of wealth
The richest	1%	48,20%
Less rich	20%	46,30%
Others	79%	5,50%

Source: NIN, 12. 2. 2013: 14 (according to the calculations of T. Piketty)

Similar conclusions were also reached by our economist Branko Milanović in his study “The Global Inequality – A New Approach in the Era of Globalization” (Milanović 2016), who concludes that “the current state where 8 individuals have at their disposal the same wealth as 3.6 billion other people is unsustainable!”. Highlighting the effects that asymmetrical globalization has on regional development along the “north-south” axis, Milanović points out that only the “global one percent at the very top (members of the megacapital and global plutocrats)” benefit from such a “globalization of poverty”. The actual crisis of the neoliberal model of development and the numerous contradictions of modern capitalism make the studying of Marx’s works topical again, especially his research methods, due to the need to understand the dynamics of modern capitalism as well as its outcomes. Furthermore, Vesna Stanković Pejnović, in her study “The Absolute of the Capital” (2020), presented one brilliant critique of neoliberal globalization as a form of absolute capital with mortal consequences on contemporary civilization, humanism and the solidarity of humankind (Stanković Pejnović 2020).

2. Controversies regarding the nature and range of Marx's thought

From its very beginning during the middle of the 19th century, Marx's work was surrounded by numerous controversies: ranging from idolatry and dogmatism to revision and open questioning. However, discussions and critiques of Marxist orientation and scientific discourse should be distinguished from anticommunist pamphlets aiming to stigmatize. And while the philosophical and scientific critiques of Marx stuck to the principles of dialogical and methodological disposition, political defamation was usually led by non-scientific reasoning in which the principle of argumentation was replaced by ideological confrontation and disqualification of the author. The history of Marxism, but also the struggles of ideas fought in the 19th and 20th century provide ample examples of these tendencies and outcomes ("Komunist" 1985).

And while dogmatic scholars would deify Marx, representing him as a prophet and messiah of the proletarian and communist movement, revisionists usually interpreted Marx's complex works reductively, selecting one of his ideas and principles and interpreting it sophistically, distorting its point. It can be said that the complex work of Marx was doubly misunderstood by both friend and foe, from both within and outside of the movement. Only a small number of the so-called creative Marxists and neo-Marxists have given, with their critique and their work, a contribution to further development of the authentic Marxist paradigm.

We remind the reader that Marx's work was written in the era of emerging industrial capitalism, the burgeoning contradictions of civil society and class conflict of the 1850s. Marx, as a philosopher and a scientist, investigated the regularities in the formation and contradictions of capitalism. Following the dialectical method and the logic of the new, belligerent materialism, he subjected all areas of global capitalism's social life to a radical critique of everything that exists from the perspective of a possible revolutionary transformation into a new, classless society. The targets of his critique were at that time current socio-utopian drafts (of Christian, conservative and petit-bourgeois socialism, as well as egalitarian consumer communism), as well as combat strategies (of anarchists, populists, anarcho-syndicalists and social-democratic reformists).

As a great polemicist, Marx wrote brilliant journalistic critiques concerning different social topics. Although a philosopher by vocation, he started his career as a journalist in *The Rhineland News* only to end up as the scientist-author of the brilliant study “Capital”. He titled each of his studies as a critique of something: from the critique of religion, ideology and state law, to the critique of political economy. Marx owes his fame and genius status, according to Piotr Sztompka, to “Capital” and not to “The Manifesto of Communist Party”. Marx wrote this brilliant work after two decades of research. It contains the full secret of Marx’s dialectical-historical-materialistic mode of analysis. In it, the principles of the dialectical method (the unity of induction and deduction, analysis and synthesis, of empirical research and theory, analytical abstraction and the principle of totality), comparative/historical method, structural and class analysis are applied and demonstrated. Marx followed the idea of materialism in scientific analysis and interpretation, using the following concepts: mode of production, surplus labor, the relationship between labor and capital, commodity and money fetishism, exploitation and class conflict, etc. In “Capital”, a historical, structural and dynamic analysis of the creation and functioning of capitalism is given, along with its historical perspective.

Marx investigated the historical development of society in the context of the labor revolution, the dialectics of the forces of production and production relations, the general law of labor division, integration and the functioning of the law of class conflict. That approach was also applied in the investigation of capitalism as a global social system and socio-economic formation. Marx did not postulate the possibility and perspective of overcoming such a system voluntarily, nor did he derive it from a pure technological determinism, but from the functioning of objective and subjective factors through history. In this context, he tied the necessity for the overcoming of capitalism with the revolutionary role of the proletariat as the actor of new forces of production and the development of science, as an integral part of modern forces of production on the road leading from the empire of necessity to the empire of freedom. Communism, for Marx, was a revolutionary movement which would allow for a step to be made from a class-based to a classless society, that is, to an association of free producers in

which “the freedom of the individual would be the precondition for the freedom of all”.

Marx did not postulate such a project of future societal development eschatologically, as a socio-utopian ideal, but as a result of historical development of the mode of production and a possible solution to the contradiction between the social character of production and private monopolistic acquisition. In that regard, Marx writes: “Communism doesn’t take away from any one the ability to acquire social products, it simply takes away the ability to also acquire the labor of others with that acquisition”. Therefore, such a community can only be created via the abolition of class-based society, or, in other words, the monopoly of the ruling class over the means of production. And that can only be achieved at a high-level of technological development and social progress, when the high productivity of labor, the reduction of working hours, new technologies and the abundance of material goods would allow for rewards to be given according to the principle of “from each according to his ability, to each according to his needs!”. Of course, the historical road leading to such a society would require the efforts and struggles of numerous generations, and a sequence of evolutionary and revolutionary changes. Without the promethean role of new generations, there can be no conquest of the communist horizon. That horizon can only be their creative work in the transfer of human history from a political to a social plan of movement and development, to a unity of the process of reform and revolution, of class and general human emancipation.

Marx’s vision of a future society has no connection with totalitarian systems, nor with the one-party system and the omnipotent role of the state in social development. Marx’s vision is libertarian. It connects the idea of freedom and equality, the core values of liberalism and socialism on the synthesis and the revolutionary praxis of which it is possible to establish communism as “socialized humanity” (Marx), a community of free people and their real brotherhood. The creation of such a society Marx saw as conditioned on the fulfillment of certain conditions – high level of development of productive forces, reduction of working hours, automation of production and the abolition of class.

Marx was of the opinion that the victory of the idea and the movement would first occur in the most developed countries. Sadly, the radicalization of the social crisis in the 20th century has led, in practice, to political and socialist revolutions in the most underdeveloped of states. It is therefore impossible to claim that such circumstances did not influence the model of socialism which actualized itself in the form of single-party systems in which the dictatorship of the proletariat was corrupted into a dictatorship of the party nomenclature over the proletariat.

Although the industrialization and the social state achieved in these countries led to economic development, social mobility and a certain level of emancipation of the largest social layers, single-party socialism and the administrative control over economy and society represented an internal barrier to social development which blocked the initiative of the working class and the manifestation of economic regularity. Numerous contradictions and conflicts grew from this conflict between party nomenclature and the initiative of the actors of productive forces which, along with external geostrategic pressure led to the implosion of these societies in 1989.

Yugoslav and other creative Marxists gathered around the journal Praxis and the Korčula school have, during the '70s and the '80s of the 20th century, without a doubt made a huge contribution to the rehabilitation of the humanist dimensions of Marxism. The stigma that Marx was a vulgar materialist and an advocate of totalitarian concept of social development was removed. Additionally, they also highlighted the unity that existed between Marx's early phase and the so-called late phase, the importance of his theory of alienation and emancipation, the role and the idea of the self-governance movement as a method of self-determination and self-emancipation.

During the middle of the 1980s, in Europe and all over the world, a debate was held concerning the crisis of Marxism and euro-communism. In France, at the same time when Henry Lefebvre published his study "Thought became World" (Lefebvre 1980) in which he wrote about Marx's radical utopia of standing upright that is increasingly conquering the world, a book titled "Marx is Dead" was published at the same time, which indicated the survival

of Marx's ideas. At the same time, Popper's study "Open Society and its Enemies", in which this author categorized Marx as a totalitarian thinker, was translated in our country, although no arguments exist for such a claim in his authentic works.

The implosion of socialism represented the collapse of the single-party state socialism, but not the collapse of the idea of socialism and the movement fighting for the socialist alternative in social development.

3. The renewal of Marx's ideas and perspectives of the struggle for socialism

Great ideas renew themselves like a phoenix when the time is right: when the internal structural needs mature and subjects articulate the necessity for social change. In this context, it is important to remind the reader of Victor Hugo's thought that "there is nothing stronger than an idea whose time has arrived".

However, for an idea to become topical again, as highlighted by Marx, it is not enough for it to strive towards a specific change: reality has to strive toward that change as well. In connection with that, it should be highlighted that the resurgence of Marx's paradigm is predicated upon, on one side, by the technological and informational revolution, that is, by the third and fourth developmental wave which represented the basis for the process of globalization. On the other hand, the process was predicated upon the restoration of capitalism as a process in countries undergoing economic transition, in the zones of the world's periphery and semi-periphery in which class inequalities are rising, the social question is being renewed and class and social struggles are radicalizing.

Although Marx, as a protagonist of the new belligerent materialism, was an ontological optimist, as a dialectician, he did not underestimate the role of numerous other factors in social transformation, especially the role of science, class struggle and the revolutionary movements. At the same time, he was also a humanist because he emphasized the active role of humanity in the battles for social justice, the humanization of society, class and the general emancipation of humanity.

Without any regards for the current constellation of political power in the world and the domination of the neoliberal vulgate over social sciences, Marx's thought will be renewed by the power of internal structural needs in the global world system. Of course, with varying intensity in the zones of the world center, periphery and semi-periphery. Starting from the thesis that Marx, as a polymath and pan-scientist, not only a thinker of technology and technological advancement, but also of human freedom and the battle for social justice, his works were seen by different emancipatory movements seeking to liberate modern mankind from slavery and injustice as an inspiration for a "charge for the sky" in order to remove the shackles of class slavery and social humiliation in the struggle for human dignity and upright stride. His works will again become relevant in all corners of the world because they will, in contact with new actors of social change, motivate and mobilize new generations in the battle for self-emancipation and the creation of their own history. Because his work brings humanity back hope for its own creative powers in the promethean right to rebellion as an elementary human right: to change and organize its own life according to its own measure, denying all kinds of transcendental, alienating authorities in the forms of myths, gods and leaders.

In his study "For and Against Marx," Edgar Morin (2012) analyses arguments found in different scientific currents "for" and "against" Marx, emphasizing the superiority of his thought and its relevancy in the contemporary world. First and foremost he highlights the revisionist forgeries and the misuses of Marx's ideas in the 19th and 20th century, underlining that his work contains imperishable foundations for the founding of a new philosophical anthropology, axiology, ethics, sociology, political economy, theory of sustainable growth, humane order, planetary bioethics, mondialization and the culture of peace.

Marx's work and its revolutionary mission does not represent a new Bible or a closed book, but a new, open, radical utopia of creating history through the self-activity of people, classes and movements as actors and possibilities of overcoming class-based society. As a dialectician, Marx avoided extremes, using not only methods of critical, empirical and comparative/historical research, but also theoretical problematizations and syntheses which contained paradigmatic scientific novelties concerning history, society and humanity.

Evading the traps of dogmatism, Marx's work was left open to further additions. In that context, the history of Marxism shows that besides dogmatism and revision also exists a creative edge in its interpretation and development. Let's remind ourselves of some authors and theoretical currents in the creative development of Marxism in the 20th and 21st century such as: critical theory of society and the rehabilitation of Marx's theory of alienation, Gramsci's philosophical praxis, cultural hegemony and the western road into socialism; personal, humanist existentialism of Sartre; Marcuse's thesis on culture, the new left and the expansion of the revolutionary subject in the 20th century; Schaff's study (Schaff 1989) regarding the human individual in Marxism and the perspectives of contemporary socialism; Morin's theory of anthropological panhumanism and mondialization with a human face; Heller's interpretation of Marx's philosophy of left radicalism and the importance of new human needs as driving agents of social changes; Wallerstein's theory of the new global system and global transition; Castel's paradigm (Castel 2018) of informational development and networked society; Beck's theory (Beck 2001) of risk society and sustainable growth; Antonio Negri's theory of the pluralistic many and civil society as an actor; A. Badiou's theory (Badiou 2015) of the revolutionary subject.

New generations of scientists in diverse areas of research will meet, conquering various truths and scientific novelties, building new bridges and syntheses in the intellectual community of mankind, not only the works of Tesla, Einstein, Pierre and Marie Curie, Watson and Crick but also of Karl Marx.

Finally, it is time to remove the anticommunist stigmas of conservatives and the modern right which have all too early declared the death of Marx, socialism and communism, and to rehabilitate the numerous concepts and methods from his scientific workshop; to once again question the range and the value of the original Marx and to provide an answer to the question of whether parts of his paradigm and methods of research still have a universal, lasting and undying character in the scientific treasury of mankind.

In this context, it is apparent that new researchers will separate ideological meta-fictions concerning Marx's life and work from their real nature and value. Let's remind ourselves that Marx

claimed that he was no prophet or leader of some movement, but an impartial researcher of truth and radical critic of capitalism, of the current society in which the dead labor lives off the enslaved, declaring that the myth of profit above humanity is the all-powerful principle of development and rule over humanity and society. Marx devoted his entire life to the demystification of the capitalist mode of production and to the research of dynamics governing it, the perspectives of its development and the perspectives of transforming it into a classless community.

History has not ended. It is continuously being created and reinterpreted. Its creators, as social actors and interpreters are changing. History is not a closed circle but a spiral and horizon of open possibilities. It falls on the upcoming generations to change, upgrade it and transform it with their creativity, transforming themselves and the world around them.

It falls on the researchers, guided by truth and the critique of everything that is, to open new possibilities of development and self-emancipation so that the world might become a more humane and fair place for a dignified life of every individual and of all nations. A new generation of sociologists could learn much from Marx on how to approach such a task by following the message the legendary Wright Mills gave in his study "Marxists": "an individual that does not grapple with the ideas of Marxism cannot be a good sociologist; however, an individual that believes that Marxism is the final word cannot be one either. The basic task of sociologists is to overcome the false consciousness of their time and to create a new, true consciousness, which is the basic prerequisite for the engagement of intellectuals in the transformation of society" (Mills 1992, 36).

A theory continues to live as long as it responds to the needs and challenges of time. That is also true for Marx's paradigm. Regardless of anticommunist contestation and neoliberal fatalistic discourse on capitalism as a system without alternatives, I believe that communism is for now only the postponed future of mankind and that the original principles of Marx's theory will live on until they have eventually visited the entire world, becoming in praxis an

effective force of societal humanization and human emancipation. New creators of not only neo-Marxist thought will appear in the world, along with new social movements as actors of emancipation and development, movements which will establish a creative link with the original thought of Marx as well as with new protagonists of the promethean struggle for a post-capitalist alternative; from the community of the intellectual proletariat, neofeminism, antiwar, pro-peace and ecological movements to the autonomy movements, movements for participatory democracy and self-governance and the new liberation theology.

It is the illusion of the current petit bourgeoisie and the global capitalist oligarchy (from the yellow and gray to the red and brown tycoons) that capitalism will last forever. Despite the current processes of capitalist restoration in the countries of the world's periphery, it can be claimed with certainty that the breakthrough of alternative forces opposing capitalism will first happen in the most developed capitalist states.

We remind the reader that Marx warned that a social proletarian revolution is an epochal mega-phenomenon, a planetary process and that therefore it is greatly different from previous revolutions of history because it allows for a radical step to be made from a class-based to a classless society. As such, it is followed side-by-side by strings of anti-revolutions and putsches as an expression of powers resistant to change, social regression and restoration; however, in the end, the revolution must win because it expresses the interests of actors of new productive forces and new human needs, social progress, class and general human emancipation. Such a revolution is not an act of violence, but an expression of the joys of creation, of satisfying new human and social needs, a holiday of freedom, of the emancipation of man and humankind. That revolution will be borne on the wings of creative power belonging to new generations whose time is yet to arrive.

Instead of lamenting the fate of socialism and the persecution of Marxism we should remind ourselves of the words of a poet: "The future is here already, one should just recognize it and extract it!" (Branko Miljković). Or, as Alain Badiou would put it: "Marxism should not be defended, it should be created!" (Badiou 2012). That, however, requires a new discovery of society and its

actors in contemporary times, and a new struggle all across the world on the side of labor, on the side of those who are making the future that has begun but still hasn't been distributed properly, as William Gibson would say.

The creation of Marxism is neither a party nor an academic task, but an expression of new structural and cultural needs of contemporary man and humanity on their road of development and the democratic resolution of social contradiction and the conquest of new paths of democracy, freedom and progress.

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ON NEO-FASCIST CAPITALISM

Abstract

*In this article, I shall begin by looking at Hegel's analysis in the *Phenomenology of Spirit*, of the dialectical relationship between Lord and Bondsman. Hegel's analysis arguably gives rise to Marx's materialist critique of capitalism, and I shall attempt to show why a Marxist critique is no longer relevant. I shall explore the logic of capitalism, and shall conclude by suggesting possible responses to the tyranny of capitalism, especially with regards to the philosophy of language, and anarchism.*

Keywords: *Hegel, Phenomenology of Spirit, dialectics, neo-fascist capitalism*

'A philosopher treats a question like an illness.'

(Wittgenstein 2009, 255)

1. Lordship & Bondage in Hegel

In his *Phenomenology of Spirit*, Hegel posits negativity as the essential nature of self-consciousness. He writes: 'there is nothing present in it [self-consciousness] which could not be regarded as a vanishing moment' (Hegel 1977, 111-119). And yet, how so? What causes self-consciousness and its moments to vanish and/or suffer negation? The answer lies, or better yet, *appears* (for

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philosophical consciousness), in the fate of the bondsman, in dialectical relation to the Lord.

Hegel argues that in his subservience to the Lord, the bondsman experiences the ‘absolute melting away of everything stable’, which is nothing else but the ‘simple, essential nature of self-consciousness, absolute negativity, pure being-for-self’ (Ibid., 117).¹ This absolute negativity, according to Hegel, reveals itself as both *implicit* for the bondsman, as an internalised experience (a loss of self), and *explicit*, as an experience with an objective cause (the Lord).²

Hegelian negativity, to conclude, reveals itself as the *essential* nature of self-consciousness, and does so through the dialectical movement which transforms the bondsman’s subservience and formative activity into *freedom*.³

2. Marxist Freedom

For Hegel, the dialectic of freedom which defines the relationship between Lord and bondsman is but a moment in the dialectical movement towards Absolute Mind. Hegel is a metaphysical idealist to this extent: the ultimate form of the dialectic lies in consciousness.

For Marx, there is no movement towards the idealism of Absolute Mind. Marx inverts the Hegelian dialectic, making of it a *materialist* movement towards the freedom of the proletariat, and its abolition. Describing the materialist dialectic between private property and the proletariat, he writes (Marx 1997, 141):

1 Cf: Hegel, 113: ‘[I]t is only through staking one’s life that freedom is won; only thus is it proved that for self-consciousness, its essential being is not [just] being, not the immediate form in which it appears, not its submergence in the expanse of life, but rather that there is nothing present in it which could not be regarded as a vanishing moment, that it is only pure being-for-self.’

2 The experience and meaning of self-consciousness is consummated through the bondsman’s ‘service’ to the Lord, through which, Hegel argues, the bondsman ‘rids himself of his attachment to natural existence in every single detail; and gets rid of it by working on it’ (Hegel 1977, 117). The bondsman both vanishes, and causes the original form of that upon which he works (the thing), to vanish. The vanishing effect, as such, both creates and consumes self-consciousness, and what it touches upon.

3 Self-consciousness does not reveal itself in the Lord, even if he is dialectically implicated in its emergence, insofar as the Lord’s mentality is fully self-assertive, i.e. rhetorically – not actually – non-dialectical.

Private property as private property, as wealth, is compelled to maintain *itself*, and thereby its opposite, the proletariat, in *existence*. That is the positive side of the antithesis, self-satisfied private property.

The proletariat, on the contrary, is compelled as proletariat to abolish itself and thereby its opposite, private property, which determines its existence, and which makes it proletariat. It is the *negative* side of the antithesis, its restlessness within its very self, dissolved and self-dissolving private property.

He continues:

When the proletariat is victorious, it by no means becomes the absolute side of society, for it is victorious only by abolishing itself and its opposite. Then the proletariat disappears as well as the opposite which determines it, private property (Marx 1997, 141).

It should be clear where the influence of the Hegelian dialectic between Lord and bondsman, as described above, lies where Marx's understanding of the proletariat is concerned. Just as the bondsman understands the dialectical conditions of his subservience to the Lord, and undergoes a 'vanishing' effect which ultimately defines his freedom, so too for Marx it is the self-negating awareness of the proletariat in its dialectical relation to private property that ultimately defines its freedom and abolition.

For Marx, 'communism' defines itself as a classless society. Having abolished both private property and itself, the proletariat disappears. This is the dialectical definition of Marxian freedom.

I should now like to turn my attention to what I refer to as 'neo-fascist capitalism', and attempt to explain why Marxian communism has failed to realise itself, due to the conditions of emergence of a new form of capitalism which Marx failed to predict, constrained as he was to an understanding of capitalism and technology *as they existed* when he was writing.

3. Neo-fascist capitalism

Alfred Crosby, in his erudite study of the effect of mathematics on the European mind from the 1200s onwards, shows the extent to which European thinking changed from being primarily agrarian and qualitative to being quantitative. Crosby argues, moreover,

and I agree with him, that this change to quantitative thinking laid the foundations for modern capitalism (Crosby 2009, 229-230). It only took the Industrial Revolution to harmonise human labour in such a way as to conform it to temporal constraints, and thus to lay the cornerstone for capitalism. Once modern economics, taking its cue from Adam Smith, had defined human beings as rational maximisers working for ‘self-betterment’ to the drum of an Invisible Hand, the path toward capitalism began to clarify itself (Crosby 2009, 27-32). For what we have with this turn towards instrumental reason in human interaction is a self-defining mode qua *way of life* that is enormously restrictive: that is, neo-fascist capitalism.⁴

Fascism can be abstracted from its historical roots in WW2 Italy to mean any system of society and/or government which allows for only one way of thinking. If this is right, then it follows that most so-called liberal democracies in the world today are fascist. They are what I like to call neo-fascist capitalist.

Why the term neo-fascist capitalist? Because we are dealing with a new kind of fascism rooted in the 21st capitalism. Neo-fascist capitalist rhetoric teaches us to speak, walk, and act in a certain manner. There is virtually no room for improvisation. How so? Because of technology, I should like to argue.

4. On Technology

The first thing that we should know about technology and its evolution is (1) not only is it pervasive in the modern world; but also (2) that it is based on human creativity and desire. As George Basalla explains,

We must not lose sight of the fact that humans have now chosen an excessively complex, technological means of satisfying basic necessities...

The artifacts that constitute the made world are not a series of narrow solutions to problems generated in satisfying basic needs but are material manifestations of the various ways men and women throughout time have chosen to define and pursue existence. Seen

⁴ Most models of capitalism define it in terms of scarcity and demand. For an alternative theory than that of demand and scarcity, see the work of Georges Bataille. Bataille argues that it is surplus rather than scarcity that drives capitalist economies.

in this light, the history of technology is a part of the much broader history of human aspirations and the plethora of made things are a product of human minds replete with fantasies, longings, wants and desires. The artifactual world would exhibit far less diversity if it operated primarily under the constraints imposed by fundamental needs (Basalla 1988, 14).

Basalla's point is clear: human desire has *chosen* to pursue the expansion and dominance of the technological domain. *The evolution of technology has not been entirely deterministic*. On the contrary, it has emerged at least partially out of the free will of human beings to fashion reality as they see fit. This is a very important point, and we shall return to it in what follows with regards to language (and I take it that technology can be defined as a species of language).

Having made an argument for freedom of the will with regards to the *creative development* of technology, I am essentially claiming that *despite deterministic factors*, free will plays an important role in human affairs, especially with regards to technology and capitalism. In effect, what I would like to argue is that the standard debate as to whether determinism or freedom defines human behaviour qua capitalism is a *non sequitur*, and I shall attempt to show why this is so via an analysis of the philosophy of language.⁵

Having said that, I shall now attempt to deepen my analysis as to how mathematics and technology hold massive sway over human activity in the 21st Century (Marcuse 1992, 138-182).⁶

Mathematics, specifically applied mathematics in the economic domain, is more of a threat to human and environmental well-being than many understand.

Mathematics defines the human being in numerical terms, which, I should like to argue, potentially reduces empathic emotional responses like love. Allow me to explain. Insofar as we are all designated numbers for various reasons in the 21st Century

5 In what follows, I shall attempt to show how freedom-in-language offers a possibility for resistance to neo-fascist capitalism.

6 'Technology, as a mode of production, as the totality of instruments, devices and contrivances which characterise the machine age is thus at the same time a mode of organizing and perpetuating (or changing) social relationships, a manifestation of prevalent thought and behaviour patterns, an instrument for control and domination. (Marcuse 1992, 138)

capitalism (i.e. we are a number for our ID, passport, driver's licence, bank account etc.), we are stripped *legally* and/or made ignorant of, whatever qualitative characteristics define our identities. Now, it is certainly true that emotions like love continue to play themselves out in the 'private' domain, and to a certain extent in public life. However, no matter how much they continue to play themselves out in the social sphere, they do so in a numerical environment that consistently calls them back to capitalism, as it were.

This 'calling back' puts a heavy strain on what is considered 'normal' in everyday life. Insofar, that is, as our numerical identities take precedence where our existence is concerned. We are governed by numbers in the public sphere, and insofar as the private sphere is increasingly plugged in, as it were, to the public sphere, via the mass media and the advertising of consumer goods, the private qualitative sphere of human existence withers away before the admonition to participate in consumerism, an activity which is deemed to be 'good', self-enhancing behaviour. Thus capitalism, in all its numerical dimensions, wins the day where everyday life is concerned.

Having made this critique of mathematical tyranny in capitalist societies, I should now like to turn my attention towards a specific technological concern in the 21st Century capitalism, one that threatens not only qualitative emotions, but the very existence of humanity, i.e. Artificial Intelligence (AI).

Artificial Intelligence is a far way away from replacing human intelligence. This we know. And yet I would like to argue that it remains, even in its nascent form, a threat to humanity.

My reasoning is as follows: if AI, or rather a fascination with it, does not replace human intelligence, it may yet succeed in reducing human intelligence to a shadow of itself by way of the invention of the cyborg. For the cyborg, heralding the grafting of artificial intelligence onto the human organism, may very well signal the death of crucial human emotions, like compassion, love, and empathy. This is an important claim, and I should like to argue that it can only be understood in relation to neo-fascist capitalism.

So then: neo-fascist capitalism places great emphasis on productivity, instrumental reason, and, of course, profit-maximisation. This being the case, technologies being developed in capitalist

societies will inevitably, despite some benevolent influence, be designed to enhance the capitalist ethos. Which is to say that technologies grafted onto the human body will inevitably seek to improve productivity and efficiency. This point seems to me to be obvious, and the onus rests upon those who disagree to put forward arguments which prove me wrong.

To conclude: those in power in a neo-fascist capitalist world do not much care about the emotional health of labour. Indeed, they encourage a stream-lining of labour to increase productivity. So there you have it: mathematics and AI, combined with the ruthlessness of neo-fascist capitalism, may well spell a radicalisation of consumerism to the extent that the world as we know it will become something quite other. And not in a good way, if we dare to attach any ethical meaning to the word 'good' beyond a consumerist bias (In short, to be a 'good person' in society, one had to be a good, effective consumer, using instrumental reason to acquire one's needs and wants.)

5. On Dialectics, Language & Freedom

1) Dialectics: Dialectics qua logical form attempts to elucidate the truth about how reality functions. It proposes a movement of metaphysical transcendence, which, as we saw with Hegel and Marx, aims at the ultimate resolution of conflict and the advent of freedom. Reality as we now live it, however, has not seen dialectical logic prevail. On the contrary, we live in a world where freedom is a scarce commodity indeed. Which is to say that we live in a capitalist world in which a majority of workers live according to a system which places a stress on instrumental reason and profit-maximisation, and where the average worker is obliged to live according to the whim of capitalist oligarchs who control the shape of daily life.

2) Language: The genius of Ludwig Wittgenstein ushered in the linguistic turn in philosophy, showing, as Wittgenstein put it, that most of philosophy is 'language gone on holiday'. There are no metaphysical systems which capture the logical truth of reality, and indeed we saw this to be precisely the case with dialectics.

Marx, although he understood the role of mathematics in capitalist logic (Marx 1998, 203-243), he could not have foreseen the ingenuity with which technology would evolve. The mass media and Artificial Intelligence have so captured the human imagination that the proletariat has become completely enslaved. Marxist freedom has disappeared in the realm of technological innovation. We now live in an age of neo-fascist capitalism.

As Wittgenstein argues, our daily lives are structured grammatically, according to certain rules: we play language games in everyday life: 'I shall also call the whole, consisting of language and the activities into which it is woven, a 'language-game'.' (Wittgenstein 2009, 7) And these language games play themselves out in forms of life: 'And to imagine a language is to imagine a form of life.' (Wittgenstein 2009, 19). I would like to claim, given what I have argued thus far, that mathematics and technology are language games played out in the form of life we call neo-fascist capitalism.

3) Freedom comes from our ability to play different kinds of language games, and to imagine forms of life that do not adhere to the limits of capitalism. But what language-game are we to play if we are not to persist in the form of life called capitalism? I will now make what is perhaps a bold step, and, in ending this paper, suggest that we should be going in the direction of some sort of anarchism, providing a freedom yet to be fully understood and developed.

Anarchism is freedom, unqualified and creative. Perhaps there do exist qualifications, but creativity incessantly places them under scrutiny.

Anarchism has different forms, different voices echo its call. Chomsky believes in a biologically hard-wired human nature. I do not. I believe that the brain is a creative neuronal entity, and that evolution, following Lamarck (see Bergson), is characterised by

the accumulation of acquired characteristics. Darwinian theory threatens to drive us into an obsession with genetic tampering, a true danger in modern societies that are increasingly inclined to social control. Genes exist, but they are mutable.

Anarchism is an alternative life-style that out of practical necessity co-exists with, but is critical of, consumerism. It is respectful of the natural environment, and seeks to live in harmony with nature. In this it is close to stoicism. The writings of Thoreau are also an inspiration to us all on this subject.

Anarchism enters into politics to pose questions to politicians who are trapped in a media apparatus that is based on profit gained through advertising. The mass-media is especially pernicious when it targets the lowest common-denominator in society, propagating images and words of violence, base sexuality, and a flagrant and crude obsession with wealth.

Anarchism places a high priority on honesty and compassion. It is not afraid, however, to move into self-defense, but avoids violence whenever possible.

Anarchism IS. The *presence* of its modus operandi resists the scepticism of deconstruction, and expresses itself through, primarily, love. The social scope of anarchism is yet to be determined, however, and it may well be that anarchists will have to cope with limited interventions.

Conclusion

As the Covid-19 epidemic becomes increasingly less burdensome on the planet, people are returning to their jobs, and life will continue as it did before. What did the epidemic teach us? That capitalism is a dysfunctional system. Neo-fascist capitalism, that is. Let us end by showing how, in one particular instance, neo-fascist capitalism showed itself to be an 'evil' system. Let us look at the phenomenon of conjugal violence, and how it manifested during the lock-down.

There was a sharp rise in conjugal violence in Europe during the shut-down caused by Covid-19. This should come as no surprise. The nuclear family is as much a part of neo-fascist capitalism as

is the weekly wage. Spawned during the Industrial Revolution, the nuclear family is a structural off-shoot of the socio-political mechanisms which define life in the modern world. Designed for maximum efficiency, the nuclear family feeds into the profit-maximising imperatives of 'the system'. But it is poorly designed, enforcing on man and woman alike, and also children, a structure of co-habitation that puts immense strain on the emotions and psychology of the individuals which partake in it. Why so? Because the constraints placed upon the shared space and time of the nuclear family are ill-designed to meet a basic human need for freedom of emotional and psychological movement. Once that movement is shut down and/or curtailed, immense pressure is placed on the wits and sanity, patience and compassion of individuals. Hence the ensuing violence.

Ergo sum: capitalism is a violent and abusive system in so many respects, in desperate need of replacement in a future world defined by anarchist freedom.

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HAUNTOLOGICAL MARXISM: THE MARXISM OF THE CRYPT

Abstract

This paper presents an alterior Marxism by re-reading key dialectical passages of Hegel and Marx in combination with Derrida's Specters of Marx. This hauntological analysis – a Marxism of the Crypt – is a necromantic conjuration in the zeitgeist of the techno-gothic and links Marx's use of alienation with Derrida's concept of the specter. In section one Hegel's use of spirit is analysed. The life and death struggle in Hegel's master-slave dialectic is highlighted. Hegel's approach is linked to Marx's use of dialectical method, labour, the master-servant dialectic, social relations, and technology. Section two then explicates Jaques Derrida's ontology of the ghost-specter: hauntology. Derrida troubles the binary distinction between life and death and he, in Specters of Marx, links these issues to labour and commodity fetishism. In the third section Hegel and Marx's method is spectralised with Derrida's: a hauntological analysis of Marxist political economy. It is demonstrated that Marx's use of gothic imagery is more than metaphorical. Labour – in the labour theory of value delineated by Marx – is a spectralising logic. Value, in a society based on universal commodity exchange, is a ghost-specter: it is an immaterial-real, a sensible-insensible. Commodity fetishism, in such an alterior Marxism, is a necromantic conjuration in the phenomenology of an alienation-specter.

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Keywords: *Labour theory of value, Alterity, Marxism, Hegel, Marx, Hauntology*

Introduction

The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum, morbid phenomena of the most varied kind come to pass.

(Gramsci 1996 and 2011, 32-3)

Crisis-struck, gothic, morbid, technological: this is the *zeitgeist* of post-nirvana neo-liberalism. The heaven of new-liberalism ended in 2008. Yet, the dead and the living-dead continue to punish those of us still living. Where do the living-dead haunt? The crypts, graveyards, and memorials. In the haunted castles, haunted spaces: ghoulish people and vampire-elites. But, especially, the living-dead haunt the living. Every beginning is an end and, so, we start with a question answered, seemingly, before we had begun: what is *living* and what is *dead* in Marxism? Or, to utilise Gramsci's phraseology, what is old and dying, what is new yet cannot be born? The Marxism of the past because this is where we seek the dead and some of the answers to our clichéd question. The Marxism of the graveyard because this is where we wish to dig for these spirits. The Marxism of the Crypt because there we will find *the living, the dead* and the *in-between*. The Marxism of the Crypt because we have been informed that is where Marxism still lives: *undead-like*. Every end is a beginning and, so, it is the dead and the undead of Marxism with which we wish to conjure.

A gothic, living-dead, reading of Marx must begin with the ghosts of the last quarter of the twentieth century. 1989-91: the collapse of the Soviet bloc and, then, the Soviet Union itself. 1991-2008: the new-liberal state of grace in much of the global north. But, also, the age of ghosts, specters and spooks. In the years since, horror upon horror mounts, in literary and physical terms. The turn of literary criticism towards ghosts, specters and the gothic was part of the longer-term history of the abject in the

west (Gelder 2000; Maria del Pilar Blanco and Peeren 2013); this is now clearly identifiable as a “spectral turn”. This is related to Marxist, psychoanalytic, feminist and gender, and memory, studies which have emerged. This has been especially noteworthy since Derrida’s 1994 book *The Specters of Marx*; in that work he also, notably, highlighted the notion of a “politics of memory” (Derrida 1994, xviii). These theoretical developments have been accompanied with the collapse of neo-liberal governmentality in much of the global north. In Ireland, for example, post-2008 has witnessed the resurgence of radical approaches, methods and thought. These novel developments are part of an Irish New Wave of critical and radical theory on the island (Brady 2013; Byers 2015; Convery 2013; Grant 2010; Loughlin 2017a; Loughlin 2017b; Loughlin 2018; McCabe and O’Connor 2010; O’Connor 2011; Pierse 2010; Pierse 2017). The techno-gothic analysis presented below, a Marxism of the Crypt, builds on such new wave thinking. A hauntological analysis of Marx is a new, radical, critical theory. The Marxism we can develop from Derrida is an analytical, hauntological, spectrological reading of Marx: a Marxism of the Crypt. In other words, a necromantic conjuration in the *zeitgeist* of the techno-gothic. This analysis develops some threads highlighted by authors discussing Derrida’s hauntological analysis of Marxism (Magnus and Cullenberg 1995; Sprinker 1999).

The necromantic conjuration of Marx-techno-gothic Marxism—will be presented in a three-stage analysis. The first section begins with Hegel’s use of spirit, specifically his 1807 book, *The Phenomenology of Spirit* (Hegel). The life and death struggle in Hegel’s master-slave dialectic is highlighted. Then Marx’s use of the dialectical method, labor, the master-servant dialectic, social relations, and technology are discussed. Hegel and Marx’s philosophic-literary methodology sets the stage for the entrance of Derrida’s ghost-specter. Section two explicates Derrida’s ontology of the ghost-specter: hauntology. Derrida troubles the binary distinction between life and death: there is a “virtual space of spectrality” hovering in this *différance* (Derrida 1994, 12). He also links these issues to labor and commodity fetishism. In the third section Hegel and Marx’s method is combined with Derrida’s reading to grant a hauntological analysis of Marxist political economy. It is

demonstrated that Marx's use of gothic imagery is more than metaphorical: labor – in the labor theory of value delineated by Marx – is a spectralising logic. Value, in a society based on universal commodity exchange, is a ghost-specter: it is an immaterial-real, a sensible-insensible. Such paradoxical formulations are rich catacombs for future research. Finally, in conclusion, the article draws together this techno-gothic reading of Marx as a Marxism of the Crypt. It further links this reading to new, radical, critical theory in Ireland: the Irish New Wave.

1. Hegel, Spirit and Marx's Post-Hegelian Dialectics

Hegel's first mature work to be published was, *The Phenomenology of Spirit* (previously it was translated to English as *The Phenomenology of Mind*, German original: *Phänomenologie des Geistes*, Hegel 1977). Hegel completed it in 1806 as Napoleon rode through the streets of Jena in victory. *The Phenomenology* is a preparation for the full, Hegelian, system and within this work is, perhaps, the key passage of Hegel: the dialectic of bondage and servitude. The conflict between the Lord and servant is one over recognition and, ultimately, is a life and death struggle. The dialectic of lordship and servitude – the Master-Slave dialectic for Kojève – involves self-consciousness and the emergence of collective ontology, recognition (Kojève 1980). What relationship does this have to Spirit?

The Hegelian phenomenology of Spirit will, eventually, result in the consummation of Absolute Knowledge in the mind of the philosopher. Hegel's dialectical conception of ontology means that this has epistemological consequences. In Hegel's conception of being, ontology, the development of consciousness is *both* human history and subjective agency. This emerges by way of the "I": self-consciousness. According to Hegel, "self-consciousness is Desire" (Hegel 1977, 109). It is at this stage that the desire for recognition emerges: "self-consciousness exists in and for itself when ... it so exists for another" (Hegel 1977, 111). The "I", self-consciousness, Desire, exists between two agents. We arrive at the stage of the spirit of lordship and bondage. The two agents, master and servant, recognize each other, "they *recognize* themselves as

mutually recognizing each other” (Hegel 1977, 112). But these two agents, spirits, appear as in life, “*independent shapes, individuals in the being [or immediacy] of Life*” (Hegel 1977, 113). It is the struggle for recognition – the issue of life and death – which, for Hegel, is of signal importance: “each seeks the death of the other... action on its own part is also involved; for the former involves the staking of its own life” (Hegel 1977, 113).

Just as life is the natural setting of consciousness, independence without absolute negativity, so death is a natural negation of consciousness, negation without the required significance of recognition. Death certainly shows that each staked his life. (Hegel 1977, 114)

Two opposed shapes of consciousness:

One is the independent consciousness whose essential nature is to be for itself [the master], the other is the dependent consciousness [the servant] whose essential nature is simply to be for another. (Hegel 1977, 114)

“The Lord is the power over this thing...he holds the other in subjection” (Hegel 1977, 114-15). However, this appearance undermines the master which is consciousness for itself: the master’s power is over an inferior and, merely, over the object. By contrast, the servant, the dependent consciousness, must control their desire. The master surrenders, in unseemly fashion, to the object, to his own desire; whilst the servant masters the object and their own desire. How, exactly, does the servant master the object?

The servant masters the object (and their own desire) via work, productive activity. To summate: whilst the Lord is powerful and can enforce recognition, he can only consume the object; the Servant, the Bondsman, the Slave, is forced to recognize, work, to master their desire. The servile consciousness, however: “realises that it is precisely in his work wherein he seemed to have only an alienated existence that he acquires a mind of his own” (Hegel 1977, 118-19). Kojève summarises, “idle Mastery is an impasse, laborious Slavery, in contrast, is the source of all human, social, historical progress. History is the history of the working slave” (Kojève 1980, 20). The key development by Karl Marx, beginning in the 1840s, was to link the dialectic of lordship and bondage to

the emergent working class. The servile class under capitalism, the working class, was the analogue to Hegel's servant. Marx's use of the Hegelian dialectic to examine 1840s European politics was to lead him to the examination of labor and political economy. The critique of political economy Marx conducted is the key example of post-Hegelian dialectics. Perfected by Marx in only his 1859 and 1867 publications, the influence of Hegel on Marx would later serve as a source of Western Marxism. György Lukács was the first to undertake a serious analysis of the Hegelian roots of Marx's thought, although both Lenin and Gramsci also highlighted these links.

Three examples will help to illustrate Marx's development of Hegelian philosophy.¹ Key here is the inter-relationship of social ontology, social relationships, labor, production, culture and technology. First, in the *Poverty of Philosophy*, 1847, Marx writes:

Determined social relations are as much produced by men as are the cloth, the linen, &c. The social relations are ultimately attached to the productive forces. In acquiring new productive forces men change their mode of production, their manner of gaining a living, they change all their social relations. The wind-mill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist. (Marx 1847, 119)

Second, in footnote four of chapter fifteen of *Capital vol. I*, 1867, Marx delineates an entire dialectical and historical methodology:

Technology 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 those relations (Marx 1976, 493-4).

The radical geographer, David Harvey, claims this is the basis for a "general framework of dialectical and historical materialism" (Harvey 2010, 189). For Harvey, this framework can be schematically presented as a series of inter-linked "conceptual elements", or "moments": one, technology; two, relation to nature; three,

¹ The claim of an 'epistemological break' between the young and late Marx is unconvincing. A future publication by the present author intends to examine this issue. However, the present author agrees with the analysis presented by Bertell Ollman 1976.

mode of production; four, reproduction; five, social relations; six, mental conceptions (Harvey 2010, 192). The third, last, example is from the Postface to the second German edition of *Capital vol. I*. Written in 1873, Marx describes his approach as “the dialectical method”. Marx claims that, “for Hegel, the process of thinking ... is the creator of the real” (Marx 1976, 102). He then makes the famous statement that he “inverted” Hegel, “in order to discover the rational kernel within the mystical shell” (Marx 1976, 103). Marx’s dialectical method, by contrast, is “rational” because “it includes in its positive understanding of what exists a simultaneous recognition of its negation, its inevitable destruction” (Marx 1976, 103). Marx’s dialectic:

Regards every historically developed form as being in a fluid state, in motion, and therefore grasps its transient aspect as well; and ... does not let itself be impressed by anything, being in its very essence critical and revolutionary (Marx 1976, 103).

These final considerations help to re-conceptualise Hegel and the dialectic of Lordship and Bondage. Hegel’s dialectical conception of consciousness and the emergence of recognition, labor and self-consciousness sets the stage for Marx’s dialectic. Marx’s application of the dialectic led him to highlight labor as the foundation of human activity. For Marx, to realise human potential it was necessary for the working class to become conscious of their exploitation. The working class, for Marx, are the servile consciousness become conscious: the real foundation of Hegel’s ideal Lord and servant. Hegel and Marx used the dialectic of lordship and bondage as part of a delineation of social ontology, the theory of collective being.² Their ontology, however, was critiqued by Derrida and others of the French intellectual left post-1945. The next section of this article turns to Derrida’s critique of, what he called, “western metaphysics”. Examination of his hauntology, combined with the Hegelian-Marxism outlined above, will grant a Marxism of the Crypt.

² An issue that Lukács attempted to grapple with in his last, posthumously, published work. See the work of communications scholar, Christian Fuchs on this issue. A future publication, by the present author, will examine these issues.

2. From Ontology to Hauntology

Derrida critiqued Marx's work as, "a metaphysics of the effectivity of the living present" (Derrida and Stiegler 2013, 45). In other words, he critiqued the ontological basis of Marx's work. Marx, like many scientists and scholars according to Derrida, was committed to, "deny all spectrality a scientific, philosophical, political or technical dignity" (Derrida and Stiegler 2013, 45). Derrida also, however, introduces a distinction between the spirit and the specter. The specter, the ghost, is a supernatural and paradoxical phenomenon. Spirit is the subject of Hegel, most famously in his book *The Phenomenology of Spirit*. The specter, ultimately, for Derrida, is the body of, "someone or someone other" (Derrida 1994, 6). He continues, "someone other that we will not hasten to determine as self, subject, person, consciousness, spirit and so forth" (Derrida 1994, 6). In other words, the ghost-specter is entwined with the issue of subject and agency. Therefore, the specter is also different from the idol, the icon, the image of the image, or a simulacrum (Derrida 1994, 6). Derrida's ontology is, therefore, a theory of being of the ghost: a hauntology. Derrida's critique of Hegel and Marx—his troubling and deferring of binary oppositions, *différance* – is inherently sympathetic to the spirit of both.

Derrida also draws lines of distinction between his conception of spectrality and science in general. "It is in the name of scientificity of science that one conjures ghosts or condemns obscurantism, spiritualism, in short, everything that has to do with haunting and specters" (Derrida and Stiegler 2013, 39). Science, essentially, is modelled on the, "real, objective" and, hence, it is not phantomatic (Derrida and Stiegler 2013, 39). In his book on Marx, Derrida states, "a traditional scholar does not believe in ghosts-nor in all that could be called the virtual space of spectrality" (Derrida 1994, 12). For Derrida, however, the strong line of demarcation between science and the supernatural does not exist. "Modern technology... although it is scientific, increases the power of ghosts. The future belongs to ghosts" (Derrida and Stiegler 2013, 38). And here is located an interesting link between science, the supernatural, and technology: "as soon as there is a technology of the image, visibility brings night... we are already specters of a televised" (Derrida and Stiegler 2013, 38). The techno-gothic nature of modern technology, for example, the television camera and broadcast:

Will be reproducible in our absence... we are already haunted by this future, which brings our death. Our disappearance is already here. We are already transfixed by a disappearance which promises and conceals in advance another magic 'apparition', a ghostly 're-apparition' which is in truth properly miraculous, something to see, as admirable as it is incredible, believable only by the grace of an act of faith. Faith which is summoned by technics itself, by our relation of essential incompetence to technical operation (Derrida and Stiegler 2013, 38).

The link Derrida draws between technological development, magic and the gothic is striking. How and why is the gothic integral to modern society?

Derrida gothicises Marx and technology through the *dif-férance* he locates within the binary division of the living and the dead. This leads to the living-dead: the ghost, the specter, and the *revenant* (the "living-dead", here, can be expanded exponentially to all supernatural beings). The living-dead, the specter, the ghost, are neither living nor dead. The specter is, therefore, a paradoxical incorporation. The ghost-specter is an invisible visible, a sensuous non-sensuous (Derrida 1994, 6). Further, a space in-between life and death is opened by the specter: a spectral space. This spectral space, "can only *maintain itself* with some ghost, can only *talk with or about some ghost*" (Derrida 1994, xvii). Further, "this being-with specters would also be, not only but also, a *politics* of memory, of inheritance, and of generations" (Derrida, 1994, xviii). The "politics of memory," "inheritance," and "generations", highlights the role of history, the past, in Derrida's analysis. The agency of the spectral, the living-dead, is exercised via the "visor-effect". Another paradoxical incorporation.

The "visor-effect" results from Derrida's analysis of Marx via Shakespeare's *Hamlet* (Derrida 1994, 8). The specter of Hamlet's father is a ghost-specter and is indicative, according to Derrida, of the "visor-effect" (Derrida 1994, 8). This is, "the power to see without being seen" (Derrida 1994, 8). Derrida's visor-effect is, therefore, his theorisation of power. It is Derrida's account of what Foucault will describe as power, governmentality and the panopticon. The visor-effect is asymmetrical. It allows us to be seen

without being seen and, due to this, “it is someone that watches or concerns me without any possible reciprocity,” and this is why, “I am an inheritor: the *other* comes before me” (Derrida and Stiegler 2013, 41). “The predecessor has come before me” (Derrida and Stiegler 2013, 41). This is “the genealogy of the law” and the basis of inheritance (Derrida and Stiegler 2013, 41). Most significantly, however, “this gaze [the visor-effect] is spectrality itself” (Derrida and Stiegler 2013, 41). Derrida, therefore, locates agency, history, memory, power, and spectrality together.

Spectralisation, hauntology, is also linked by Derrida to the issue of spirit. Spirit – remember, spirit was the central point of Hegel’s first mature dialectical work, *The Phenomenology of Spirit* – also links to labor, technology, and work. “The ghost is the phenomenon of the spirit” (Derrida 1994, 169). Further, “the phenomenal body of the spirit, that is the definition of the specter” (Derrida 1994, 169). Colin Davis has summated Derrida’s analysis succinctly:

Hauntology supplants its near homonym ontology, replacing the priority of being and presence with the figure of the ghost as that which is neither present nor absent, neither dead nor alive (Davis 2013, 53).

Derrida also draws out further implications of his “logic of the specter:”

It regularly exceeds all oppositions between visible and invisible, sensible and insensible. A specter is both visible and invisible, both phenomenal and non-phenomenal: a trace that marks the present with absence in advance (Derrida and Stiegler 2013, 39).

The link of labor, work, and spectrality is made explicit, “like the work of mourning, which produces spectrality, and like *all* work produces spectrality (Ibid).” The spectrality of the specter, inheritance and memory, is the gaze of the Other. We are addressed by the specter, by the visor-effect:

The other, who is dead, was someone for whom a world, that is to say, a possible infinity or a possible indefiniteness of experience was open. It is an opening. Finite-infinite, infinitely finite...from this origin, the one that I cannot re-appropriate,

from this infinitely other place, I am watched (Derrida and Stiegler 2013, 42).

Therefore, our subjectivity, selfhood, is a product of the spectrality of ontology, hauntology. Where Derrida finally takes his spectrological analysis is to the issue of commodity fetishism and ideology.

The linking of spectral logic to the issue of commodity fetishism is the most original and fruitful aspect of Derrida's analysis. Derrida follows Marx through the commodity, use-value and exchange-value, to commodity fetishism. The commodity, claims Marx in *Capital I*, is a simple thing; the commodity, however, has many metaphysical and theological niceties (Marx 1976, 163). The commodity, via price, exchange-value, becomes spirited: the inanimate object, the commodity, becomes animated. The product of labor, for example a table, has life, is animated. By contrast, the worker, the instrument of labor, becomes chained to the object of their work and are inanimate. The instrument lives, whilst the worker is dead. Derrida draws an explicit link between commodity fetishism and the ghost-specter. The table, according to Derrida, "is metamorphosed into a supernatural thing, a *sensuous non-sensuous thing*" (Derrida 1994, 188-9). The specter, the ghost, "is social (Derrida 1994, 190)" and addresses other commodity-specters. This is, "the apparition of a strange creature: at the same time, Life, Thing, Beast, Object, Commodity, Automaton—in a word, specter" (Derrida 1994, 190). This *living-dead* thing is an "animated inanimate" and a "Father-Mother (Derrida 1994, 190-1)." "The ghostly schema now appears indispensable" (Derrida 1994, 189). Essentially, according to Derrida, Marx's analysis of commodity fetishism is the distorted reflection of social relationships in a market-based society: "these ghosts that are commodities transform human producers into ghosts" (Derrida 1994, 195). It is to the relationship between hauntology, culture and political economy that section three turns.

3. The Cultural and Political Economy of Hauntology

"Spectral logic", applied to Marx, offers a rich catacomb of areas of investigation. Specifically, Derrida's conception of the no more one/more than one summates his alternative to Hegel and Marx's ontology. For Hegel and Marx, the world, nature, is knowable via the ontological assumption of the identical

subject-object. The philosopher, according to Hegel, with access to Absolute Knowledge, is the subject of human society. The working class, according to Marx, with access to class consciousness is the subject of history. However, Derrida's orientation to the past, present and future, the more than one/no more one, opens analysis to temporal, diachronic analysis. It is, however, to the relationship between commodity fetishism, the gothic, hauntology, labor, technology, and work that this section turns. A techno-gothic reading of Marx will grant an interesting account of his methodology. It is this gothic, spectral and technological reading of Marx that I designate Hauntological Marxism. A diabolical, necromantic conjuration with the spirits of Hegel, Marx and Derrida: a Marxism of the Crypt.

A hauntological reading of Marx requires analysis of why and how Marx begins *Capital vol. I: A Critique of Political Economy*. Marx begins with the commodity and wealth. He narrows immediately to use-value and exchange-value. His predecessors – the “classical economists” – all accepted the labor theory of value. Marx's key methodological innovation was the tautology of any labor theory of value: if labor creates value then how is value constituted by labor? Or, why is there both a price (for a product of labor) and a value? Why not just either price or (a labor theory of) value? Essentially, Marx realised the labor theory of value can only explain if we accept that price and value are co-incidental. In other words, Marx's analysis in *Capital vol. I* begins with an assumption that “markets clear”, demand and supply settle price (exchange-value): therefore, price is representative of value. Price, exchange-value, represented in Marx's analysis a common third substance: human labor in the abstract. Marx makes use of an analogy to explain how he arrived at this idea:

In order to determine and compare the areas of all rectilinear figures we split them up into triangles. Then the triangle itself is reduced to an expression totally different from its visible shape: half the product of the base and the altitude. In the same way the exchange values of commodities must be reduced to a common element, of which they represent a greater or a lesser quantity. (Marx 1976, 127)

Further, by abstracting away from the utility (use) of a commodity we are left with one quality:

There is nothing left of them in each case but the same phantom-like objectivity; they are merely congealed quantities of homogeneous human labor, i.e. of human labor-power expended without regard to the form of its expenditure. (Marx 1976, 128)

Labor, as value, in Marx's labor theory of value is a "phantom-like objectivity", in other words, value is spectral, a ghost-specter. So, Marx in *Capital I* utilised a supernatural term to describe the social substance, the value, which stands behind or underneath commodities.

In exchange relationships, therefore, according to Marx, if we abstract from use, commodities with identical values will exchange:

A use-value, or useful article, therefore, has value only because abstract human labor is objectified or materialised in it. (Marx 1976, 129)

Marx continues to delineate upon his opening analysis of commodities. Commodities, for example, have a dual character: a natural and a value form:

Not an atom of matter enters into the objectivity of commodities as values... We may twist and turn a single commodity as we wish; it remains impossible to grasp it as a thing possessing value. However, let us remember that commodities possess an objective character as values only in so far as they are all expressions of an identical social substance, human labor, that their objective character as values is therefore purely social. (Marx 1976, 138-9)

Commodities, as value, are measured by "an identical social substance". Value is, therefore, an expression of human labor in the abstract materialised in a corporeal body: the commodity is the "bearer" of exchange-value, price, via value. In the next sections of chapter one of *Capital I* Marx explains the logic of exchange and the emergence of money. It is, however, to the last section of chapter one, the theory of commodity fetishism, that we now turn:

A commodity appears at first sight an extremely obvious, trivial thing. But its analysis brings out that it is a very strange thing, abounding in metaphysical subtleties and theological niceties. (Marx 1976, 163)

This famous opening passage to section four of chapter one of *Capital I*, “The Fetishism of the Commodity and its Secret” heralds Marx’s account of how a society of universal commodity exchange appears. To know appearances – as every dialectician knows – is to grasp the mode of appearance of essence. A commodity is a use-value, an object of utility: human labor plus raw material produces a table, etc. There is, “nothing mysterious about it”:

But as soon as it emerges as a commodity, it changes into a thing which transcends sensuousness. It not only stands with its feet on the ground, but, in relation to all other commodities, it stands on its head, and evolves out of its wooden brain grotesque ideas, far more wonderful than if it were to begin dancing of its own free will (Marx 1976, 163-4).

Why are commodities so mysterious that they dance of their own free will? “The enigmatic character of the product of labor... arises from the form itself”:

The mysterious character of the commodity-form consists therefore simply in the fact that the commodity reflects the social characteristics of men’s own labor as objective characteristics of the products of labor themselves, as the socio-natural properties of these things (Marx 1976, 164-5).

The real social relations between human beings appear to be properties of the commodities. Marx here draws an analogy with religion: the products of the human mind in religion (the gods) appear to act autonomously; analogously, the products of human labor, in a society of universal commodity exchange, appear to act independently. Marx calls this process the fetishism that is attached to, “the products of labor as soon as they are produced as commodities” (Marx 1976, 165).

According to Marx, “it is only by being exchanged that the products of labor acquire a socially uniform objectivity as values” (Marx 1976, 165-6). The products of labor, commodities, become a “social hieroglyphic” to be deciphered because it is through the act of exchange that their commensurability is created (Marx 1976, 167). The fetishized form of commodity production, the money-form:

Conceals the social character of private labor and the social relations between the individual workers, by making those

relations appear as relations between material objects, instead of revealing them plainly (Marx 1976, 168-9).

For Marx, the categories of bourgeois economics are socially valid for capitalism. He, however, seeks the socially valid laws which apply only to capitalism:

The whole mystery of commodities, all the magic and necromancy that surrounds the products of labor on the basis of commodity production, vanishes therefore as soon as we come to other forms of production (Marx 1976, 169).

Bourgeois economists, for example, failed to analyse why value assumed the particular form it did: “why the measurement of labor by its duration is expressed in the magnitude of value of the product” (Marx 1976, 174). This mode of production, the capitalist, appears as natural to the present elite. The mastery of humanity by machinery is natural to the epigones of capitalism. Value, the expression of labor, is a “phantom-like objectivity” (Marx 1976, 128) and the use of gothic, necromantic and technological themes abound in the rest of *Capital vol. I*: the dead, the living-dead, vampires, spirits and phantoms proliferate. There are a number of avenues to explore – absence, death, the ghost-specter, labor, and technology – we turn to these to close this section of the article.

Value, in Marx’s interpretative schema in *Capital vol. I*, is a spectral logic. Like the square area of a rectilinear figure, it, value, is a reduction of form which is totally different to the figures physical shape. The reading of Marx’s labor theory of value as a spectro-logic can be extended indefinitely, I suspect. Marx makes great use of dead metaphors and analogies to describe the relationship between labor, technology and capital. Machinery, for example, is dead without living labor, it, the worker, “must awaken them from the dead” (Marx 1976, 289). “Capital is dead labor which, vampire-like, lives only by sucking living labor, and lives the more, the more labor it sucks” (Marx 1976, 342). Machinery and the factory are a “lifeless mechanism”, that:

Owing to its conversion into an automaton, the instrument of labor confronts the worker during the labor process in the shape of capital, dead labor, which dominates and soaks up living labor-power (Marx 1976, 548).

Further, in an appendix to *Capital I*, printed in the new translation of 1976, Marx describes the relationship of capital and labor in techno-gothic terms. The worker produces means of production, necessary and surplus labor, capital for the capitalist. Therefore, living labor, the workforce, confronts a self-expanding, autonomous creature, “*value valorising itself, capital*” (Marx 1976, 988). Living labor is ruled by the past, capital, “dead labor” (Marx 1976, 988):

The rule of the capitalist over the worker is the rule of things over man, of dead labor over the living, of the product over the producer (Marx 1976, 990).

The one is in the past, the other in the present; the one dead, the other living; the one objectified in the past, the other objectifying itself in the present (Marx 1976, 994).

Marx’s use of language here suggests something more than metaphor. It will be remembered that in section one of this article we discussed Marx’s theory of technology as a dialectical methodology: technology “reveals”, “discloses”, opens, society to dialectical analysis.

The techno-gothic reading presented here suggests that we combine Derrida’s spectral logic with Marx’s investigation of economics, labor and technology. This hauntological reading would utilise Marx’s dialectical investigation of technology and society, in conjunction with the labor theory of value. Value is a ghost-specter which haunts the capitalist mode of production. The living instrument, the worker, is subsumed by the dead, capital. Past labor, dead labor, capital, lives at the expense of living labor. Capital also, however, is sunk in machinery and so machinery itself (technology) can also take on, or become, a similar monstrous creature dominating the living. This relationship and analysis is a cultural and political economy of hauntology. This is a different approach to Marxian cultural and political economy to that outlined by Michael Marder in 2004 (Marder). Further, these ideas also lead us back to Hegel and Marx’s dialectical method. Specifically fruitful here would be to understand how Derrida’s use of *différance* compares to the role of negativity in Hegel and Marx’s dialectic. Further links can be drawn to Freud and psychoanalysis and the politics of memory, to name only two important areas for future research. There are, for example, a few ways to make something new: one,

add a new thing, a “novum” as described by science-fiction scholar Darko Suvin (Suvin 2016, 79); two, re-apply an old thing in a new way.³ Therefore, the Marxism of the Crypt is a re-application of an old method in a new context of ultra-modernism. In other words, a Marxism of the crypt is the application of an old method in a global society rapidly reaching the nadir of new liberal nirvana. The present epoch of the techno-gothic seems suspiciously close to Marx’s “universal commodity exchange” posited in *Capital I*.

Conclusion

To return to the beginning of this article: what is *living* and what is *dead* in Marxism? As we saw, Marx was a rationalist child of the Enlightenment: he was, therefore, anti-ghost-specter. Yet his work was also a product of Hegel’s *The Phenomenology of Spirit*. The Master-slave dialectic is one about the power of life and death: it appears that the master lives and is dominant over the slave. The slave, the servant, the worker, denies their own desire and lives for the future. The future-orientation of the slave makes their progress the progress of life. The Master-slave dialectic re-appears, therefore, in Marx, as the dialectic of capital and labor. Capital, dead labor, past labor, comes to dominate the present: the dead continue at the expense of the living. “*Le mort saisit le vif!*” Trans.: “the dead man clutches onto the living!” (Marx 1976, 91). The dead and the living-dead in Marx, the spectral logic of value, offer a fruitful techno-gothic perspective. Commodities, inanimate things, have a life of their own. Commodities socialise; yet, human beings, living labor, are alienated. Inanimate things animate; but human beings become the inanimate-animate keepers of autonomous machines. The Marxism of the Crypt is, therefore, where Irish New Waves are beginning to form...and every beginning is an end, just as every end is a beginning.

The Irish New Wave – a novum in Irish radical and critical theory – offers a new interpretation of some old problems. The bourgeois revolution in Ireland, in the epochal sense, for example,

3 The usage of hauntology – and by extension, alienation – further correlates with Miéville’s call to develop Suvin’s notion of “cognitive estrangement” as the definition of science fiction towards “alterity-as-estrangement” (Miéville 2009, 244). The inter-relationship of alienation, alterity and hauntology is an area for further investigation.

is a constituent portion of the British, four-nations and Atlantic bourgeois revolutions (Loughlin 2017b). For instance, despite assertions to the contrary, Marxism has had a significant impact on the history of Ireland. William Morris, James Connolly and E. P. Thompson offer a rival, alternative basis for Irish Western Marxism and Irish Critical Theory. The Marxism of the Crypt is one of the areas of development open to an Irish New Wave. The growing, relative and absolute, alienation we see, experience and feel is a part of the techno-gothic modernity we inhabit. A techno-gothic Marxist reading of Irish society may well offer expansive grounds to think about and act within our present discontents. The age of autonomous machinery now occupies us: these are the stakes of gothic modernity. Further areas demanding attention flowing from this chapter also emerge. Marx's use of gendered metaphors, for example, needs to be examined in-depth. His dialectical methodology, it seems to the present author, offers ample space to examine the politics of re-production and the politics of gender, but these issues require more consideration. Other links between Hauntological Marxism and psychoanalysis, Freud, Jung and Lacan, should also be examined. Last, many of the binary distinctions drawn in orthodox Marxism can be questioned via Derrida's spectro-logic. In this article, however, we have only been able to broach some of these issues. What, finally, does the ghost-specter tell us with regard to Marx?

Marx, despite his proffered scientific views, was very much a gothic and necromantic writer. No reader of Marx can fail to be impressed by his historical and theoretical erudition. However, it seems to the present author, that too much modernism has been *read into* and *asserted upon* Marx. Marx's vision is both a gothic and modern analysis: akin to Victor Frankenstein, Marx conjures with both old and new. Marx also critiques rentier behaviour and the basis of rent: the parasitism of early modern elites is contrasted with the new epoch of bourgeois parasitism. Fundamentally, the monstrous, morbid symptoms of capitalism today are the explicit signs of what is always occurring, necessarily, in a society of universal commodity exchange: the gothic and the sublime entwine. Capitalism – and this nightmare present – is always gothic, always haunted, always pathological and always bloodied. Capitalism, in short, is like Macbeth, “my hands will stain the seas scarlet”

(*Macbeth*, Act II, scene 2). The Marxism of the Crypt is one of the haunted places we must visit if we are to finally confront this dystopian present. And thus, ultimately, find a way to “learn how to live, finally” (Derrida 1994, xvi).

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THE EXCHANGE BETWEEN EQUIVALENTS AND THE SURPLUS VALUE THEORY

Abstract

The surplus value theory is one of Marx's major contributions to economic thought. In this text, we aim to explain how the Marxian discovery is connected to the processes of abstraction carried out by him. The main abstraction used by Marx in the investigation of surplus value is the principle of exchange between equivalents. Despite this abstraction, which, apparently, may not be the most radical one, we show that the arguments are more profound and critical, both for theoretical, as well as for practical purposes. If one does not observe this principle in the context of the first book of Capital, the disclosure of surplus value cannot happen.

Keywords: *Critique of political economy, surplus value, exchange between equivalents*

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Introduction

In critical times, the need for critical ideas is emphasised. Therefore, it is common, particularly amongst people who dedicate themselves to the social transformation, and from the most immediate point of view, to present themselves more critically, and by doing so, they could gather more supporters. Nonetheless, in many occasions, the ability to produce a more profound analysis of the reality depends on the acceptance of certain presuppositions that have a lesser social appeal, and are therefore considered to be less able to call efforts towards analysing and coping with real social problems.

Sometimes, it is possible that the apparently less radical hypothesis, in fact, does not come to lead to the most profound apprehension of reality. It is possible that a reasoning, when it accepts hypotheses in its construction that apparently – but only apparently – are conciliatory, becomes capable of building a critique that is even more radical. In other words, such an argument can be the basis for the construction of a theoretical body that enables us to learn about reality more thoroughly so that the critique can be made. A critique based on more profound knowledge is always more effective.

This is the case with the hypothesis adopted by Marx in the greater part of his *Capital*'s first book: the equivalence in exchanges within the capitalist mode of production¹. It is a premise that, when compared with other ideas used in his historical time, could present itself as being less radical analytically. However, what gives the foundations of Marx's (2010) main discovery, the category of surplus value, as we try to discuss ahead, is the acceptance of this hypothesis. In other words, this is not only a hypothesis, but an abstraction that theoretically wipes out cases when a more valuable commodity is exchanged for another less worthy one².

1 In *Grundrisse*, written between 1857 and 1858, Marx was already fully aware that, concretely, the equivalence was not present in every single individual exchange. In other words, Marx was aware that the prices, in most cases, did not correspond to their values. See (Marx 1973, 141-145). Nonetheless, in *Capital*, in the greater part of the first book, the non-correspondences are abstracted. The exception appears, mainly, in the process of formation of wages considering the existence of an industrial reserve army of a considerable size. However, those are posterior considerations to the discovery of *surplus value*, which, in its turn, can be demonstrated considering the exchange between equivalents.

2 "In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are

Without this abstraction, the disclosure of surplus value – the main and the most critical of Marx’s findings concerning the workings of the capitalist mode of production – would not be possible. Our main aim in this text is to try to demonstrate how Marx (2010) constructs the abstraction that he adopts regarding the validity of the exchanges between equivalents and how surplus value depends on this abstraction that is discovered within reality.

To do this, it is necessary to travel a relatively long way through Marx’s *Capital*. It is necessary to put aside commodity until the point of the explanation of the formation of surplus value. All along Marx’s (2010) presentation, the exchange between equivalents is an important presupposition. When it is not the case, Marx (2010) informs the reader otherwise. There are two main exceptions: when he deals with the history of labour laws and with the transformation of labour power’s value in wages. Considering this presupposition, this text has to deal with the differentiation of value, use value and exchange value concepts and their contents. The exchange process will only be referred to, and so will the money functions, because they are closely related to the discussion on value. However, the more important for us is the transformation process of money into capital considering the presuppositions that turned possible the discovery of surplus value. It is in this very moment that the supposition of the exchange between equivalents will show itself as being necessary.

1. Commodity, labour and value

As his point of departure, Marx (2010) focuses on commodities.³ Within the societies where the capitalist mode of production

of use. The force of abstraction must replace both” (Marx 2010, 8).

3 In his assessments on the Political Economy Textbook from Adolph Wagner, Marx (1973a) replies to the comments on his work by Wagner as follows: “For me, neither ‘value’ or ‘exchange value’ are subjects [of research], but rather the commodity” (Marx 1973a, 358). However, it is reasonable to suppose that, to an extent, value is also a subject of research, but only if it is related to the main theme, which are commodities. That’s why Marx did not occupy himself on defining the value concept in an aprioristic fashion, but always did so in reference to the properties of commodities which he has progressively revealed along with his analysis. Considering that the value does not have this aprioristic feature, David Harvey (2010, 15) claims that commodities would nonetheless be Marx’s a priori departure point. Maybe it would be interesting if the British geographer had added that commodities are an a priori departure point only when considering the presentation aspect of Marx’ work. From the aspect of the process of investigation, Marx had to go a long way to be able to conclude that this was the most correct departure point regarding the presentation of his subject.

is predominant, wealth appears as a huge sum of commodities, “its unit being a single commodity (...) our investigation must therefore begin with the analysis of a commodity” (Marx 2010, 45). The capitalist mode of production, which is the ultimate subject matter of the author, consists of a system of social relationships that rules over the production of wealth in a particular society in human history. In this sense, to understand the characteristics of wealth in society, capitalism is the logical step to be taken by Marx.

And this is the case even when we consider the appearance of the wealth, on the facts’ surface, as Marx (2010) himself had proclaimed. Up to this part in *Capital*, this appearance is still to be investigated, what would be made by him in the following sections of his work.⁴ The author, from this point on, looks forward to the analysis of this subject matter considering multiple points of view and different abstraction levels.

Marx progressively tries to deepen his subject matter and he does so by leading the reader along the course from the appearance to the essence of capitalist structures. He therefore departs, from this appearance: “one only describes something as a *commodity* if it is exchanged, something that in addition to its *use value* also has an *exchange value*” (Heinrich 2004, 40).

The use value of a thing is its utility, or the material properties that allows the owner of a thing to enjoy some benefit. The thing has its use value attribute regardless of being exchanged in a transaction relation. The exchange value, on the other hand, is a purely social feature, “only in societies where things are exchanged do they possess an exchange value, only then are they commodities” (Heinrich 2004, 40).

The analysis of the exchange value, however, is not a trivial one. First and foremost because it does not depend on an exclusively quantitative investigation or one that focuses only on the content aspect. Rather, it depends also on a formal analysis, i.e., the analysis of the forms taken by value.

4 According to Marx (2010), there is no a hierarchical relationship between appearance and essence, in such a sense that the latter would be more real than the former. Both are equally real and necessary, because they are both subject matters for the author. The difference exists in the fact that the appearance presents by itself and the essence depends on the scientific investigation to be analysed and exposed. See: Mandel (1998).

Second, because, even considering that in some cases, and even regarding the possibility that they are done in this manner with didactical purposes, a theoretical confusion can be made, which is the case when the concept of exchange value has been made absolute by some important scholars as being, by itself, the content and the value form. This is not the case, at least in *Capital*, for Marx (2010, 47) claimed that “exchange value, generally, is only the mode of expression, the phenomenal form, of something contained in it, yet distinguishable from it”.⁵

Third, because the distinction between value and exchange value was still absent for Marx himself, for instance, in *A Contribution to the Critique of Political Economy* (Marx 1971), originally published in 1859. Even in *Capital*'s first German edition⁶, published in 1867, when Marx (1867) already considered the value-forms, sometimes explicitly expressed that this differentiation was not necessary. In the first edition of *Capital*, there is a meaningful footnote, which was removed from the next versions of the work, where Marx (1867, 4) claimed that: “When we, from now on, use the word ‘value’ without further qualifications, we will always be referring to the exchange value”. In further editions and works, Marx would not keep this point of view.

Exchange value is a manifestation of another content – i.e. use value – and it appears as the proportion in which different commodities are traded. The more species of commodities are

5 This conception that obliterates the difference of value content and its form seems to be present, for instance, in Mészáros (1995, 523): “In order to make the production of wealth the aim of mankind, it was necessary to separate use-value from exchange-value, under the supremacy of the latter. This characteristic, in fact, was one of the main secrets of capital’s dynamic success in that the given limitations of need did not constrain its development. For capital was oriented towards the production and enlarged reproduction of exchanged-value”.

There are some risky aspects in these claims. The first one is the risk of fostering a teleological interpretation of a particularly broad historical fact which is formed by many causalities. This happens when one reads the process of separation of use value from exchange value as being consciously performed by the human actors considering its necessity to capital as a process. Second, Mészáros (1995) tells us that capital produces and reproduces exchange value. But, if Marx’s (2010) statements are correct, it is not possible to produce exchange value directly considering that they come into existence only in the very moment of exchange, being a manifestation of a content different from itself, i. e., the value. Value is produced, considering the productivity conditions, when one applies useful labour onto a use value. The exchange value is only the manifestation of value. Still, even though the exchange value did become the central mediation of economic relationships only in capitalist society, with Mészáros’ statements, there is a risk of consider its existence as being exclusive to this political-economic system.

6 Most versions of *Capital* all over the world are based on the 4th German edition.

available for trade, the bigger the number of exchange values a single commodity has. When he showed, for example, how different quantities of wheat, shoe polish, silk and gold are interchangeable among themselves, Marx (2010) started questioning – at a presentation level – whether there is something in common with all these distinct commodities: what they express when they take part, effectively or potentially, in an exchange relationship?

The answer to this question is precisely value. Exchange value is only defined by the different proportions in which different commodities are exchanged. But, when those exchange processes take place, their exchange values express ‘something’ in common, which is value.

Value, on its part, is not derived from the physical properties of commodities. Therefore, it is reasonable to abstract away, and this is key within the commodity analysis, from their useful properties, i.e., from their use values. When this is done, the commodities don’t have any specific utility anymore. They don’t even have a concrete and definite form: they are only a product of labour (Marx, 2010). Now, if their bodily properties were abstracted away, they have become indistinguishable among themselves, as has the kind of labour that produced them. Before this abstraction process, labour was to be considered in its concrete form: useful and definite. Now, it shows itself in its abstract and non-determinate form. It is, therefore, as an accumulation of this social matter, abstract labour, that commodities become values.

From a content and magnitude aspects, value is a concept that doesn’t bring as much of an issue to theoretical analysis. Political Economy, up to a certain extent, did already establish labour as the quantitative determinant of value, considering its time duration or its intensity. “This labour value theory was the common comprehension within the Political Economy during Marx’s times” (Heinrich 2004, 42).

According to Heinrich (2004), Marx was able to further contribute to the analysis, considering the quantitative aspect, adding more precision and sophistication. The measure of value, for Marx, should be related to the nature of the labour that can be represented in the commodity, considering the abstractions made. If, analytically, the commodity has no more concrete forms, the

labour that produced it also would not have those features: it will be only muscle, nerve and brain expenditures. Other factors, such as ability and intensity are also abstracted away, because if the labour is social and abstract, therefore equal, so every single labour process is the expenditure of the same total labour power. “The total labour power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogenous mass of human labour power, composed though it be of innumerable individual units” (Marx 2010, 49).

In that sense, Marx (2010) highlights the social character of labour time, revealing the well-known concept of “socially necessary labour time” in order to express it.⁷ By doing so, he underscores the social character of the labour process itself, being able to overcome in this particular question a problem present in Classical Political Economy theories, concerning methodological individualism.⁸

The remains of the quantitative determination of value are analysed with consideration for the level of productive forces. If the methods of production of a certain productive sector are improved, then every single commodity of this sector would need less time to be produced and thus, its value would become smaller. Similarly, this principle and its effect can be observed in the opposite direction: if there is a factor that enlarges, socially or on average, the labour time consumed in the production of a commodity, then its value will increase.

This analysis is still useful for the investigation the value of individual commodities of a certain kind, but not for the variations in the value of the total mass of produced commodities, even though the volume of labour represented in each example might have been reduced or increased (Marx 2010). Regarding the total amount, we have to look for the total time of hours used in the production process of every single commodity of a certain sector, weighted by the productivity of each unit of production and its relative contribution to the total quantity of commodities produced.

7 “We see then that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour time socially necessary for its production” (Marx 2010, 49).

8 Implications of this methodological standpoint are discussed by Mészáros (2010). The conclusions that he draws from his concept of “point of view of Political Economy” are particularly interesting. Marx (2010) repeatedly talks about ‘robinsonades’ when referring to idealistic and ahistorical usages of Defoe’s (2007) fable about Robinson Crusoe. See: Wellen. Rosa (2015).

This value determination, however, doesn't mean that the exact proportions dictated by precise magnitude values will be observed in every single exchange processes. Considering that those exchanges are established with regard to the capacity of exchange possessed by them, which is expressed in their exchange values, the two commodities within an exchange may have different values, i.e., different socially necessary labour times. But this is the case when the referred abstraction does not apply. That's why Heinrich claims that:

Objectivity as value is not a tangible aspect of an individual commodity. Only with the act of exchange does value obtain an objective value form, thus the importance of the 'value form analysis' for Marx's theory of value (Heinrich 2004, 55).

According to Heinrich (2004), this value objectivity cannot directly emerge to the surface with the price form. There is a considerable number of mediations that makes this process possible. The value magnitude, up to some extent, does represent some proportion to the so-called costs of production discussed by Marx (2010a) in his *Capital's* third book. However, it is beyond the scope of our text.

What is interesting for us is that there is an estimation in this process, and this is a component of the price form. "But the estimation of a value is in no way the same thing as the existence of this value, a painful fact that some producers experience firsthand" (Heinrich 2004, 55). It is the problem of the emersion of prices that poses to us a foundational debate on the main idea of this text: what is an exchange between equivalents, and how can it be defined according to the reasoning of the Critique of Political Economy?

2. Value form, exchange and equivalence

Considering the exchange between equivalents, on the one hand, we are not allowed to state that it is an exchange in which the value of every single commodity equates its price, as it is common in a certain kind of economic literature, particularly the most didactic works. On the other hand, it is possible to highlight that there might be some correspondence between value and price. The problem is precisely to tell what is implied by that 'correspondence'. We can

affirm that it is an exchange of commodities in which not a single person who takes part in it gets more value from the circulation than he or she gives to it in a specific exchange.

When the factors of supply and demand are taken into account, price becomes the primary expression of exchange value. Value is simply value, there is no subcategorization but, in the main, value is not exchange value. That is why it is important to distinguish them. To affirm that, in particular or general cases, values are to be held as equal to prices, as we can see in certain literature, is not a true claim, not even a possible one. Why? Because price is a monetary expression of exchange value. The price of a commodity is the quantity of money against which a definite quantity of this commodity can be exchanged for. The unit of this exchange value, in this case, is a monetary quantity. If one wants to use another commodity as a reference, therefore as the equivalent form⁹, the amount of this commodity, in its bodily form, will be used as the reference unit. The former commodity (in relative form) would have its value measured by this new commodity, becoming its exchange value, in this particular exchange process.

What is the measure unit of value? It is socially necessary labour time. How can one say that the value is quantitatively equal to the price if those are two different magnitudes to be evaluated by completely different measure units? It is impossible. Therefore, one could not say in any case that price is equal to value. Thus, one cannot also say that value is equal to the exchange value whether we consider it quantitatively or qualitatively. Because they are qualitatively different, they cannot be compared quantitatively. This is why distinguishing between value and exchange value is so important. The represents the content. The other is the form of manifestation. Undoubtedly, there is a connection between them, but they are not identical concepts. If this is not the adequate manner, how should one characterize the exchange between equivalents?

Every single exchange that takes place within the capitalist mode of production follows the laws of capitalist circulation and,

9 In this case, we are talking about the relative and equivalent forms within the discussion of the value form. Equivalent form is the commodity that gives its use value as a unit to the measurement of the value of another commodity, which is in the equivalent form. Thus, one should not mix up the concepts of equivalent form and exchange between equivalents. Even an exchange between non-equivalents would require an equivalent form.

thus, exchange value is presupposed. But one cannot say, as we stated before, that value equals exchange value¹⁰. Therefore, what defines an exchange as being between equivalents is the absence of accumulation or losses in terms of value through the act of exchange, considering the two parties in each specific exchange process. Both participants, after the exchange process took place, are in possession of a quantity of commodities with the same value as the commodities initially supplied by them. This means that each quantity of commodity is exchanged by another one that has exactly the same value.

A definite amount of commodity A with a value of x hours of socially necessary labour is exchanged against another definite amount of commodity B with a value of the same x hours of socially necessary labour. This doesn't mean that a specific commodity's value is identical to its price. As we affirmed before, since prices and values are measured by different units, and reveal different aspects of the commodity, it does not make sense for them to be equal.

The abstraction made by Marx (2010) in *Capital*, except when the contrary is stated, is that even the most specific exchange acts are to be regarded as being between equivalents. We need to consider, however, that there are moments in *Capital* in which Marx (2010) considers cases of exchanges between non-equivalents. For example, in the section immediately before the presentation of surplus value. There, he explains how exchanges between non-equivalents do not make accumulation possible, from the point of view of capital in general. Such a mechanism would lead us to a zero-sum game. Considering the contributions brought up in *Capital III*, Marx's (2010a) analyses can be widened up in the

10 As alluded before, Marx (1867) in the first book of *Capital* was not fully aware of the differentiation between exchange value and value. From the first to the fourth German edition – considering the French one – this was carefully revised by Marx (2010). But at least in one small passage in *Capital*, some seemingly needed corrections were missed. For instance: “If commodities, or commodities and money, of equal exchange value, and consequently equivalents, are exchanged, it is plain that no one abstracts more value from, than he throws into, circulation” (Marx 2010, 170). This small section, which was checked against the original 4th German edition, doesn't fully adjust itself to the reasoning of exchange between equivalents. Exchange values, as stated before, are multiple. Therefore, there should have been some kind of guarantee that every single possible exchange value would be adjusted among themselves in equivalent terms, regarding their *values*. If there would be a single equivalence distortion in only one case, then the stated relationship by Marx (2010) would not be valid. Therefore, this section would be better presented if Marx (2010) talked about “equal value” instead of “equal exchange value”.

sense of considering that one or another particular capital can keep on with its accumulation process in a certain scenario. But this would only take place at expenses of some other sectors of capitalist accumulation, because we are considering the globally zero-sum exchanges between non-equivalents: in this case, some win and others lose. But this is not a valid abstraction to capital in general. Only with the existence of surplus value can the accumulation of capital in general occur. One does not need to point out that both processes interweave themselves continually: at the same time, as the general accumulation of capital is enabled by the surplus value, there are conflicts within the capitalist class regarding the seizing of more value than was thrown into circulation.

Thus, Marx (2010) is aware that concretely, with more determinations, i.e., when the volume of abstractions is lower, it is impossible for the exchanging parties to be able to carry out each of their trading acts according to the equivalence principle. However, theoretically, this principle is enforced, and it is reasonable for it to be so.

The remarkable contribution from Marx (2010), in this regard, and the one that has permitted him to arrive at the comprehension of the meaning of exchange between equivalents, and thus, to the form of its negation, the exchange between non-equivalents, is his analysis of the value form. The deepening in this subject matter and a more thorough comprehension of its dynamics only would have become possible when he became able to discern between exchange value and value: implicitly in the first edition of *Capital*, and explicitly from the second edition onwards.

Questioning the value form is one of the most noteworthy aspects of the economic thought conducted by the Critique of Political Economy. The very process of posing the question, which was made by Marx (2010), was something hitherto unseen in Political Economy. Whence that famous passage from the German thinker:

Everyone knows, if he knows nothing else, that commodities have a value form common to them all, and presenting a marked contrast with the varied bodily forms of their use values. I mean the money form. Here, however, a task is set us, the performance of which has never yet even been

attempted by bourgeois¹¹ economy, the task of tracing the genesis of this money form, of developing the expression of value implied in the value relation of commodities, from its simplest, almost imperceptible outline, to the dazzling money form. By doing this we shall, at the same time, solve the riddle presented by money (Marx 2010, 57-8).

This task was performed by Marx (2010) considering his analysis of value forms. It was about the departure from the simple or accidental value form until the arrival at the money form. Thus, he would be able to wipe out the enigma that surrounds money. According to him, such a question wasn't even formulated by Political Economy.

As stated by Heinrich (2004), Marx analyses the money following the ensuing steps: 1) the analysis of the simpler forms, until the queries on money form; 2) the activity of commodity owners; 3) the functions that money would assume. In this text, we are going to focus on the first of these three steps because it enables us to understand the idea of exchange between equivalents.

Marx (2010) starts by unfolding the simple or accidental form of value. The author carries out the formal procedure, conceiving a simple equation: on the one hand, the first commodity as relative form of value; on the other, the second commodity as an equivalent form:

$$x \text{ commodity A} = y \text{ commodity B}$$

The German thinker builds, based on such a simple equation, an opening into the sphere of value, making it possible for him to pose the decisive questions. We are dealing with two different commodities, qualitatively and quantitatively. In the exchange process, nonetheless, they are turned into equal ones, as they were able to express something identical. Value, according to Heinrich (2004, 58), cannot be grasped within an individual use value; it only obtains a tangible form in the expression of value: the commodity

¹¹ Although it must be highlighted that in the preface of the first edition of *Capital*, Marx (2010) affirmed that the human spirit tried to understand the money form in multiple times prior to him, "The value form, whose fully developed shape is the money form, is very elementary and simple. Nevertheless, the human mind has for more than 2000 years sought in vain to get to the bottom of it, whilst on the other hand, to the successful analysis of much more composite and complex forms, there has been at least an approximation" (Marx 2010, 8).

that appears as the equivalent form (commodity B) now has the status of being the embodiment of the value of the commodity in the relative form of value (commodity A).

As Marx (2010) explains, within the expression of value, the second commodity, the one that is under the equivalent form, performs a specific role. It not only keeps being a specific use value, but also, at the same time, sets itself to the manifestation of its contrary. This commodity is now the direct embodiment, the material expression of the commodity's value that is under the relative form: "in the value equation, in which the coat [the second commodity] is the equivalent of the linen [the first commodity], the coat officiates as the form of value" (Marx 2010, 62).

This particular use value becomes the exchange value of the commodity that is under the relative form. The exchange value, therefore, of the 20 yards of linen, according to the example, would be equivalent to one coat. The measurement of the exchange value is not the amount of socially necessary labour time. Rather, it is the quantity of another commodity that *represents* this time: this time period, in its turn, is indeed the measurement of value. Certainly, this only could be said if one considers the prerequisites that enable the socially necessary labour time employed on a particular kind of commodity to be counted as valid. Then, it holds the social average, and the commodity produced by this process must be able to satisfy a social need. For "value is something purely social; it expresses the *equal social validity* of two completely different concrete acts of labour, and it is therefore a specific *social relationship*" (Heinrich 2004, 59).

Without dealing further with more details – otherwise significantly important ones to the comprehension in more depth of the value form analysis – we can only summarise the remaining formal expressions of value. If one considers a hypothetical commodity A in relation to every other existent commodity, we would have the "total or expanded form of value": 20 yards of linen are worth a coat, or 10 lbs of tea, or 40 lbs of coffee, etc. The value of linen, according to Heinrich (2004) is, in this case, related to the world of commodities. This author highlights that this commodity is actually capable of letting its value to be expressed by all these other commodities.

This point of view forces us to overcome a limitation of the elementary or accidental form: the quantities of commodities to be exchanged don't seem to be accidentally or casually defined anymore. Now, a regularity seems to be more relevant in the observation of the different exchange processes. This expanded form would still be inadequate, according to Heinrich (2004). For we would still have only just one relative form against many equivalent ones, that mutually exclude each other. The expression of the value of the linen would become attached every now and then either to the coat, or tea, or coffee.

The inversion of the value expression series would, in its turn, permit us to see a cohesive and unified expression: 1 coat, 10 lbs of tea, 40 lbs of coffee, all these commodities and their quantities being worth 20 yards of linen. In this form: “a *single* commodity, the ‘general equivalent’, serves as an expression of value for all other commodities” (Heinrich 2004, 60).

The money form is also a general value form, being the money the main object capable of performing this function. The difference exists only with respect to the kind of commodity the expression of all the values of diverse commodities is to be carried out by. If one lists the prices¹² of all other commodities in terms of linen – considering linen as a hypothetical kind of money for exemplification purposes – when he or she arrives to the result that 10 lbs of tea, 40 lbs of coffee or 1 coat are priced 20 yards of linen each, the absurdity comes to the forefront. However, when one says that all these commodities are worth a definite quantity of currency of any country¹³, the absurdity vanishes.

The final one is the money form. All existing commodities express their values in a specific commodity which was drafted from the circulation process by society and acquired the exclusive validity in expressing values. However, except when concerning this later feature of the commodity having the monopoly in the

12 The price form is nothing more than the value manifestation in which money is under the equivalent form within a value expression. From the formal standpoint, the relationship is a simple one. The difficulty arises when the process of quantitative transformation of values into prices takes place. A good, though summary about the transformation problem, is available in Sweezy (1946).

13 For the purposes of simplification, and because it is beyond our scope, we preferred not to make references to paper currency. However, it does not contradict what was discussed. It adds an extra layer of considerations which can be read in Marx (2010, 135-140).

expression of values, all the remaining attributes of money form are identical to the general form. In the general form, any commodity could assume the general role; in the money form, only money. From that moment on, commodities express their values in the body of money or money units. Thus, we have a price form:

$$x \text{ commodity A} = z \text{ sterling pounds}$$

Every single one of those forms follows the principle of exchange between equivalents that we have been talking about all along. We had to come to the price form because it is the basis of the explanation of money. It is not our intention to explain money. Rather, we aim to comprehend how money is transformed into capital, and how the exchange between equivalents principle is mandatory in order to disclose the surplus value theory.

The problems concerning the transformation of money into capital appear to Marx (2010) according to the following: capital is a definite value that tends to its own increase. Considering someone who is the owner of a quantity of money and wants or needs to make this amount still more valuable, he or she has to transform it into capital. To do it, it is necessary, if one abstracts away from credit and commerce, that this person (the capitalist) go to the market and buy certain commodities related to a productive process. Marx (2010) aimed to understand how it would be possible for the capitalist class as a whole to be able to accumulate capital simultaneously. His analysis, thus, should begin by the circulation process.

The first abstraction – which is rather a theoretical exercise – posed by Marx (2010) is that commodities were to be sold according to the value at which they were bought. In this case, Marx does not consider the value-adding productive processes which would come later on in his work. In this case, it follows that no one would get more value from the circulation than he or she has thrown into it.

The second exercise is made considering the case when every single capitalist would sell their commodities with an identical percentage increase respectively. In that case, each capitalist who sells a commodity gets a surplus with every transaction. However, this does not mean that the global capital can be increased because each seller is a buyer in some occasion. What he or she gets more from each selling process is counterweighted by the losses when

he or she buys something. “Turn and twist then as we may, the fact remains unaltered. If equivalents are exchanged, no surplus value results, and if non-equivalents are exchanged, still no surplus value. Circulation, or the exchange of commodities, begets no value” (Marx 2010, 174).

For this reason, the path given by the non-equivalency cannot solve the problem. Besides, the investigation only from within the sphere of the circulation is not able to give answers from the standpoint of capital in general. Hence, we need to look closer into the production process. The prerequisite, thus, is that the commodities are to be exchanged at their exact values. Then, the capitalist must find a way to add value to the ensemble of commodities he initially bought: beyond the value paid in that occasion. This way is to be found within the process of production.

The capitalist, according to Marx’s (2010) abstraction, up to this point in *Capital*, must buy the means of production and labour power exactly at the values they possess. In the case of labour power, its value corresponds to the sum of all the commodities needed to guarantee the worker’s reproduction. Only the labour process creates and transfers value from one commodity to another. The specifics here are that the capitalist buys the *commodity* labour power. The consumption of it or the useful aspect given by its properties as use value is precisely the labour process.

In a society which has achieved a minimum threshold regarding the level of development of productive forces, the labour process of an individual worker is normally capable of replacing the value of its labour power in a time period smaller than a complete labour time, say of eight or six hours. In such a case, when it is performed, this labour process carries out the transference of value from the means of production onto the final commodity. At the same time, it aggregates more value, more than enough to replace the value to be paid to the worker by the capitalist.

The commodity, when it is seen from within the process of production, is a synthesis of different use values, and therefore values. Both the raw and auxiliary materials, the machinery and labour power are included in this process. All of these elements are themselves values, because they were produced or depended upon some production of values in order to exist. In the new process,

some materials have their values completely transmitted to new commodities. Others do so only partially. Only labour power, considered along with the labour process, is capable of adding a new value to the commodity. One part of the work journey represents the replacement of the value that it is to be paid by the capitalist. The other part of the journey, which reaches beyond this level, is a completely new value added to the commodity. It is not paid back to the worker because the capitalist does not buy the labour process, but the labour power, and the principle of equivalent exchange, abstractly considered by Marx (2010), is enforced.

Marx (2010) pointed out the difference between necessary labour and surplus labour. The time which corresponds to the necessary labour is equivalent to the value the worker receives for selling his labour power, which corresponds to the wages if we are talking about the exchange between equivalents¹⁴. Surplus labour takes place when the worker keeps working beyond the threshold of necessary labour. With a minimum level of productive forces, it is normally the case: therefore, the worker is capable, by carrying out necessary and surplus labour, to produce surplus value. This is the economic process of exploitation.

However, in exchange for this surplus value, there is no equivalent returned to the worker. The equivalence exists where it is bound to exist: in the circulation process, and in this case, when labour power is bought. This does not violate the principle of exchange between equivalents. Marx (2010) states explicitly that “every condition of the problem is satisfied, while the laws that regulate the exchange of commodities have been in no way violated. Equivalent has been exchanged for equivalent” (Marx 2010, 205).

The equivalence principle can theoretically be enforced in all moments within the bounds of circulation. The capitalist has consumed the commodity labour power that he buys from the worker. The consumption happened when the labourer worked for

14 Wages are a rather complex subject. Concretely, it does not always fit itself to the principle of exchange between equivalents. If we consider a more concrete scenario, there is an important component in its determination: class struggle. Sometimes when the workers are more organised, they can get a wage somewhat larger than the value of their labour power and vice-versa. But speaking abstractly, without considering aspects such as the industrial reserve army, we can say that the principle of equivalents manifests itself when wages do correspond to the value of the labour power.

him producing new commodities. “The capitalist, formerly a buyer; now returns to market as a seller of commodities” (Marx 2010, 205). He or she sells his commodity exactly at the value it actually has. But now, he or she draws more money from the circulation than he threw in it before, because now *the commodity* did become more valuable, and it was made such by the process of production.

Thus, global capital can keep on with the accumulation process as a whole, without any violation of the exchange of equivalents. “Exploitation and exchange of equivalents do not contradict themselves” (Heinrich 2006, 259).

Final remarks

Why did we, in the introduction of this text, state that an idea, which appears less critical, can lead to a more critical and profound argumentation? Because if surplus value can simply be explained by the exchange between non-equivalents, its abolition would not depend on a profound and structural social transformation. It would depend, rather, on legislative reform.

The discovery of the existence of the surplus value is, certainly, one of the greatest contributions to the economic analysis made by Marx. Its disclosure was useful to the overcoming of some of the main dilemmas remaining in Political Economy up to that historical point. Furthermore, surplus value highlights the existence of the economic exploitation of a kind which is particularity exclusive to the capitalist mode of production. In this sense, this finding supports political positions which seek to achieve a social transformation.

However, the very possibility of the analysis of surplus value and its discovery is only tenable when considering an apparent paradox that, when looked at more closely, is a dialectical complementarity: even though surplus value can, to some extent, represent a non-equivalence relationship between the paid value when the labour power is bought and the value which resulted from the usage of this labour power, it can only be revealed when one considers the exchange between equivalents. This, as stated before, applies to the abstraction process conducted by Marx (2010). The exchange between equivalents is also the basis for contractual and

juridical relationships: once the capitalist has bought and paid for the labour power, he or she is the owner of it and can dispose of all the products that result from its usage.

Therefore, the attempt to bring surplus value to “a zero level” by “fair wages” is impossible. The surplus value production is the basis of the reproduction of capital, and in a capitalist society, this means that the reproduction, even from the biological standpoint, of the whole humanity, can be hampered. On the other hand, this doesn’t mean that concretely a capitalist would not try to pay the worker a wage that is inferior to the value of his or her labour power. History shows that it is often the case. But the principle of the exchange between equivalents, considering the surplus value, is such that even in a situation in which every single exchange is performed on an equal basis, the exploitation of labour and the capital accumulation can be carried on. Thus, the roots of the problem are located in a more profound dimension of reality, beyond the point which legislative reform could ever reach.

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MONEY AND MARKETS: LIMITS OF THE MAINSTREAM CRITIQUE

Abstract

A key argument of Karl Polanyi's work is that market society needs policies to emerge, develop and survive, money being an essential institution in this process. But, fictitiously transforming that which was not made to be sold into commodities, such as man, money or nature, entails unexpected effects, as State interventions. This total subversion of the liberal view enables new perspectives for understanding the crisis of 2008 and the continuing crisis of the Eurozone. Furthermore, it could highlight the usual critiques of many leftwing thinkers. Actually, they were blinded by the apparent success of globalisation during the 1990's and the cosmopolitical rhetoric of neoliberalism. The case of European Union and Euro is interesting because these social machines are labs of neoliberalism. A time is coming when the consent of free trade and a single currency – which unites many neoliberals, far leftists, “socialists” and some trade union leaders – must come to an end.

Keywords: *money order, Euro, fictitious commodity, Karl Polanyi, Institutional analysis, mainstream Critique, globalism*

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Introduction: an institutional analysis

The current crisis, which began during the summer of 2007, has multiple dimensions. Firstly, it is a moral crisis due to the spirit of excess, which governs the world of money, has encountered rising social disapproval. Next, a political crisis as democracy seems powerless to regulate the economy for the common good. Finally, a crisis for economic thought because theoretical conceptions and practices in this field are evidently obsolete. Nonetheless, historical perspective and the reasoned art of comparison are two useful elements in understanding the most contemporary phenomena, and this understanding is a necessary condition for any action with long-lasting effects. The comparative approach proposed here implies an institutional approach: not everything is possible and history reposes on political choices. To that end, let us remember that social life is based on ideological and normative entities – institutions – which express social compromises and collective preferences. We are not, however, prisoners of current trends inherited from the historical movement, because knowledge of the institutions that are so socio-historically determinant is the source of success for political invention.

It turns out that our contemporary difficulties lend themselves relatively well to comparison: the turbulences of the summer of 2007 led to the second global crisis of capitalism, the first having occurred in 1929. It goes without saying that technical, environmental, and cultural conditions have changed considerably since then. However, there is a common trait between the two periods, a strange idea across the span of the human adventure and characteristic of Western modernity: the voluntary submission of a society to a system of self-regulated markets. The very sense of liberal policy in the 19th century was to submerge society in economy, even though the socio-economic systems that were known until that time embedded the economy in society. When Sovietism began to decline at the end of the 1970s, “neoliberalism”, under American leadership, merely updated this project that first belonged to the British empire a century and a half previously. We will demonstrate that capitalism needs policies to emerge and to continue, money being an essential institution in this process; and we will underline the weakness of *mainstream critique*, especially in Europe.

To begin, we will expose the nature of the market society, which fictitiously transforms that which was not made to be sold into commodities, such as man or nature. Secondly, we will emphasize the role that money plays as an institution in the dynamics and deadlock of the market society; the self-regulating market system seems indeed to be a utopia and this system must be surpassed in order to achieve a *good life*. Third, and finally, conclusions will be drawn from this description about the dynamics of market societies: the critique has to liberate itself from the myths spread by the ideology of Capital, even though it is itself hidden behind cosmopolitical rhetoric. Viewed in this way, the European Union cannot be considered as a kind of “progress”, as we are at a moment in history where this notion has become problematic and because this “union” is a form of neoliberalism, the aim of which is to destroy the very idea of politics and solidarity. The Euro example is of particular interest. The Euro crisis, indeed, provides a way to investigate the mediation between the economic and political realms; this crisis also enables us to criticize the illusions that are common amongst some leftwing thinkers.

1. The role of money in “market society”

In the majority of human societies, the motives driving people to produce a way to ensure their material living conditions are the consequence of a certain number of social obligations. These obligations are linked to kinship, honor, the functioning of social hierarchy, and in certain cases even political rivalry, aesthetics, or religion. The economic system is thus generally *embedded* in social relations (Polanyi 1944, 46). It is a completely different case in our societies.

1.1. “Fictitious commodities” and the case of money

In the market society (such as that which was created in the West two centuries ago), “the fear of hunger and the hope of gain” became “motives for participating in production” (Polanyi 1947, 111). This development, already highlighted by Marx and Weber, is linked to the commodification of a certain number of social relations. At the end of the Feudal Era, a land market was

progressively formed¹. This means that nature, which is not made to be sold, was treated as a commodity under the name “land”: this is a pure fiction. A few centuries later, at the dawn of the Industrial Revolution², mankind was treated in the same way under the name “labor”, that is to say, ultimately as a “fictitious commodity”. The fact is that goods markets are an ancient thing but the fact that “factors of production” (humans and nature) entered into the world of commodities is a sign of a revolution: from then on society was embedded in the economic system. This is why the “market society”, globalized by the British Empire during the 19th century, is singular: no other society had ever before used the fear of hunger and the lure of gain as determinant incentives for production.

Of course, money seems to be organically linked to the business world and yet, it is also a fictitious commodity, just as land or labor, as money was not created to be sold. Thanks to anthropological discoveries in the 20th century, we know that societies could have had highly refined monetary systems at their disposal even though markets did not exist or were insignificant. The reason for this is that the monetary institution regulates very complex statutory non-economic obligations within these societies. Tributes, fines, levies, and also “foreign” relations between groups, and sacrificial requirements are at the source of using money as a form of payment. Money thus has a *symbolic* dimension: *alliance*.

Moreover, when the economic origin of monetary uses seems obvious (through debts), it is indeed the extreme precariousness of living conditions which leads to livelihood loans: the entrepreneurial spirit is not the root cause of debts (Renger 1994).

Money, as a unit of account, is thus first of all a means of social codification which gives an institutional measure to obligations

1 This pivotal moment in Western history took place towards the middle of the 15th century. See Bois (2000) and Braudel (1985).

2 This phenomenon took place during the latter half of the 18th century, which does not mean that it was integrated easily into institutional coherence to assure its viability. Polanyi cites the year 1834 (which saw the introduction of the *Poor Law Amendment Act*) as a point of dynamic convergence between the effects of both liberal capitalism and the Industrial Revolution. It is interesting to note that in his work, Douglass North talks of a delayed start to the lasting growth of per capita production, following the transition from *Natural States* to *Open Access Orders*: aligning with Polanyi's studies in discontinuity with regard to the rapid emergence of a true “market system”. It is also worth noting that North abandoned the celebrated “transaction costs” (the use of which earned a “Nobel Prize”, a tool which in the past should have allowed him to overcome the challenges posed by Polanyi's analysis ... See North, Wallis, and Weingast (2009) et North (1977).

between humans, social groups or between humans and gods; then, as a means of *payment*, it *appeases* relations, as etymology indicates. The market society seized on this largely pre-commodity institution, which dates back thousands of years, to create a means of exchange. Nevertheless, despite its non-mercantile origins, money has been completely transformed by its use within markets, and the question of its origin is considered of little importance by an author like Ludwig von Mises (1949). From this perspective, the only issue that matters is that money facilitates economic exchanges in complex societies. The necessity of exchange is hence at the origin of the function of money as a unit of account and a store of value. Polanyi's "genetic" reflections on monetary function would therefore be of little interest in explaining modern economic structures.

Has our modernity really expelled any political and symbolic dimension from the institution of money? If money is a pure market institution, it is legitimate to remove money from the influence of political power. It would also justify printing European Central Bank notes with no reference to historical figures, events, or monument referring to the European culture. In other words, it seems that if market society is the world of the "icy water of egotistical calculation" (Marx and Engels, 1948) it would be possible to institute the society by the logic of self-interest. However, even during the gold standard, this golden age of liberal capitalism, money was not this commodity that was more exchangeable than others (to the point that it was liquidity itself). Indeed, as Polanyi wrote: "Now the institutional separation of the political and economic spheres had never been completed, and it was precisely in the matter of currency that it was necessarily incomplete; the State, whose Mint seemed merely to certify the weight of coins, was in fact the guarantor of the value of token money, which it accepted in payment for taxes and otherwise. This money was not a means of exchange, it was a means of payment; it was not a commodity, it was purchasing power; far from having utility in itself, it was merely a counter embodying a quantified claim to things that may be purchased" (underlined by Polanyi 1944, 196).

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year 1834 (which saw the introduction of the *Poor Law Amendment Act*) as a point of dynamic convergence between the effects of both liberal capitalism and the Industrial Revolution. It is interesting to note that in his work, Douglass North talks of a delayed start to the lasting growth of per capita production, following the transition from *Natural States* to *Open Access Orders*: aligning with Polanyi's studies in discontinuity with regard to the rapid emergence of a true "market system". It is also worth noting that North abandoned the celebrated "transaction costs" (the use of which earned a "Nobel Prize", a tool which in the past should have allowed him to overcome the challenges posed by Polanyi's analysis ... See North, Wallis, and Weingast (2009) et North (1977).

Nowadays, transforming dubious private debts into State debts or money (another form of State debt) is easy for countries (Sapir 2012) like the US, because it sees itself as a political community. The main creditor of the American Treasury is no longer China but the Federal Reserve System, an American institution. Such a monetization of debt would surely cause endless problems if money was merely an image of commodity, as supporters of European neoliberalism believe. On the contrary, it took a long time before the European Central Bank dared to give in the use of *quantitative easing*, the practice only becoming effective in 2015 some seven years after the crisis.

1.2. The double movement: about some paradoxes

As the case of the monetary system during the *Belle Epoque* illustrated, the separation of the economic and the political is thus an illusion. That being said, this utopian belief in an autonomous functioning of the economic sphere produces "effects of reality", to refer to Pierre Bourdieu's expression. We note however that these behaviors, beliefs, and institutions resulting of this utopia will not necessarily make a viable society. Treating entities as commodities, which they are not, necessarily leads to *perverse effects* involving forms of social self-protection. An uncertain dialectic, the *double movement*³, is born from this commodification *movement*, to which *counter-movements* of protection-institutionalization – necessary for the perpetuation of nature (land), humankind (labor) and money

3 Polanyi (1944, 76) described in this way the "social history in the nineteenth century".

(society)⁴ – respond. Policies aiming to “liberate” “market forces” clash with the following evidence: “For the alleged commodity “labor power” cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this peculiar commodity” (Polanyi 1944, 73).

As for money, it is striking to note that in spite of the ideological delusions relating to competitive currencies, which have been in place until now, repeated crises led to the US instituting a central bank in 1913 even though they had been reluctant to do so for a long time. This was followed by a true monetary policy in 1919⁵. Long before this, the British had already rationalized the gold standard system as much as possible. Conscious organization of declining prices through rising interest rates ensured that the constraint of converting gold into national currencies was not an economic disaster. Undoubtedly, the liquidation of the “least efficient firms” was the price to pay for this policy (Polanyi 1944, 195) but the national Central Bank thus isolated the internal economy from dangerous exterior shocks. Because monetary policy is a form of social protection, Polanyi wrote: “social protection was the accompaniment of a supposedly self-regulating market” (Ibid, 102).

When active liberalism clashes with reality, unexpectedly rising forms of social self-protection from all social strata can take the form of collective compromises sanctioned by the State. This makes capitalism tolerable and paradoxically ensures its viability in a given space for a certain time. We understand that capitalism is condemned to the continued expansion of its space, in an *extensive* or *intensive* way. Otherwise, capitalism could collapse under the weight of the regulations which are its paradoxical condition of possibility. However, little by little, counter-movements hampered the self-adjusting capacities of *One Big Market*⁶. As for the end of the

4 Polanyi did not state it explicitly, but we owe it to Jean-Michel Servet to have logically pushed this point of reasoning (Servet 1993). Nonetheless, this reasoning only applies when there is a monetary order (Maucourant 2005).

5 As explained by Commons, after the First World War the Federal Reserve System attempted to ensure the success of the State note by offering banks the possibility of benefitting from a lower discount rate than that offered to the commercial paper market (if these loans were secured by the State note as collateral). This rate became the market reference rate. This was the birth of modern monetary policy in the United States. See Commons (1934, 593)

6 Following Hawtrey, Polanyi (1944, 72) wrote: “In practice this means that there must be markets for every element of industry; that in these markets – and they are numberless – are interconnected and form One Big Market”.

19th century, Polanyi (1944, 218) remarked: “Less and less could markets be described as autonomous and automatic mechanisms of competing atoms. More and more were individual replaced by associations, men and capital united to non-competing groups. Economic adjustments became slow and difficult. The self-regulation of markets was gravely hampered” (Polanyi 1944, 218).

However, let us not be mistaken on the nature of these hindrances in market mechanisms: the suppression of these cannot eliminate inherent tensions in the market society, as these hindrances themselves make capitalism coherent and viable in the medium-term. This reasoning presupposes a specific type of technical, demographic, and ecological constraints which are imposed on capitalism: any modification of these data could give further impetus to increase or depress the dynamics of capitalism. But, what of the supposedly “self-adjusting” capacities of the market, if they mean that the cost of labor must be lowered below a vital standard of living or a certain cultural level incompatible with human dignity? After the Great War, it became impossible, according to Polanyi, to reduce the value of human labor as in the heyday of liberal capitalism, when inhumanity was rightly denounced by Marx⁷. It has become clear that the economic sphere is not an autonomous domain of society as the liberals thought.

At this stage of reasoning, it is worth remembering that no society can survive if its political and economic functions do not align in any way. This is why, disappointed by a democracy that was too weak to regulate the economic order held by the owning classes (Polanyi 1932, 354). The masses increasingly turned to the idea of fascism, which continued to increase in popularity at the end of the 1920s and reached its height in 1933. For Polanyi, fascism was a modality of the *Great Transformation*, this major change which suppressed the old competitive capitalism. From contradiction, which turns to antagonism between the economic and the political, fascism can be defined as the absorption of the political by the economic.

⁷ This was the belief of Polanyi, writing in the 1930s. However, starting from the in the 1880s, workers began to resist strongly any reduction in wages during the depressions. The unionization of the workforce forced capital to become concentrated, which gave rise to a new age of capitalism. See Dockès and Rosier (1983).

Polanyi thus wrote: “The fascist solution of the impasse⁸ reached by liberal capitalism can be described as a reform of market economy at the price of extirpation of all democratic institutions, both in the industrial and political realm” (Polanyi 1944, 237). The liberals’ opposition to any form of intervention accelerated the rise of authoritarian demands: “Freedom’s utter frustration in fascism is, indeed, the inevitable result of the liberal philosophy, which claims that power and compulsion are evil, that freedom demands their absence from a human community”. (Ibid, 257). Liberalism, as a policy and as a representation of the world thus contains in itself a fascistic drift, which it is often reluctant to recognize and which explains the strong hostility of certain liberals to Polanyi’s works. It is evident that only violence can create a type of society that liquidates political rights. In these conditions: “human beings are considered as producers, and as producers alone [...] Representation is accorded to economic function: it is technical and impersonal” (Polanyi 1935, 393). Fascist corporations absorbed a good part of the “Political State” specific to the traditional liberal system.

And yet, how was a community formed in this fascist world which was as dehumanizing as it was hyper-modern? Let us not forget that collective mentalities were shaped during the Nazi period: the importance given to the role of the producer implied a “worry about output and efficiency” as the great German historian, Norbert Frei, wrote, that was still “useful” during the reconstruction of Germany. This simple reminder shows the extent to which inhumanity can be inscribed in the industrial developments which came from a market society. Polanyi never ceased to insist on this point, much to the displeasure of a number of liberals (Maucourant 2011, 205). In this radically reified world, German fascism produced community by the exaltation of race, as other totalitarian forms can do with religion. This type of ideology attempts to deny history by finding a purity *before* history. Politics, understood as a common space in which men can discuss and construct their destiny, is denied in the name of a mythical life where even a personal conscience has no place.

Capitalism, which emerged from the *Great Transformation* in the 1930s, was much less liberal than its predecessor. A certain

⁸ In French in the text.

number of factors explain these facts: the fragility of the European economies, which would not have supported the shock of a rapid liberalization of international flows of capital, and the serious Soviet threat, which was not without effect regarding the position of labor in the existing balance of power with the capital. It is clear that the consolidation of social rights and the continued rise of wages were crucial ways to fight against the Soviet influence. This was characterized by the relatively self-centered aspect of growth, which allowed the emergence of State control. In South Korea and Japan, only marked governmental interventions (various policies to promote and protect national capitalisms) were able to hatch out prosperity there where it was strategically useful.

2. Crises of the market society: an institutional point of view

The very success of the Keynesian era itself paradoxically allowed a qualitative modification to update what Polanyi called “the reactionary Utopia of Wall Street” (Polanyi 1945, 89). The evolution towards the second market society is, in part, an *involution* allowed by a certain number of factors occurring during the three decades from 1980-2010: the trans-nationalization of markets, the mobilization of unskilled labor disqualified at the global level, the dismantling of protections which caused the emergence of dynamic capitalisms in the South, the transition towards capitalism in the East, and the coming of age of new information and communication technologies. Thus, this “American inter-century”⁹ actualized the potentialities that American hegemony contained which, in 1945, claimed to come back to British heritage. However, as we will try so show, society must satisfy the payment of a set of debts which are essential for the perpetuation of social relations; and, as was the case for the British Empire, the present crisis of American hegemony (obvious in 2008) comes from an impossibility for the global market system to ensure the payment of these debts. Money thus appears to be a sociopolitical institution regulating political conflicts that structure society, because these debts have a meaning in term of class.

9 To take a notion used by Jacques Sapir.

2.1. Rise and fall of the social foundations of the first market society

2008 marked the immoderation of the capitalist spirit which, in its financial and global form, only found a limit by collapsing. Without the massive intervention of the State, of which Neoliberals never cease to deplore the excessive importance, the human and economic consequences would have been much worse than in 1929¹⁰. Many economists recognize this fact. The rise in public debts to a large extent showed what needed to be paid as the price for the wanderings of finance and the greed of “vested interests”, as Veblen called them. On the other hand, if private debts had not been monetized massively, and if public spending had not offset the collapse of private demand, we would have undergone a prolonged deflation of prices and a profound depression of the “real” economy. The 1930s illustrated this case in point: the plethora of contracted debts thus reinforced clearance sales which were necessary due to the shortage of money. Moreover, the fear of inflation was a source of fascism.

Rereading Polanyi allows the structural homology of the two crises of the market society, to be illustrated in a rather fascinating way: by maintaining the social base of liberal capitalism after the Great War, European nations instituted *de facto* a set of debts to benefit various social classes. Here it is worth outlining an overlooked aspect of Polanyi’s thinking as expressed in 1933 in “Der Mechanismus der Weltwirtschaftskrise” (Polanyi 1933). In the defeated countries, where the dominant classes were weakened, wages rose in order to fulfill promises of war or to avoid revolution. The same applies to agricultural protectionism which sustained the income of farmers who were a pillar of the bourgeois order. Hence the tendency toward the inflation of debt. Equally, in intention to satisfy the upper classes, this was the return to the gold standard and the complete freedom of circulation of capital, in victorious countries such as the United Kingdom. In this respect, the return to

¹⁰ It is extraordinary to see how those who were aware of the lessons provided by economic history could be so blind in 2008: consider, in particular, Ben Bernanke. As Jacques Sapir pertinently notes, their conviction was, down to the last minute, that “*the market must be saved by the market*” (Sapir 2008). So Lehman was left to go into bankruptcy, then, faced with the collapse of AIG, Harry Paulson (Secretary of the Treasury) and Bernanke instigated a large-scale change,

the pre-war gold parity implied an enormous elevation in financial revenues. This is achieved through acting as if inflation caused by the war had never happened and raising financial income, that is to say the cost of capital. International credit, which became more receptive to political demands than in the past, that postponed European imbalances (Polanyi 1933, 347).

However, while the new elasticity of the financial system postponed the resolution of the structural problems, they did not solve them whatsoever¹¹. In effect, the rise of debt allowed numerous European countries to not pay off their previous debts and America to have some illusions about the value of its debts. On the two sides of the Atlantic there were *short-term* mutual benefits. By controlling European immigration and customs duties, the United States enjoyed an “unseemly elevated” standard of living, as if the gains from American exports – that are consequences of the war – could not be retroceded. Indeed, an increase in migration movement would have tended to lower the standard of living somewhat. In fact, the United States wanted to benefit from the advantages brought by the war in Europe without paying any price¹². It would have been better for America to abandon its war claims, even if that meant lowering living standards through tax levies. Another way would have been to keep debts in exchange for a more generous immigration policy, which would also lower average living standards. And yet, “America not only maintained its debts, but also granted Europe enormous new credits to safeguard them”. (Polanyi 1933, 348)

11 “Only those who have forgotten the European cry for American help in the long years of repeated financial, economic and last but not least political crises, can contemplate the bitter alternative of a refusal of the Americans to extend credit. However, the Americans offered no serious resistance to European enthusiasm for boundless credit expansion. Accusations levelled at Wall Street regarding excessive and wasteful South American loans, applied in part also to American credits to Europe. As in South America, Europe is witnessing the dire economic consequences of the postponement of the crisis by artificially enhanced consumption, and excess dependence on credit by debtors and creditors, alike” (Polanyi, traduit de l’allemand par Kari Polanyi-Levitt, 1933).

12 “It due also to two interventions which isolated the United States from the effects of crisis in the rest of the world: high external tariffs and the closing of the doors to immigration. Without these measures, the poverty of Europe would have spread to the United States, and the resulting new equilibrium would have settled at a mid point between living standards in the defeated continental states and their high level in America. The United States could free itself from European economic pressures only by shutting out cheap labour and cheap imports. This is the fundamental reason for the unilateral flow of gold into the United States. It was the only means of payment which did not reduce American living standards” Polanyi (1933, translated by Kari Polanyi-Levitt).

In these conditions, the British policy of ceding to the demands of creditor classes regarding the Pound was inadequate: appreciation of the Pound implies an unworkable drop in interior prices. And the policy of lowering wages proved to be a failure in 1926: this year was a year of severe social crisis in Britain. Therefore, to avoid a fall in the Pound, the dollar needed to be less attractive. Supporting the Pound demands a difference in interest rates between London and New York: this was the goal of the American “Cheap Money Policy” in May 1927. As a result, the English imbalance was passed on to the US, according to Polanyi. Even if inflating debt was no longer encouraged through monetary policy by February 1928, the process of indebtedness and market craziness went so far that the liquidation crisis was unavoidable. As soon as the US ceased its credits, the process of liquidation was set in motion, which provoked the credit crisis in 1931 and the monetary crisis of 1933. To sum up, Polanyi estimated that perpetuating the war and maintaining social order during the interwar period imposed new balances of power. And this created debts in which accumulation was not compatible with successfully converting gold into money. The system’s policy of the most powerful creditor – the United States – had thus serious consequences. The will to maintain a certain type of financial income and to strictly control immigration constitute one of the origins of the global crisis of 1929.

2.2. The deadlock of the second market society

In the same way that the 1930s liberals accused the lax monetary policy of the 1920s of having caused the crisis of 1929, the neoliberals claim that the economic ills of our time are the fruit of a failure of complete capitalist logic, the obsession with full-time employment having politicized capitalism and hampered its capacities to self-adjust. Retrospectively (most of the time), they accuse the governors of the central bank of laxity and incompetence and they feel that the *new economy* of the *roaring nineties*, thanks to new technologies and globalization (that is to say an unprecedented rise in competitive pressure worldwide) constituted the best of worlds finally ruined by political incompetence. In reality, the Neoliberals reasoned *as if* cheap money policies and the proliferation of debt were not inscribed in a structural necessity proper to a

global market system: in order to maintain sufficient growth, a huge rise in the debt at the heart of world system was necessary. Indeed, if globalization had not been unequal at the heart of the system, the rise in debt would not have been necessary. And without this stimulus of the global demand, the power of the global elite would have been seriously and dangerously contested. In brief: debt is tied in with the present class domination. However, this overall dominating framework had *economic* consequences.

It is this essential point that we wish to demonstrate. This means that if the United States made a decision in favor of a social protection worthy of their power and refused the facilities of market finance and the so-called “free trade”, this credit madness would not have been necessary. One of the current reasons which made this inflation of debt necessary, through rising inequalities, is free trade: particularly in the United States, this created wage deflation, which went against the common opinion of the past twenty years¹³. The famous Chinese surpluses, counterpart of a part of the American trade deficit, simply express a mode of a deindustrialized and financialized accumulation (Gréau 2008).

American growth before the crisis thus owes a lot to the “progress” of financial techniques, hiding the consequences of excessive debt in the short term, and to globalization, which allowed demand to be maintained thanks to the tendency of lowering prices. This was an unavoidable result of redistributing productivity gains to a very narrow social stratum.

Orthodox discourses, often as hypocritical as retrospective, denounce bad financial practices, disguising the fact that these are a decisive component in the globalization which they glorify. Without spreading their debts throughout the world, without making their debts increasingly liquid, American banker capitalism would not have developed its lending with the energy that we are accustomed to. Without a financial market as attractive as it is inventive, the United States would not have benefited from global saving, and worldwide growth would never have been sufficient in

13 Paul R. Krugman (2007) wrote: “What all this comes down to is that it’s no longer safe to assert, as we could a dozen years ago, that the effects of trade on income distribution in wealthy countries are fairly minor. There’s now a good case that they are quite big, and getting bigger”. In so doing, P. Krugman distanced himself from the mainstream economics that he supported, fifteen years previously.

this world system that is polarized around the US Dollar standard. How can we seriously denounce the supposed blindness of the central bank's governors¹⁴, even though they do nothing except make the dynamics of capitalism possible: at a critical moment, this necessitates cheap money and State guarantees for mortgage credit that facilitates loans. These governors do not have a mandate to test economic stagnation, nor a depression, assured that the "invisible hand" would function well in the "long term". This is because during this experiment the very foundations of the market society would be shaken or even destroyed. It was thus the global constraints of actual existing capitalism and not the supposed errors of a Chairman of the Board of the Federal Reserve System, judged to be too focused on democracy, which set the parameters of monetary policy. Lamenting the rise of private debt by making out as if it were not inscribed in the necessities of the economic system of the 1990s-2000s, as Neoliberals have a tendency to, comes back to wanting to follow the market society pipe dream without ever paying the cost of its perpetuation.

From this point of view, the examination that Polanyi proposed for understanding the Great Crash of 1929 is useful for

14 The Neo-Austrian position demonstrates the most radical expression of this thinking (in order to explain the supposed erring of monetary policy in the 1920s and 2000s). It is no coincidence that Gilles Campagnolo, one of the leading specialists on Carl Menger, and also a specialist on the work of Hayek, has written an article entitled "Pourquoi la crise ne dément pas Hayek" ("Why the crisis did not deceive Hayek"). He explains that he also aims at the deconstruction of neoliberalism made by Naomi Klein in *The Shock Doctrine*. Campagnolo recognizes that "the crisis demonstrates the limits of this mainstream doctrine. The Austrian vision, that of Hayek, if not that of other Austro-American sycophants of the "free markets", seems, on reflection, to present a distinct argument" (our translation). Indeed: the neoliberal world of the 1990s was not a pure image of the Hayekian utopia ... Christelle Mougeot (2009) gives a different overview of this pro-Neo-Austrian perspective. Shortly after the crisis in 2008 in the *Revue Française d'économie* (a review for mainstream economists), the following could be found: "La théorie autrichienne trouve ses expressions empiriques dans des épisodes historiques. L'une des plus connues est celle de Rothbard [1962] qui se concentre sur la Grande Dépression et montre que l'expansion du crédit, mesurée par l'augmentation de la base monétaire américaine, fut à l'origine d'une expansion non soutenable dans les années 1920 et que la crise qui en découla fut aggravée par les efforts du gouvernement visant à empêcher la liquidation du sur-investissement. En d'autres termes, le New Deal a transformé ce qui aurait dû être une simple récession en longue dépression en retardant le retour à des procédés de production moins détournés. Les ressources qui auraient dû être réaffectées à des productions adaptées aux préférences des consommateurs furent, en effet, maintenues dans des emplois contre-productifs pour éviter les licenciements massifs dans les industries qui avaient connu le plus fort essor durant le boom. Cette politique économique, associée à une politique monétaire expansive, ne fit donc que perpétuer sur-investissement et mal-investissement et retarder l'ajustement inévitable de l'économie. Théorie et histoire fournissent ainsi des explications complémentaires d'un moment particulier" (This book of Murray Rothbard, published in 1962, is *America's Great Depression*).

seizing on certain dimensions of the collapse in 2008: the market society cannot function without debts, which express its social condition of possibility, (Maucourant 2011) and there is no “invisible hand” allowing social antagonisms to dissolve in the economy. Only institutionalized compromises which construct various forms of collective action and market mechanisms can stabilize class conflicts and other social interests, with a view to a *viable lifestyle*. In reality markets do not function in a social and cultural vacuum without institutions, which are the legacies of history and express balances of power. Contemporary market finance thus made growth possible, which the inequality of our times structurally requires according to rising risk-taking. In the short-term, this meant considerable private profits which in the medium-term implied a serious crisis and high socialization of costs. In 1929 as in 2008, market finance did not live on air and the whole society had to pay a high price due to it.

3. The new European order: the poverty of critique

3.1. The stalemate of European Order

We have previously explored the hypothesis that the separation of the political and the economic, a notable trait of liberal capitalism, is problematic. In certain circumstances, this institutional separation can take the form of a dangerous contradiction for society, seen as an absolute antagonism leading to tragedy, as no society can survive without the functional integration of the political and the economic. This contradiction haunted the financial crisis of the 1930s, just as it does the current crisis in Europe. The essential dynamic of Capital, its intrinsic absence of limits, implies, in effect, a necessary political framework. In this regard, the institution of money provides a form of regulation. Admittedly, money brings acquisitive violence but, as an institution, it provides a form of regulation for the excesses of social conflict.

To be precise, as a means of *payment*, or *appeasement* as has been previously discussed, the very principle of money implies a stabilization in the social relations relating to property. Evidently, times of inflation and deflation cause intense conflicts which go beyond the natural opposition between debtor and creditor. When the standard of value disrupted over a prolonged period, the class

contradictions can widen, leading to antagonism (as is the case with deflation), the order of public property itself can be threatened at its core (as is the case with inflation). All monetary systems include mechanisms for regulation, some more effective than others (however, sometimes they are completely lacking, and it is during these prolonged periods of crisis in which new monetary forms are created). As a result, money as an institution therefore *contains* violence in both senses of the word. (Aglietta & Orléan 1982) The politico-symbolic dimension of money, which is so often considered to be exclusively an economic institution, is fundamental and cannot be ignored by critics, particularly when considering the monetary stalemate of the new European order. And yet, the institutional separation of the political and the economic in this so-called (European) “Union” has been pushed much farther than it has been in the United States, which gives the events affecting Europe, especially in the South, a tragic aspect.

The reason for this state of affairs is twofold. Firstly, for a long time, the monetary constitution of the European Union was based on the refusal to monetize public debt; this time is in fact over, but the stability of prices remains the sole objective of the European Central Bank. It continues to tell governments to revive the economy through liberalization of the labor law and through debt reduction (of the States). In this way, budgetary policy is no longer relevant, it is effectively pro-cyclical. Political interference in the economy was therefore banished as far as possible. Then, the constitutional treaty (known as the *Lisbon treaty*), in place since 2009, definitively banned the principle of any “transfer union” (already evident from the *Maastricht Treaty* of 1992). No doubt: the institutional separation of the political and economic spheres is the dream of the European elite. On the other hand, even from the neoliberal American point of view, this type of monetary system seemed destined to fail, with good reason and supported by convincing arguments (Friedman 1997).

But, as we have seen, the national dimension of money is perfectly accepted in America, making tenable the monetization of public debt, which was a condition of the economic recovery¹⁵. On

¹⁵ In many respects, the scale of this recovery is, for good reason, debated and debatable. However, relative to the *global* stagnation of the European Union economy, the recovery is genuine. This does not mean that, from the point of view of the average person living in the United States, the

the other hand, Germany's refusal to implement such a policy, due to the absence of a European people, caused adjustments taking the form of deflation and migrations. In this way Germany was able to refuse this type of exchange founding a substantial political union, where payments made to benefit the South would be a compensation for future payments, allowing to absorb the growing wave of pensions required by this ageing nation¹⁶. This meant that there would be an intertemporal exchange of labor, characteristic of a political entity in construction. But, contrary to the ideologists of both right and left, we must acknowledge the facts: at the heart of the European Union, there is no confidence allowing for this kind of exchange, no feeling of solidarity which allows us to place bets on the future, no acceptance of the uncertainty of gift. All that remains is the cold demand for payment in cash.

From 1943, as for the issue of the economic relations between nations, Polanyi wrote (in a letter sent to Oszkar Jaszi) (Polanyi, cited by Geörgy Litván 1991, 260) that the gold standard implied that "the financial powers intervened in the internal affairs of every states, because in the area of gold standard co-operation was only possible if their internal systems were similar". Currently, it is the work of the European Union bureaucrats to align the socio-economic and social structures of countries with very distinct histories, regardless of the human cost. The first analogy which comes to mind is troubling. Moreover: "The new situation has some very practical important advantages: there is no need to force all states in the world into the procrustean bed of federation, because now it is enough for their governments to co-operate freely" (Ibid, 260).

standard of living is better but capitalism, as a system, has been able to socialize the losses and bounce back somewhat: and is this not after all the most important thing from the point of view of the ruling elite?

16 The esteemed economic journalist Romaric Godin, recently dismissed for his orthodox views, wrote the following in a newspaper: "Selon l'office fédéral des statistiques Destatis, en 2030, un tiers des Allemands aura plus de 65 ans, contre un cinquième aujourd'hui. Ce problème démographique, a souligné récemment Destatis, ne sera pas résolu par l'arrivée du million de migrants en 2015, quand bien même ces derniers demeureraient en Allemagne. Le "déficit naturel", solde entre les naissances et les décès, devrait, en effet, dans les prochaines années, se creuser sous le double coup d'une faible fertilité (environ 1,43 enfant par femme) et d'une mortalité renforcée par le vieillissement de la population. Cette situation pose évidemment un problème pour le système de retraite allemand, compte tenu de la baisse du nombre de cotisants au regard du nombre de retraités. Le problème qui risque de se poser est celui de la pauvreté des futurs retraités. Selon les prévisions de l'assurance retraite allemande, plus de 25 millions d'Allemands sont menacés de toucher une retraite inférieure au seuil de pauvreté en 2030" (Godin 2016, souligné par nous).

The second possible analogy using Polanyi's remarks is worrying: the European Union is, in effect, a form of the "ederation" denounced by Polanyi. In the Euroliberal world there is no free cooperation between partner nations but simply obedience of a series of rules which demonstrate the current hegemony dominant in Europe. In certain respects, these rules emerge from the ordoliberalism which is a form of liberalism specific to Germany⁴⁴ (Maucourant & Neyrat 2004).

And, the meaning behind the single European money: to reconstruct the "*procrustean bed*" of old liberal capitalism and liquidate the sovereignty of the people to profit that of the capital at the expense of the life of the nations, which does not correspond with the demands of this project. However, Euroliberal ideology may lose in the long run its capacity to organize reality if a long stagnation is the price to pay for the perpetuation of a single money. More generally, the Japanese nuclear disaster in 2011 added to the constraints weighing on that which for a long time has been a crucial factor in legitimizing the market society: growth. It is the end of an energy source that was cheap in a purely unrealistic way.

Therefore, in the Western world, the contradiction is obvious between political democracy and capitalist economy; that is what Polanyi stated at the start of the 1930s, which the ex-Secretary of Labor under Clinton, Robert Reich (Reich 2008) considered also true for our time. The events which are affected Europe, particularly in Greece, stem from this contradiction, which was pushed much further here than it was in the United States. The partisans of 'Euroliberalism' are without doubt satisfied by this singular *democracy without sovereignty*, which would protect formal rights by brushing aside the bad habits of popular will. Nevertheless, it is the submission of the political order to the domination of the economic order that is emerging under the guise of a technocracy dressed up as benevolence or necessity. The project for a single currency was carried out despite its lack of realism, and denounced by various economists¹⁷. It is the symptom of a strategy adopted by the European elite since the Werner Plan of the 1970s. This strategy consisted of an economic system stripped of interferences

17 See the works of Saint-Etienne (2011), Rosa (2011) and Sapir (2012), that are contemporary echoes of ancient warnings.

from democracy in a post fascist era. The gold standard was the institution keeping the economic away from the political during the era of liberal capitalism. Since the 1970s, this ideal of the market society has been embodied in the principle of the independence of the Central Bank. In Europe, its establishment was strengthened by the creation of a single currency. In fact, as the single currency should have been based on the German model after the Second World War, one would imagine that politics (which can be invested in by democracy) would be prevented from acting for the economy by using the money. This is what happened.

However, it must be acknowledged that despite this crisis and stagnation, the consensus surrounding economic liberalism remains strong. One hypothesis could be put forward: the nature of the discourse, which we often still characterize as coming from the “right”, lies in its justification of the current economic system; its force is to convince people that all major changes would have such damaging effects that it would be better not to counteract the logic of the system. Within this rhetoric, any attempt of social transformation is counter-productive because of “perverse effects”. According to this type of *Apologetics of Capital*, one must accentuate, even solidify, the essential traits of the system in which we are living, by virtue of the hypothesis according to which the crisis is caused by the obstacles preventing the strengths of the system from thriving. The solution to the crisis of capitalism, as we have seen, is more capitalism! The dominant characteristics of “economic science” is to feed this rhetoric. The reduction of the real world to the idealistic model of economic man, actor of a free and fair competition, would be, in this line of thinking, the key to success. Let us therefore dispose of the supposed “archaisms” of social democracy one might suggest. Here, the pro-Capital appeal harks back to an element of totalitarian rhetoric claiming that we have not yet reached happiness due to the weakness of too many men and the natural corruption which allows them to conspire against the truth revealed by “science”.

Marx himself mocked these liberals who interpreted history as a State or collective conspiracy against the spontaneous forces of free trade. That the vested interests and their servant, the liberal right, use this rhetoric *ad infinitum*, even profiting from the social abyss into which they have thrown the population, to apply the

totality of their dogmas, is explicable. It is, however, stunning that the questioning of the European Union, its currency and its free trade credo, was strongly contested by a significant proportion of the leftist intelligentsia. The meaning of the previous demonstration was to show the necessary break from the ideology of free trade, which should be considered when a break from the current socio-economic logic is genuinely desired. In this regard, the dominant state of the criticism of our capitalist society – the *mainstream critique* – gets on its high horse as soon as the notion of *deglobalization* is brought into the discussion. This can be seen when discussing the works of Antonio Negri and Michael Hardt: authors who consider the process of globalization, destroying nations and States in its path, to have created the conditions of a new communism: this is the return of the *work of the negative* ... But, here, this is just an intellectual way of confusing desires with reality.

3.2. The impasse of the mainstream critique

In this regard, it is worth noting that the renewal of the capitalist globalization movement, during the last decade of the twentieth century, provoked the writing of numerous essays on global unification which disregarded the social and political conditions of such a phenomenon. It was certainly difficult to deny that the power of the United States had become blinding. But this was considered to be correct as for political issues and, to the extent that America was subject to the mechanisms of the global market, this question of the identity of the dominant power was of little importance. The time had finally come for the empire of *doux commerce* which should bring about universal peace.

Despite the triumph of liberal thinking, there have been celebrated attempts to revive the communist ideal. In this way, with *Empire* published in 2000, Antonio Negri refused to mourn for his youth, attempting to write a *Communist Party Manifesto* adapted to recent times. This neocommunism had an important impact on many of those who had discovered politics after the fall of the Berlin Wall. Negri claimed that *Empire* – the political form of the global market – is born. Beyond a certain breaking down of borders and the liquidation of some States, it seemed to him that the state of technology of the 1990s allowed previously unseen

forms of cooperation, from which emerged a *de facto* communism. Therefore, to the progressives, he said: just wait a little longer! “Deterritorialization” would drive us to the best of worlds, without borders or States. As though the pre-communist world stage was personified through the European Union...

Hence the fervor of this new generation of progressives – these ‘*movementists*’ for whom Negri was an inspiration – to defend the “European project”. The theoretical value of these strange assertions was therefore nothing more than the return of the unrestrained economism at the heart of Marxism waiting to be renewed. The concept of revolutionary action in this brief post-modern era was, very mundanely, to vote for the 2005 European Constitutional Treaty! Let us not forget that this treaty provided neoliberalism as the foundation of a constitution and also instituted free trade as a rule and finality (in the name of growth) for economic relations outside the Union. It was a return to the mid-18th century and the Marquis de Gournay’s proclamation: *laissez faire, laissez passer*.

As guardians of vested interests, these new “marquesses of the left”¹⁸ had therefore profoundly weakened the efficacy of the critique by casting anathema on those who were still skeptical of the virtues of *laissez-faire*. But our new marquesses only revived Eduard Bernstein’s revisionism, through which the movement itself was everything, the aim being insignificant. That this treaty was created by a ‘Euroliberal’ elite, who possessed a distrust of democracy inherited from Hayek, was not taken into consideration: had Marx not written that he had himself voted, in 1848, for free trade? Between 2005 and 2007 some French heralds of neoliberal globalization even focused their essays on Marx¹⁹. The curious result of all this was, at the heart of the vested interest and their supposed opponents, a disregard, contempt even, for the European people who were mainly in opposition to the proposed European integration. But democracy did not matter if the objective was communism! And following on from this point of view: there were the truly disheartening people, French as well as Dutch, who were essentially “racist” and “stupidly attached to their territories” – or worse, their land – whereas it was necessary to leave the capitalist disconnecting process operating...

18 Using George Orwell’s expression.

19 As Jacques Attali and Pascal Lamy.

In reality, Greek and Spanish people emigrated, fleeing their devastated societies towards Germany, an aging nation which imposed on an entire continent a policy satisfying its own interests in a way that other national bourgeoisies could only dream of. For in that country, the consensus surrounding the ruling class is realized by the heightened precariousness of the job market. Prices are low as wages are well contained: order reigns.

With regard to America: if one believes Hardt and Negri (Hardt and Negri 2000, 178-79) in their best seller published in 2000, the Vietnam War “might be seen as the final moment of the imperialist tendency and thus a point of passage to a new regime of the Constitution”. Three years after the book was written, which sparked passion in the left, the Iraq War started, which put these dreams of Empire and federalism back in their proper place. In reality, America launched itself into a classic operation to project its own power through an illegal war, with total disregard for potential chaos in the Middle East. Former leftists turned neoconservatives – in the way of “market Bolsheviks” – had without a doubt achieved their idea of *work of the negative*... All these facts bring a cruel denial of the school of thought which was to be the jewel of leftist thinking and which turned out to be the symptom of its fall. However, this thinking will have brought many useful tools to the neoliberal and ‘euroliberal’ projects regarding political demobilization and therefore diversion.

Conclusion – the uncertain color of our times

Polanyi, in his time, had already questioned liberal modernity, from which came the “fascist deadlock” (Polanyi 1935). Later, he opposed the necessity of the reasoned *habitation* of the world with the generated *improvement* of profit,²⁰ naming a chapter of *The Great Transformation*, “Market and Nature”. In the same work he went on to write: “The dangers to man and nature cannot be neatly separated” (Polanyi 1944, 190) The crisis of modernity thus does not challenge a single *human* project (social democracy versus the market society) but rather perhaps the *world* itself and therefore the existence of mankind? The issue here was not to *live*

²⁰ *Habitation versus Improvement* is the heading of chapter 3 of *The Great Transformation*.

but to *survive*, following the productivism implied through One Big Market.

In 2008, in the wake of numerous works, Frédéric Neyrat warned us that the notion of “risk”, which is at the heart of the contemporary economy, was powerless to stop the catastrophic determinations of our world. Here, rising interdependence between economy and ecosystem renders the notion of “natural risk” meaningless; this is the nightmare of the economic science that still dominates. It is the end of the logic of insurance, linchpin of mainstream economics and numerous economic institutions, even if a rising socialization of direct and indirect private costs masks the end of the logic of insurance.

Numerous evolutions can be drawn. Either we persevere in the lethal logic of the market society or its false Chinese or Iranian alternatives, (Motamed-Nejad 2007, Maucourant 2010) models that are too often praised in counter-globalization activism.

Or, facing these ‘neocapitalisms’, we invent a ‘neosocialism’ based on the primacy of life and social ties, (Polanyi-Levitt, 1998). definitively moving that which is not produced to be sold away from the market domain. It is thus a question of the *limits of market* and the *collective appropriation of modes of consumption*, the old style of socialism being based on the centrality of social – or indeed state – ownership of capital goods. (Andréani 2011). In the absence of a global political alternative, the policy of settling, the creation of communities, can be substituted for State interventions to create social stability. Neoliberalism would also find a somewhat unexpected ally in its “forms of belonging to organic communities defined from kinship, ethnicity and religion” (Bugra 2005, 52). The ideology of global capitalism is a mixture has quite worrying effects, (Michéa 2007, 2011) which some critics of the market society do not understand. It is thus far from this seductive global capitalism, founded on the reality of indifference towards others and nature, that we must think and act differently.

The present contribution is therefore written from the perspective of *new socialism*, the material foundation of which would be an *economy for the common good*. Thus defined, this ‘neosocialism’ has nothing to do with Blair’s New Labor (for which Giddens was an apostle) or the social liberalism which dominates the

minds of the leaders of the French Socialist Party. Because, with all due respect to the liberals of both the right and the left, whose conceptions are hegemonic, it is possible to think of something of the sort, a *common good*, if we abandon individualism as method and pathology. In this way we come back to one of the first occurrences of the word “communism” in 1706, the function of which was to refer to the common good, which did not imply Plato²¹ or his caves or the Palaeolithic.

To invoke, in these times of cynicism and skepticism, a ‘neosocialism’ and its communist ancestry, is nothing more than to take seriously the current crisis which has laid bare the incapacity of Western political systems to embody their democratic pretensions. Critics must therefore draw consequences from two centuries of capitalist history and understand that it is useless to overtake Capital in its natural scope: movement. Socialism, as an antinomy to and an overtaking of capitalism, is the construction, from *counter-movements*, of institutions which rehabilitate conscious collective action (Mendell 2013). Against the shapelessness of Capital and all its excesses – its *hubris*, socialism is moderation, creation of political forms structuring the economy according to a democratically built design. It is in this regard tragic that the confusion of our times, the triumph of limitless consumerism and productivism, have made us forget the original meaning of the word socialism, which have to be remembered.

But, in order to make an efficient critique of market society, it seems necessary to cease scorning the European people, who resent the multiform upheavals of this empire of fluxes from which a select elite monopolizes the gains. In ceasing also, the affirmation that the speeches of politicians – themselves equally lost in the current chaos – are the *essential* reason behind the ostracizing of certain populations. And in taking into consideration the fact that an analysis of the *material causes* of the crisis – economic, technical and social – must be brought back into critical discourse. All too often sociologists abandon the ideal of *positive* knowledge to edify a system of *normative* ideals. It remains the work of geographers (Guilluy 2014) to tell us the process of secessions at work in the social structure. *Secessions* of winners who are quite capable of

21 A strange form of platonian neocommunist has indeed been developed by Alain Badiou.

causing the *sedition* of the losers: this is a possibility. Thus, the democratic order could be seriously affected.

To avoid this, we must finish – in Europe – with the consent of free trade and a single currency which unites many neoliberals, far leftists, “socialists” and some trade union leaders²². On the contrary, peoples need protections in the face of the excessiveness of Capital. However, a break with the present monetary order only makes sense if this institution is really serving society. Certain ultra-liberal strategies, in effect, go well with an extreme fragmentation of monetary systems, a way of spreading even further the field of competition. Nevertheless, whatever the difficulties of such a transition, it must be attempted! The power of money must be used for the protection of societies, not their brutalization. Institutions other than those brought about by the European Union must therefore be created. The problem of limited growth will force, elsewhere, increased audacity in this domain. As it is clear that the European question and that of market globalism cannot be treated seriously in political parties (which are going through a severe crisis), one question – among others – must be raised: that of expansion of the principle of referendum. Italy, for example, paved the way with its abrogative referendum. These are some of the markers of the audacity which we need when faced with the stalemate which has occurred.

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²² A new European way is possible; see Andréani (2012).

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ANALYTICAL COGNITION IN THE MARXIAN CRITIQUE OF POLITICAL ECONOMY

Abstract

*The article considers the role of analytical cognition within the Marxian critique of political economy. Like Aristotle and Hegel, Marx argues that any reflection on the forms of human life must proceed in an opposite direction to that of real development: it begins when the latter is already complete. Classical political economy, too, proceeded in this way: from price, by force of “analytical” generalization, it arrived at value. However, the transition from price to value brought about not only scientific acquisitions, but also profound conceptual distortions. The latter are indicated by *Einleitung* of 1857 and *Capital*, which explain that if a thinking organism lived on analysis alone it would remain shrouded in the veils that the commodity and money fetishism draw round the circulation of value. In the last part of the article, I claim that Marx finally escapes this fetishism by articulating a complex recompositional strategy, which opens up a new field of relations between objects, a new supra-individual, albeit “fractured”, social objectivity (*Gegenständlichkeit*).*

Keywords: *Aristotle, analysis, Hegel, synthesis, Marx*

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Introduction

It is striking to note how the development of contemporary critical theory that is closest to the Marxian critique of political economy – I think here particularly of Moishe Postone (Postone 1993, 175-179) and Slavoj Žižek (Žižek 2008, 9-16) – fairly quickly came up against a problem that had embarrassed Western Marxism during the transition from the first phase of its post-war reconstruction, which ended more or less in 1968, to the second, which consolidated the results of the first, only to endanger them between 1977 and 1980. I refer to the problem of the relation between the “real abstraction” of capital and scientific abstraction. It is a problem that was faced by all the main currents of Western Marxism at the time, from the second Marxist generation of the Frankfurt School (the *Neue Marx Lektüre*) to the schools of Althusser and della Volpe. Put very generally, without specifying too much the relevant conceptual determinations, the question can be formulated like this: if the capital relation is set in what Jean-Paul Sartre, in his *Critique of Dialectical Reason*, was to call the “process of totalization” (Sartre 2004, vol. I, 53), what place should be set aside for the practice designed to reflect it cognitively? If capital organizes the *totality* of practices, including the practice that should be aiming to know it – if, that is, the constitution of the object also decides that of the cognitive subject – how can the latter construct a web of forms that is not swallowed up by the former and conditioned by the mixture of science and ideology that characterizes ordinary representative life? Or, approaching the question from the other end: how can we continue to have access to the tools of science (induction, deduction, hypothesis, or the functional collaboration between senses and intellect), a science that is organized, the della Volpe of *La logica come scienza storica* would have said, in the light of the materialistically inspired encounter of Aristotle and Kant, if these tools have always been the product of a deeper abstraction – that which occurs in instituting the capital relation? We should not try to wish away the aporia in this question: what is at stake is the possibility of understanding debates, like that on the neutrality of natural sciences itself, whose genesis would have been unthinkable in the ambit of the Marxism of the Second and Third International.

1. Marx and Aristotle

The facts of the problem should be taken, even at their most elementary level, at their source, although we know, with Jacques Derrida, that a source – in this case the Marxian analysis of the fetish character of the commodity – can never be presented, unless by relating it to its effect: twentieth-century critical theory, of which it regards itself as the cause (Derrida 1982, 283). The passage we need to look at here is the famous one from Chapter I of Book I of *Capital*:

Reflection on the forms of human life, hence also scientific analysis of those forms, takes a course directly opposite to their real development. Reflection begins *post festum*, and therefore with the results of the process of development ready to hand. The forms which stamp products as commodities and which are therefore the preliminary requirements for the circulation of commodities, already possess the fixed quality of natural forms of social life before man seeks to give an account, not of their historical character, for in his eyes they are immutable, but of their content and meaning. Consequently, it was solely the analysis of the prices of commodities which led to the determination of the magnitude of value, and solely the common expression of all commodities in money which led to the establishment of their character as values. It is however precisely this finished form of the world of commodities – the money form – which conceals the social character of private labour and the social relations between the individual workers, by making those relations appear as relations between material objects, instead of revealing them plainly. If I state that coats or boots stand in a relation to linen because the latter is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident. Nevertheless, when the producers of coats and boots bring these commodities into a relation with linen, or with gold or silver (and this makes no difference here), as the universal equivalent, the relation between their own private labour and the collective labour of society appears to them in exactly this absurd form.

The categories of bourgeois economics consist precisely of forms of this kind. They are forms of thought which are socially valid, and therefore objective, for the relations of production

belonging to this historically determined mode of production, i.e. commodity production (Marx 1994, vol. I, 168-169).

Any reflection on the forms of human life – a *Nachdenken*, Marx says here, in almost Gramscian terminology, which is the premise for the origin of their *wissenschaftliche Analyse*, their scientific analysis – proceeds in an exactly opposite direction to that of real development: it begins when the latter is now consolidated, acquiring an appearance of “immutability”. The point is certainly Hegelian, but in some respects even more Aristotelian. Marx, who knew Aristotle’s thought very well – essentially, the whole of Book I of *Capital* is steeped in it – must have been thinking of the opening of *Physics*, in which Aristotle claims that:

The natural road is from what is more knowable and clearer to us to what is clearer and more knowable by nature; for it is not the case that the same things are knowable to us and also knowable without qualification. For this very reason, it is necessary to proceed from what is unclear by nature but clearer to us to what is clearer by nature and more knowable (Aristotle 2012 I, 184a 17ff.).¹

But still more significant than the distinction between “clearer to us” and “clearer by nature” – between the object in its immediate, chaotic evidence and the object understood in its essence – is what Aristotle says straight after, as Marx seems to be reproducing his movements step by step: “What is initially evident and clear to us are the things that are confounded to a degree: it is only later, starting from these [confounded] things, that the elements and the principles come to be known to those who divide them. For this reason, one must advance from the universals to the particulars” (Aristotle 2012, 184a 20-25). What does it mean that we must advance from universals to particulars? To explain it, Aristotle, in keeping with his argumentative procedures, does not linger in subtle epistemological dissertations, but uses the most concrete examples:

For the whole is more knowable in relation to perception, and the universal is a sort of whole, for the universal comprises many things as its parts. The same thing happens in a way to names in relation to their definition: [a name] signifies some whole in an indefinite

¹ Marx read *Physics* and other works by Aristotle between 1839 and 1841 in the edition with Greek text and commentary edited by the *Collegium Conimbricense Societatis Jesu* in the early seventeenth century.

way, e.g. ‘circle’, whereas its definition divides it into particulars. Children too at first call all men fathers and all women mothers, and later distinguish each of the two (Aristotle 2012, 184a 25 ff.).

And so our sensations restore the *whole* object, but following a modality that is to a great extent underdetermined. When, however, distinctions and particularities arise, the object loses its unity and must be *reconstructed*. At bottom, it is a materialistically-based theory, though founded on a *double* “series”.² The first series, the “real” one, needs to be *already* complete, in its cognitive indeterminacy, before the second, the “ideal” one, is inaugurated. The first gnoseological gesture – that of analysis – acts precisely in that interval between “real” series and “ideal” series, and it was Aristotle who first made this clear: we can only start analysing something when that something is already formed, already a whole, has already gone through its cycle of development. The knowable in the absolute sense – the object – can therefore be analysed (that is the “materialistic” side of the theory) because it is *mind-independent* – *independent* of the subject that is investigating it. Hegel himself did not forget this when he had to articulate the idea of cognition as part of the absolute Idea of the *Science of Logic* (Hegel 2010, 689-697).

Returning to Marx, the passage following the one we have already commented on, reproduces at a different level Aristotle’s reasoning on the materialistic genesis of analysis. It is worth repeating the quotation:

[scientific analysis begins] *post festum*, and therefore with the results of the process of development ready to hand. The forms which stamp products as commodities and which are therefore the preliminary requirements for the circulation of commodities, already possess the fixed quality of natural forms of social life before man seeks to give an account, not of their historical character, for in his eyes they are immutable, but of their content and meaning.

Social forms such as the commodity form are, then, “natural forms” not because they rest essentially on their use value. For Marx the opposite, rather, is true. They are natural because there

2 The theory of the two “series” is still more clearly formulated in Fichte, to mark the distance of transcendental idealism, which knows it clearly, from the “realism” that is satisfied with the “real” one (Fichte 1982, 17-18).

are constituted before men are aware of their content, so that one might say, in a language that is philosophically more sustained, that the process of “analytically” breaking down facts is by its very nature dehistoricizing. And yet, as I have already had cause to note on another occasion, the suspension of history is not here merely a suspension of the nexus past/present, a cancellation of temporal continuity inside a rigid, stagnant, conceptual arrangement, as Lukács wanted to claim in *History and Class Consciousness*, when he was still influenced by the idea of the contradiction between life and forms. More: analysis suspends history as, when it starts to assert its prerogatives, what is offered to it is an empirical immediacy that cannot wholly display its cycle of formation – the structure that presides over its coming about (Cesarale 2017, 225).

Political economy, claims Marx, could not escape this destiny, above all as it had to face an immediate empirical reality such as prices. From that, by force of “analytical” generalization, it then arrived at value. However, the transition from price to value brought about not only scientific acquisitions, but also profound conceptual distortions. Why? Marx’s idea is that money, having specific natural properties (gold, for example), conceals its function as a general equivalent of commodities, and therefore as an exponent of the social character of private labour, or derives it from its natural properties (the sheer fetishism of money, typical, in his view, of mercantilism). But if money cancels the relation between independent private producers, of which it is also the result, starting from price to reach value means prejudicing from the start the analysis of value in terms of social substance, or, to put it more Marxianly, as a product of abstract labour, of socially necessary labour-time, that is expressed rather in its opposite, use value and concrete labour, but is in no way homogenous with it.

And so when Marx says (perhaps too quickly, one has to say), that if, in the transition from the commodity form to the money form “coats or boots stand in a relation to linen because the latter is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident”, he is alluding to a genuine paradox: expressing the abstract labour contained in commodity A, a coat, in commodity B, linen, which is *materially* specific like the former, means assigning the latter a capacity (that of expressing abstract labour) that does not concern it at all by nature, deriving

it rather from the simple *position* assumed in the exchange. The fact is that bourgeois political economists cannot see this, because they come to value via price – i.e. through “the common expression of all commodities in money”. It is a poisoned fruit of analytical procedure: the feature common to all commodities – value – cannot, in this context, break the relation with what derives from it – the price itself – while remaining dependent on it.

In a way that may not yet have been sufficiently emphasized, Marx broke this dependence on facts caused by the use of “analysis”: as par. 2 of Chapter I of *Capital* shows, the first and necessarily imperfect delineation of value does not happen on the basis of prices or their monetary expression, but rather on the basis of quantitative relations with which use values can be exchanged (Marx 1994, vol. I, 131-137). Not that Marx developed a “Ricardian”, “pre-monetary” theory of value. On the contrary: as Hans-Georg Backhaus has argued at length, the commodity is only thinkable against a background of its being inherent to the money form (Backhaus 1997). But the latter must be *deduced*, not assumed in what della Volpe would have called its “undigested” givenness (Della Volpe 1969, 275).

2. Analytical cognition and the critique of political economy

A few years earlier, in the 1857 *Einleitung* to the *Grundrisse*, Marx, in reasoning on the “method of political economy”, had expressed the same “Aristotelian” awareness. On the one hand, he had claimed the *indeterminacy* in cognitive terms of the real precondition which the method of traditional political economy had habitually started from; on the other, he had signalled the distorting effect of an “analysis” that merely extracts abstractions that are thinner and thinner than the real precondition:

When we consider a given country politico-economically, we begin with its population, its distribution among classes, town, country, the coast, the different branches of production, export and import, annual production and consumption, commodity prices etc.

It seems to be correct to begin with the real and the concrete, with the real precondition, thus to begin, in economics, with e.g.

the population, which is the foundation and the subject of the entire social act of production. However, on closer examination this proves false. The population is an abstraction if I leave out, for example, the classes of which it is composed. These classes in turn are an empty phrase if I am not familiar with the elements on which they rest. E.g. wage labour, capital, etc. These latter in turn presuppose exchange, division of labour, prices, etc. For example, capital is nothing without wage labour, without value, money, price etc. Thus, if I were to begin with the population, this would be a chaotic conception [*Vorstellung*] of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts [*Begriff*], from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations. The former is the path historically followed by economics at the time of its origins. The economists of the seventeenth century, e.g., always begin with the living whole, with population, nation, state, several states, etc.; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc. As soon as these individual moments had been more or less firmly established and abstracted, there began the economic systems, which ascended from the simple relations, such as labour, division of labour, need, exchange value, to the level of the state, exchange between nations and the world market. The latter is obviously the scientifically correct method. The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, even though it is the point of departure in reality and hence also the point of departure for observation [*Anschauung*] and conception. Along the first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought. In this way Hegel fell into the illusion of conceiving the real as the product of thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself, whereas the method of rising from the abstract to the concrete is only the

way in which thought appropriates the concrete, reproduces it as the concrete in the mind. But this is by no means the process by which the concrete itself comes into being (Marx 1973, 33-34).

Marx's text has more than one ambiguity, and it is no accident that Marxist "philosophy" has drawn often divergent lessons from it.³ Following Della Volpe, one might argue that Marx designs a trajectory from the concrete of the "real precondition" to the "ever thinner abstractions", to the "simplest determinations", and then returns back down to the concrete, which is such because it is a unity (now organized) of various determinations (Della Volpe 1969, 274-279). In this perspective, Marx would chide the traditional method of political economy only for failing to *explicitly discuss* the impossibility of following the first part of the path (from concrete to abstract) without continuing in the second (from abstract to concrete). If it had realized the *necessity* of the whole cycle "concrete-abstract-concrete", bourgeois political economy would have attained higher levels of truth. But if that were true, why should Marx have spoken of *two* ways, one scientifically correct and the other not? The scientifically correct way is rather the one that does *not* start from the "real precondition", involving itself in its necessarily poor and, again, *abstract* character. The use of "abstract", in fact, is characteristically ambiguous in this extract: it suggests both the chaotic, though living, evidence of the "real precondition" and the "simpler determinations" that are *produced* by analysis. Explaining the first sense, Marx insists on the value of Aristotle's and Hegel's lesson: the "real precondition" (e.g. the population) is regarded as abstract as it is still *separate* from all those elements (classes and also the relations of production they rest on) that take steps to *define* and *specify* its contours. This is enough reason not to include it as a starting-point for the conceptual exposition: what we should start from, exploiting to the full the laborious, difficult work *already* carried out by *non-critical* scientists, are "the simpler determinations" (labour, need, money, value), *developing* from them the more *concrete* categories (State, international trade, world market). The great advantage of this "method" is that it avails itself of the *results* of analytical cognition

3 Bruno Accarino's essay introducing the Italian edition of the work, published by Bertani in 1974 is still a notable account of the complex of questions raised by the Marxian *Einleitung* of 1857 and the intense debate on it.

without getting bogged down in its aporias and inconsequences; the disadvantage is that, given the concrete nature both of the real object and of the object of theory, the latter seems susceptible to being superimposed on the former, causing its cancellation. Hegel himself, when he exchanged the spiritually concrete with the really concrete, fell victim to this *idealistic* “illusion”. However, the process of forming the really concrete should never be confused with that of forming the spiritually concrete: the “perennial” awareness of their distinction is one of the most valuable contributions of analytical cognition. Another is the non-self-generating nature, the non-autonomy of noetic energy, which *reproduces* the concrete as if it were *appropriating* it, as if it were conferring its *own* order on a material taken *ab extra*, elaborating the material provided by intuition and representation *in a different way*.⁴ Or rather: the Marxian synthetic process is as it is because it does not work on a pure object, on an original raw material; the material this process feeds on appears *already* elaborated by economic science, already penetrated by technical, logical, and even *ideological* interventions. The history of science is, *against* all empirical representation of the cognitive process – which places around a pure representative subject an equally pure object – the *medium* from which the starting point of the synthetic process is extracted.

3. The constitution of *Gegenständlichkeit* (supraindividual social objectivity)

At this point, it should be easier to understand why Marx claims in *Capital* that the scientific analysis, the *wissenschaftliche Analyse*, of classical political economy provides *good* services. It allows us, he claims, to elaborate “forms of thought which are socially valid”, objectively linked to the workings of capitalist production. If classical political economy had not carried out its work of “licking facts into shape” and essentializing their *forms*, the very *critique* of political economy could never have chosen

4 On this point, in my view, one can only agree with Althusser: what Marx is dispensing with is the theory of the “continuity of object”, by which one need only change the methodological approach of the concrete-abstract-concrete circle, *already* outlined by classical political economy, making it more “dialectic” (Althusser, Balibar 1970, 86). But there are actually *two* objects – the real-concrete one, accompanied by analytical cognition, and the theoretical object, carved out by synthetic activity.

its beginning, which was fundamental for setting off the transition from the abstraction to the concrete.⁵ At the same time, *Capital* explains in greater detail than the *Einleitung* of 1857 that if a thinking organism lived on analysis alone it would remain shrouded in the veils that the commodity and money fetishism draw round the circulation of value. So, what do we need to escape this fetishism?

In my view, what Marx achieves is – given that the intellectual atmosphere generated by the thinking in *Capital* on the fetish character of the commodity is dominated by theological metaphors – to immerse himself in those thoughts of “God as he is in his eternal essence before the creation of nature and of a finite spirit”, which Hegel speaks of in the introduction to the *Science of Logic* (Hegel 2010, 29). Leaving metaphors aside: in *Capital*, Marx can perfect his transcending of purely analytical cognition, rethinking the hierarchy of forms presented and delivered by empirical givenness in the light of the foundational and “synthetic” capacities of the dialectic between value and use value, abstract labour and concrete labour, contained in commodities⁶. This is the *specific* way in which conceptual synthesis can resituate the simple properties belonging to economic objects in a process of *constitution*, and can study how

5 Bear in mind, however, that Marxian discourse on the “socially valid” character of the forms of bourgeois classical thought is enormously more complex. For reasons of space, here I can only hint at another reason that, for Marx, powered the scientific productivity of the bourgeoisie: its gradually becoming aware (particularly with Hegel and Ricardo) of the objectively antithetical character of economic and political development.

6 Isaak I. Rubin already grasped the difference between the analytical method of classical political economy and Marx’s genetic-synthetic one, by linking it to their different account of the “dialectic” between use value and value: “Thus the two-fold character of labor reflects the difference between the *material-technical* process of production and its *social form*. This difference, which we explained in the chapter on commodity fetishism, is the basis of Marx’s entire economic theory, including the theory of value. This basic difference generates the difference between concrete and abstract labor, which in turn is expressed in the opposition between *use value* and *value*. In Chapter 1 of *Capital*, Marx’s presentation follows precisely the opposite order. He starts his analysis with market phenomena which can be observed, with the opposition between use and exchange value. From this opposition, which can be seen on the surface of phenomena, he seems to dive below toward the two-fold character of labor (concrete and abstract). Then at the end of Chapter 1, in the section on commodity production, he reveals the social forms which the material-technical process of production assumes. Marx approaches human society by starting with things, and going through labor. He starts with things which are visible and moves to phenomena which have to be revealed by means of scientific analysis. Marx uses this *analytical* method in the first five pages of *Capital* in order to simplify his presentation. But the *dialectical* course of this thought must be interpreted in the reverse order. Marx passes from the difference between the process of production and its social form, i.e., from the social structure of the commodity economy, to the two-fold character of labor treated from its technical and social aspects, and to the two-fold nature of the commodity as use value and exchange value” (Rubin 1973, 71-72). On the same vein, Gajano 2019, 44-45.

they are *formed* to move from a certain combination of aspects. In short what is brought to light in this complex and difficult recompositional strategy is a new field of relations between objects, a new supraindividual social objectivity (*Gegenständlichkeit*), as, in my view, the research of the *Neue Marx Lektüre* has convincingly shown.⁷ This strategy is fundamentally articulated in various ways, and with so little time it would be odd to dwell on the question here in one specific way. Let me give just some headings: the sphere of circulation of commodities as a highly unstable ambit for resolving commodities in money, value conceived as the totality of use values, and the presupposed-positing circle between value and surplus value, which Roberto Finelli has been discussing for many years (Finelli 2014). But, in conclusion, I would like to draw attention to one last point: the specific form of supraindividual social objectivity that Marx represents is riven by deep-seated discontinuities, transitions, gaps, tensions, short circuits and even logical impossibilities. The almost “natural” solidity of the forms of social life, the results of the process of development ready to hand, which, as we have just seen, Marx speaks of in the section on the fetish character of commodities, are actually such only from the perspective of the individual who exchanges commodities with money and vice versa. But as soon as we enter the territories of production, from section three of Book I of *Capital* on, circulation (Book II) and reproduction (Book III), what explodes are rather the incongruities and “contradictions”. In short, it is the incoherence of the object and the heterogeneity of the levels of exposition that open the spaces for the exercise of more powerful synthetic capacities and for the *continual* manifestation of scientific abstraction. In this connection, I hope I can refer here more closely to Book II of *Capital*, which is outside the areas of Marx’s mature text that are more conditioned by dialectical vocabulary and so more “suspect” to those who want to thin out the “theoretical” weight of the book: one of the most decisive Marxian concepts is that capital includes a class relation, and presupposes the existence of labour as wage labour, situating it inside a form of movement. In particular, in Chap. IV of Book I, on the transformation of money into capital, Marx observes that capital is not a thing, but value in process,

7 See Schmidt 2013; Krahl 1971, 392–415. In his introduction to the new Italian edition (2018) of Schmidt’s work, Riccardo Bellofiore brilliantly illustrates the moments that have manifested the necessity of a *Neue Marx Lektüre* in Germany in the early 1960s.

value in movement (Marx 1994, vol. I, 256). If it were not so, if capital no longer passed from one of its modes of existence to the other, it would simply cease to be. But Marx also sees in all this the risk of creating a hypostasis, of conceiving this process as if it housed an autonomization of value from the metamorphoses of the cycle of industrial capital (monetary capital, productive capital, commodity-capital). To exclude this risk, adopting the more authentic concept of capital as abstraction in process, we need, Marx continues, to imagine this movement against the background of the differences and incongruities between the metamorphoses that make up the cycle of industrial capital. The continuity of the productive process always depends on presupposing the possibility of its breaking down, being wrenched or disrupted, given the very diversity of its cycles. This is a theory that is repeated in Book II at many different levels, from the analysis of the turnover of capital, marked by the contradiction between production time and circulation time, to the reproduction of total social capital, tensely balanced between the sector that produces means of production and the sector that produces means of consumption. To be interpreted, this incoherence of capital and its crises are asking for more synthetic capacities, more scientific abstraction, and, in a word, more theory.

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KARL MARX: A DIALECTICAL CRITIQUE OF SAY'S LAW

Abstract

Formulated for the first time in 1803, Say's law, which states in principle that "it is production which opens a demand for products", implies: 1) the automaticity of balances on all markets and, 2) the impossibility of general crises of overproduction. Still hotly debated, because of the maximum extension that neoclassical liberalism has given it both in developing the concept of general equilibrium and in justifying the so-called supply-side policies, Say's law is the subject, in Marx, of a tight critique, which undoubtedly constitutes one of the best ways of approaching his theory of the crises of capitalism. The object of this article will be limited to presenting this critique, on the one hand by putting it into perspective with the "general glut controversy" which divided classical economists in the 1820s, but also by bringing out what makes it specific: the recourse to the dialectical categories of Hegelian logic to denounce the purely abstract character of the identity posed by Say's law between production and consumption.

Keywords: *Karl Marx, Say's law, Critique of Political Economy, Crises Theory, Dialectics*

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The problem with Marx's theory of crises is that it was never written. Indeed, despite the importance that this question obviously takes on in his eyes, Marx never gave his theory a complete and final formulation.

The stakes are certainly high: for Marx, the crisis is the explosion of all the contradictions of production based on capital or, to put it in Hegelian terms, the crisis is the dialectical moment of capitalism. As we know, in Hegel's *Logic*, the "dialectical moment" is the negative moment of the rational. It is one where the precise – and therefore abstract – determinations of understanding pass into their opposite and therefore negate or contradict themselves. Then, in Marx, this dialectical moment manifests itself in the crisis in the form of over-production. To be convinced, it is only necessary to quote this passage from the *Manifesto of the Communist Party* (1848):

"In these crises, there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity (*Widersinn*) – the epidemic of over-production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilisation, too much means of subsistence, too much industry, too much commerce." (Marx 1888, 20)

What here seems absurd, because it is contradictory, appears at first glance in the overproduction itself.

In the pre-industrial age, there were, of course, food shortages or even starvations: in some years, the price of cereals could increase considerably, because of poor harvests due to various climatic vagaries or political trouble, wars etc. In all cases, these subsistence crises were caused by low agricultural yields. The most appalling misery simply arose from scarcity, from insufficient production. No doubt it was absolutely horrible, judging by the many cases of anthropophagy witnessed, for example, by an 11th century chronicler monk like Rodulfus Glaber, but there was nothing contradictory in all this.

But what does not fail to appear paradoxical if not absurd in the crises of capitalism is what Marx calls, in Boisguillebert's

words, the “scarcity within plenty”¹. Chronologically closer to Marx, Charles Fourier had noted this contradiction by which the plethora of wealth changes into its opposite:

“We have recognized this vicious circle of industry so well that we are beginning to suspect it from all sides, and to be surprised that poverty can arise in the civilization from abundance itself.”²

In fact, overproduction results in considerable destruction of capital. As Marx already says in the *Manifesto*:

“In these crises, a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed.” (Marx 1888, 20)

Such destruction of capital is first of all stocks of unsold goods that rot in warehouses, or even that we literally destroy. The use value (*Gebrauchwert*) is deleted, because the exchange value (*Tauschwert*) cannot be realized³. But, in addition to this destruction of commodity capital, there is also a destruction of productive capital: unused buildings and machines that degrade and unemployed workers who eventually become unemployable, or even die of misery in the literal sense. Finally, destruction also affects money capital through the ruinous fall in prices. Capitalists, unable to realize the value of their goods, can no longer honour their claims and go bankrupt. They lose all or part of their capital. In this case, there is destruction of exchange value without destruction of use value.

Just as in Hegel’s *Logic*, the determinations of the understanding change into their opposite because they are limitation

1 If, for the 17th century French economist P. de Boisguilbert (1646-1714), the problem of overproduction did not yet arise, that of under-consumption could make, according to him, a State “miserable in the midst of abundance of all kinds of goods”. See Boisguillebert 2014.

2 Fourier 1973, 71-72. “On a si bien reconnu ce cercle vicieux de l’industrie que de toutes parts on commence à la suspecter, et s’étonner que la pauvreté naisse en civilisation de l’abondance même.”

3 One of the most striking images of the Great Depression of the 1930s, illustrating the so-called dessert product crisis in Brazil, shows the driver of a steam locomotive fueling the boiler of his machine with coffee. Indeed, Brazil, which was then the world’s largest producer and exporter of coffee, is said to have destroyed almost 5 million tonnes of product between 1929 and 1944, in an attempt to stem the fall in prices on the world market. Similarly, we will no doubt retain from the 2008 crisis in the United States the image of these 4 million houses seized by banks and - because they are unsellable – very often abandoned, while their former owners ruined by mortgages from these same banks were reduced to living in their cars or in homeless camps.

(that is to say, negation)⁴, this dialectical reversal of plenty in scarcity holds in Marx the limited, narrow, even scrumpy character of bourgeois relations of production. In this sense, production based on capital carries with it its own negation, which is revealed in all its magnitude at the dialectical moment of the crisis. Indeed, from the time of the *Manifesto of the Communist Party*, Marx saw in the crisis “the revolt (*Empörung*) of modern productive forces against modern conditions of production” (Marx 1888, 20): “The conditions of bourgeois society are too narrow to comprise the wealth created by them.” Hence overproduction and its paradoxes.

But the work of the negative does not stop there. No more than Hegel does Marx remain blind to the positivity of the negative. Since all negation is also a determination, the dialectical moment of the crisis is not just a sterile contradiction, but it paves the way for a new society in which the negative – i.e. the limits of capitalist relations – will be negate. In a word, the crisis creates the conditions for the communist revolution. And that is why, for Marx, the question of crises is not only theoretical, but practical or political.

Let us not forget that the decisive political experience lived by Marx was the revolution of 1848 which spread throughout continental Europe, from France to Hungary, passing through Italy, Austria and Germany. Now, this revolutionary conjuncture did not come from nothing, but from the crisis of 1845-1847 during which it is estimated that the GDP of the whole of Western Europe suffered a recession of 5 to 6%. Among the lessons that Marx draws from the revolutionary phase of 1848 and its failure – the counter-revolutionary triumphs everywhere in Europe from 1849 – there is the idea that the possibility of a revolution does not depend on the will of the revolutionaries or on their subjective impatience to finally take action, but depends on an objectively critical situation of which capitalism itself created the conditions. As Marx wrote in 1850:

“While this general prosperity lasts, enabling the productive forces of bourgeois society to develop to the full extent possible within the bourgeois system, there can be no question of a real revolution. Such a revolution is only possible at a time when two factors come into conflict: the modern productive forces and the

4 *Omnis determinatio est negatio*, said Hegel, using an expression from Spinoza (see letter to Jarig Jelles of June 2, 1674).

bourgeois forms of production... A new revolution is only possible as a result of a new crisis; but it will come, just as surely as the crisis itself.” (Marx 1978)

More than just a point of theory, the crisis becomes a strategic question for the revolutionary movement which Marx intends to promote. Which brings us to a very simple consideration, but one that should never be overlooked: that is, it is above all as a revolutionary and not as an economist that Marx is interested in the crises of capitalism. Or, to put it better, if he is interested in it as an economist, it is because he is first interested in it as a revolutionary. Reading his correspondence, we can see that it was the crisis of 1857 that prompted Marx to go back to writing what would become *Das Kapital*. “The current trade crisis has prompted me to devote myself seriously to the elaboration of my *Fondations of Political Economy*”, wrote Marx to F. Lassalle on 21st December 1857.

Given the importance of the issue, it is rather unfortunate that Marx was unable to arrive at a complete formulation of his theory of crises. Because that is what allowed the adversaries of his doctrine to neglect it, or even to ignore it – and, in any case, to triumph by default. This is the case for Raymond Aron in *Main Currents in Sociological Thought*:

“As a matter of fact, there are, scattered throughout Volume II of *Capital*, many elements of a theory of crises. But these elements do not themselves add up to a theory. It is possible, on the basis of the scattered indications in the second volume, to reconstruct and attribute various such theories to Marx. The only idea beyond question is that, according to Marx, the competitive, anarchic character of the capitalist mechanism and the necessity for the circulation of capital create a permanent possibility of disproportion between production and purchasing power. This is tantamount to saying that, essentially, an anarchic economy is characterized by crises. Are these crises regular or irregular? What is the combination of economic circumstances in which a crisis breaks out? On all these points, Marx gives hints rather than a precise theory.” (Aron 1968, 169-170)⁵

5 In the original text in French, Aron says much more frankly: “Personally, I don’t think there is an overall theory of crises in Marx. He was looking for such a theory, but he didn’t finish it...”

To reconstruct Marx's theory of crises from these "indications" scattered in *Capital* and elsewhere is an enormous task which exceeds the ambition of this paper. However, if all negation is a determination, it is possible to approach the question negatively by the critique to which Marx subjects Say's law, in other words by his criticism of the negation of crises.

This "law", also called "law of outlets", owes its name to the French economist Jean-Baptiste Say who would be the first to have stated it in 1803 in the 1st edition of his *Treatise on Political Economy*. Often summed up by the phrase "supply creates its own demand", Say's Law is one of the theoretical foundations of what is now quite pompously called supply-side policy. Although this phrase "supply creates its own demand" does not appear in the pen of Say himself, the latter nevertheless seems to have expressed the substance of his thought, when he wrote in the *Treatise on Political Economy* that: "it is production which opens a demand for products" (Say 1880, 133). Nor does Say's justification for this thesis seem to present as many interpretation difficulties as Schumpeter claims in his *History of Economic Analysis*. Here is the passage most often retained to this day by the economics textbooks themselves:

"It is worthwhile to remark, that a product is no sooner created, than it, from that instant, affords a market for other products to the full extent of its own value. When the producer has put the finishing hand to his product, he is most anxious to sell it immediately, lest its value should diminish in his hands. Nor is he less anxious to dispose of the money he may get for it; for the value of money is also perishable. But the only way of getting rid of money is in the purchase of some product or other. Thus, the mere circumstance of the creation of one product immediately opens a vent for other products." (Say 1880, 134-135)

The typically "classic" premise of Say's reasoning is the anti-bullionist principle that it is not money that makes wealth, but the value created by production. Contrary to the mercantilist theses, what supports the consumption and the flow of goods, it is not the abundance of the money in circulation in a country, but it is the fact that one produces:

“This observation is applicable to all cases, where there is a supply of commodities or of services in the market. They will universally find the most extensive demand in those places, where the most of values are produced; because in no other places are the sole means of purchase created, that is, values.” (Say 1880, 134)

In other words, the more we produce, the more value we create, that is to say, this “sole means of purchase”; and therefore, the more outlets there are for other products. Suppose, for example, that a bag of wheat is exchanged for a piece of fabric in the market. What can open an outlet for 100 pieces of fabric is the farmer’s production of 100 sacks of wheat. The reason is that the production of a quantity of value offered on the market is at the same time a purchasing power for the same quantity of value.

Let us now turn to the implications of Say’s law. We essentially see three (or rather a main one with two corollaries). 1) Whatever the level of production in terms of value, producers must always find sufficient outlets to sell their products. If we reason across the whole of society, production instantly creates enough purchasing power to sell all of the products. And this for a simple reason which is that: the value that we produce is identical to the value with which we buy. It is the same value viewed from two different angles. Thus, an increased production creating an increased consumption of the same level, it must exchange a greater quantity of products for a greater quantity of other products. Despite this increase (or rather thanks to it), the balance between production and consumption remains, due to the aforementioned identity of value. 2) Since there is theoretically no level of production, as high as it is, which does not correspond to a demand large enough to absorb it, this results in the possibility of almost indefinite growth: it suffices to always produce more. 3) For the same reason, a general glut is impossible, because one can never produce too much. If certain goods (for example fabrics) do not find outlets, it is not because we produce too much, but because we do not produce enough other goods to exchange them (for example wheat). In other words, the partial crisis can only be a temporary imbalance between the production sectors, but there can be no absolute saturation of demand.

Say’s law was not unanimous even in classical political economy. If big names like those of Ricardo, James Mill and his son

John Stuart Mill admit it, it is contested, from the 1820s, mainly by Malthus in England and by Sismondi on the continent. Not to mention socialist thinkers like Fourier or Owen. Marx is therefore not the first to criticize Say's law and, although his critique is not on the same ground as the general glut controversy, we will see how he reformulates it using his own concepts certain arguments of his predecessors (in particular Malthus and Sismondi).

The least that can be said is that Marx does not take Say's law very seriously. Judging it by one of its implications – the impossibility of crises – he sees it as a pitiful attempt to justify capitalism by denying the facts. In this sense, Say's law is only an “apologetic” thesis. Just as, in the Christian religion, apologetics is the branch of theology which is concerned with rationally justifying the veracity of the faith, Say's law would be nothing but a kind of fallacy aimed at to support the faith of political economy in the absolute character of capital as a form of development of the productive forces. To avoid at all costs attributing to capitalism what Hegel called, in his *Logic*, the “blemish of contradiction” (*Makel des Widerspruchs*) (Hegel 1975, 48), economists would rather simply deny the crises rather than seek an explanation for them. As Marx says, indeed:

“In the crises of the world market, the contradictions and antagonisms of bourgeois production are strikingly revealed. Instead of investigating the nature of the conflicting elements which erupt in the catastrophe, the apologists content themselves with denying the catastrophe itself and insisting, in the face of their regular and periodic recurrence, that if production were carried on according to the textbooks, crises would never occur. Thus the apologetics consist in the falsification of the simplest economic relations, and particularly in clinging to the concept of unity in the face of contradiction.” (Marx 1968, 709)

Say's law would therefore be an economic law only by name: “falsification of the simplest economic relations”, it would be either a form of wishful thinking or mere intellectual dishonesty; in either case, a form of ideology, understood as false consciousness that humans have of their own social relations of production. Devoid of theoretical interest, Say's law would be no better in practice. Basically, says Marx in substance, no one (especially among the economic players) is really fooled:

“The constant recurrence of crises has in fact reduced the rigmarole of Say and others to a phraseology which is now only used in times of prosperity but is cast aside in times of crises.” (Marx 1968, 708)

Periodically denied by the reality of overproduction crises, it therefore seems that the “rigmarole of Say” does not even deserve to be refuted.

Yet Marx’s attitude is different. What seems to trouble him is that a thinker of the calibre of Ricardo has admitted the Say’s law:

“This is the childish babble of a Say, but it is not worthy of Ricardo.” (Marx 1968, 710)

It should be noted that his refutation of Say’s law attacks its Ricardian formulation in chapter 21 of the *Principles of Political Economy and Taxation*.

Indeed, Say’s law is subject in Marx to a dialectical critique. As he interprets it, the meaning of this “law” comes down to an immediate identity between the realization of capital within production and its realization in circulation. The two being purely and simply identical, the first would logically imply the second:

“Those economists [...], like Ricardo, conceived production as directly identical with the self-realization of capital – and hence were heedless of the barriers to consumption or of the existing barriers of circulation itself” (Marx 1973)

As we have seen, for Say (as for Ricardo), the value of the products we create is the same value with which we buy other products. Everything happens according to the following scheme:

$$P = M = P$$

Here the “products” (P), which Say and Ricardo interchangeably call “commodities”, are conceived as the first and the last term of a series of equivalences, in which money (M) serves as a neutral intermediary: a simple “agent of transfer of values” (Say 1880, 133), according to Say⁶. In fact, this “agent of transfer” confines itself to conveying the value of P to allow exchange with P. Which

6 The metaphor is much more concrete in the original text in French, since Say literally writes that money is “the vehicle of the value of products” (*la voiture de la valeur des produits*).

makes Say claim that “products are exchanged for products”, like in a barter economy. Indeed, by transitivity, if $P = M$ and $M = P$, then:

$$P = P$$

The whole process is therefore reduced to an identity of value between what is created and what is exchanged. The value of production is exchanged for itself in circulation. In other words, the value of production is equal to the value that is exchanged in circulation, for the simple reason that it is the same. From this single identity result those of purchases and sales, supply and demand, etc. Now, it is precisely against this identity that Marx directs his critique. This does not mean that Marx refuses to think about the identity of production and consumption. But what he challenges is the abstract or formal character of the identity posed by Say’s law.

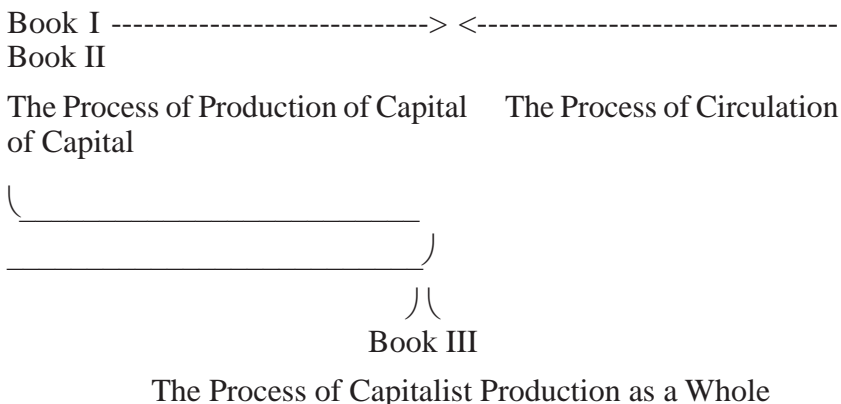
This critique seems understandable only in the light of Hegel’s *Logic*. As a reminder, identity is the first category of the doctrine of Essence, i.e. the second part of the *Science of Logic*. Identity and its negation, the difference, find their unity in the category of the foundation (*Grund*), that is to say the essence posed as a systematic totality, from which existence emerges etc. Now, as an identity, Hegel criticizes abstract identity as generally understood by the understanding. By that, he means pure identity that excludes any difference. Against this abstract conception of identity – which is that of classical logic – Hegel argues that the law of identity – each thing is identical to itself or A is A – cannot be formulated without differentiating A from itself, as subject and as predicate. Hegel basically argues as follows: identity is the relation of something to itself. However, any relation supposes at least two terms. Therefore, identity can only be understood as a dyadic relationship of self to self. This requires distinguishing the same from the same. Also, for Hegel, true, concrete identity must necessarily include difference: it is, in this sense, the unity of identity and difference.

This detour by Hegel is justified insofar as Marx’s main argument against Say’s law is very similar. Intellectual heirs of the French and Anglo-Scottish Enlightenment, Say and Ricardo thought in terms of understanding. For them, identity is pure, devoid of any difference. And that is why, they believed they could get rid of the contradictions of capital by abstractly posing the

identity of production and consumption, supply and demand, etc. At no time, writes Marx, they cannot conceive of capital as a “unity of different phases” (Marx 1968, 709):

“No, says the apologetic economist. Because there is this unity, there can be no crises. Which in turn means nothing but that the unity of contradictory factors excludes contradiction.” (Marx 1968, 709)

For Marx, on the contrary, the crisis requires thinking about the “contradiction” of the different moments of capital as a whole process: its real, concrete identity. Hence the fact that the theory of crises should have taken place in Book III of *Capital*, whose dialectical plane can be represented in the form of this diagram:



To show how the different phases of the whole process can come into opposition, Marx begins by criticizing the form in which Say and Ricardo presented it. According to him, the fallacious character of Say’s law comes from the fact that it postulates a process of circulation (C – M – C), which is not that of capitalism. With this idea that “productions are always bought by productions”⁷, writes Marx:

“This is a return not only to the time before capitalist production, but even to the time before there was simple commodity production; and the most complicated phenomenon of capitalist

⁷ Marx quotes Ricardo’s very terms here. See Ricardo 1819, 302.

production – the world market crisis – is flatly denied, by denying the first condition of capitalist production, namely, that the product must be a commodity and therefore express itself as money and undergo the process of metamorphosis.” (Marx 1968, 709)

No doubt, if capitalism was only a barter economy, there would be no crises of overproduction, but the problem is, precisely, that capitalism is not a barter economy. Contrary to what Say and Ricardo claim, capitalists do not sell their product to obtain other products to consume in exchange, but to realize in the form of money the surplus value that the produced commodity contains.

“The capitalist’s immediate object in selling, is to turn his commodity, or rather his commodity capital, back into *money capital*, and thereby to *realise* his profit. Consumption – revenue – is by no means the guiding motive in this process, although it is for the person who only sells *commodities* in order to transform them into means of subsistence.” (Marx 1968, 710)

Therefore, the circulation scheme is not $C - M - C$; but:

$M - C - M'$

Or in more detail:

$M - C \dots P \dots C' - M'$

In this scheme, the commodity is no longer the beginning and the end of the process, but money, which is therefore no longer a neutral intermediary. Furthermore, the value of “money capital” is not equal at the beginning of the process and at the end. It is necessary that $M' > M$. If $M' \leq M$, capitalist production stops. Finally, the process of circulation is both interrupted and mediated by the process of production (P), during which the increase in value takes place, and which divides the entire circuit into two opposite phases: on the one hand, $M - C$; on the other $C' - M'$. Does the realization of capital in circulation necessarily coincide with its realization within production, as stated in Say’s law? This no longer seems obvious at all.

Indeed, the possibility of the crisis arises from the fact that the surplus value created in P may not be realized during phase $M' - A'$. What is the reason for this? The strong thesis of Marx is

that the obstacles to the realization of surplus value are inherent in capitalist production itself:

“The universality towards which [capital] irresistibly strives encounters barriers in its own nature, which will, at a certain stage of its development, allow it to be recognized as being itself the greatest barrier to this tendency, and hence will drive towards its own suspension.” (Marx 1973)

These “barriers” being immanent “in its own nature”, crises are not only possible, but necessary.

In favour of this thesis, we shall retain two arguments which show, in passing, what Marx owes to the general glut controversy.

Argument 1: the necessarily over-productive nature of wage labour. In fact, wage labour only exists on condition of creating surplus-value. We assume here that surplus-value is known as the difference between the full value of what a worker produces and his wages understood as the price of his labour power. The creation of this surplus value presupposes that there is, in addition to the necessary labour (equivalent to wages), an unpaid surplus labour. The problem which then arises for capitalism is simple: how to realize in money the surplus value created by unpaid surplus labour? Marx thus reworked an argument from Malthus: that of the necessary inadequacy of workers’ demand. Indeed, Malthus had judiciously observed against Say’s law that there is no work for workers except on the condition that they produce more value than what they consume. Which necessarily implied that their demand alone could not constitute a sufficient outlet for the product of their work:

“... no productive labour can ever be in demand with a view to profit unless the produce when obtained is of greater value than the labour which obtained it.” (Malthus 1922, 312)

Marx will remember this and, on this point, will do justice to Malthus in his *Grundrisse*:

“It is forgotten that, as Malthus says, ‘the very existence of a profit upon any commodity pre-supposes a *demand exterior to that of the labourer who has produced it*’, and hence the *demand of the labourer himself can never be an adequate demand.*” (Marx 1973)

This argument of Malthus is naturally reworked by Marx on the basis of his own theory of surplus value:

“the majority of the producers, the workers, can consume an equivalent for their product only so long as they produce more than this equivalent, that is, so long as they produce surplus-value or surplus-product. They must always be *over-producers*, produce over and above their needs, in order to be able to be consumers or buyers within the limits of their needs.” (Marx 1968, 717-718)

Here the identity posed by Say’s law between producers and consumers appears manifestly wrong.

Argument 2. It is in the nature of capitalism to produce without heeding the limits of the market. As Marx says:

“*Over-production* is specifically conditioned by the general law of the production of capital: to produce to the limit set by the productive forces, that is to say, to exploit the maximum amount of labour with the given amount of capital, without any consideration for the actual limits of the market or the needs backed by the ability to pay...” (Marx 1968, 725)

This time, Marx is indebted to Sismondi who objected to Say’s law that in the “social order” as it is (let us understand in capitalism), producers do not proportion their activity to a demand for consumption, but to the quantity of capital that they have at their disposal. To paraphrase Sismondi, it is always the means of production that the capitalist considers, and not the means of consuming⁸.

We have seen that, for Marx, Say’s law is the pitiful attempt to deny the possibility of crises, by posing a whole series of abstract identities: between production and consumption, supply and demand, purchase and sales, etc., or ultimately between: $(M - C)$ and $(C' - M')$. Thus, the Marxist critique of this so-called “law” consists in showing that these different phases of the process may (and even must) not always coincide. In this sense, Marx therefore insists on the difference in identity.

⁸ In his *New Principles of Political Economy*, Sismondi writes: “... chaque producteur, au lieu de se régler sur la demande générale, proportionne son activité à la quantité de capitaux qui se trouvent à sa disposition. Ce sont toujours les moyens de produire qu’il considère, et non les moyens de consommer.” See Sismondi 1827, vol 1, 341.

But this difference should not be conceived abstractly either, as an absolute difference which would admit no unity. Indeed, as Marx repeatedly points out, what manifests itself in crises is not only the separation of the different moments of the capitalist process, but the unity of these different phases. Unity without which there would be no contradiction, and therefore no crisis:

“It is just the *crisis* in which they assert their unity, the unity of the different aspects. The independence which these two linked and complimentary phases assume in relation to each other is forcibly destroyed. Thus, the crisis manifests the unity of the two phases that have become independent of each other. There would be no crisis without this inner unity of factors that are apparently indifferent to each other.” (Marx 1968, 709)

To properly understand crises, it is therefore important not to lose sight of the unity of the whole capital process, its self-identity, which is unilaterally stated in Say’s law. Hence the paradox to which we draw the reader’s attention: namely that the abstract identity posed by Say’s law is certainly a way of denying crises, but that purely and simply rejecting this same identity is only another way of denying them.

This denial of the crises was still widely held among mainstream economists until the fairly recent era of the subprime crisis. In fact, all DSGE models, held in high regard by international financial institutions, central banks and national treasuries, postulated the stability of the capitalist system, which would invariably tend to return to the walrasian “general equilibrium” of supply and demand, after a necessarily exogenous shock. Thus, it is not surprising that these sophisticated mathematical models failed to predict the 2008 crisis. More curious, on the other hand, is the lack of interest that most heterodox economists attach to overproduction. To our knowledge, the neo-Keynesian J. Stiglitz is one of the few to have underlined “a global lake of aggregate demand” (Stiglitz 2010, chap. 1) during the years preceding the crisis, while J. Galbraith, generally classified among the post-Keynesian, neglects this explanation which he improperly reduces to the question of income inequality and which he criticizes for exempting finance of its responsibilities. And this is the reason why he, like others, prefer to refer to Minsky’s financial instability hypothesis which, according

to him, would have the advantage over Marx's theory of explaining the whole mechanism of the crisis at level of the financial sphere. Without denying the interest of Minsky's non-linear approach to economics from a dialectical point of view⁹, we could turn Galbraith's reproach against its author by asking whether the concern to incriminate only the sector finance is not a way to exonerate the capitalist system as a whole. Furthermore, we could oppose to Galbraith what Marx already observed concerning the Panic of 1847:

“What appears to the superficial observer to be the cause of the crisis is not overproduction but excess speculation, but this is itself only a symptom of overproduction. The subsequent disruption of production does not appear as a consequence of its own previous exuberance but merely as a setback caused by the collapse of speculation.” (Marx 1978)

Truth be told, just because the crisis breaks out in the “sphere of speculation” does not mean that speculation is the cause of the crisis. Analogously to the Railway Mania in the 1840s, the real estate bubble of the 2000s may have been the “symptom” which both reveals and masks the real cause of the crisis which lies in overproduction. All the more reason that, as Stiglitz very interestingly indicates:

“Without the bubble, aggregate demand – the sum total of the goods and services demanded by households, firms, government, and foreigners – would have been weak, partly because of the growing inequality in the United States and elsewhere around the world, which shifted money from those would have spent it to those who didn't.” (Stiglitz 2010, chap. 1)

In other words, speculation would have been the revealing symptom of overproduction, not so much by opening temporary outlets for excess capital which could no longer be used profitably in production, as by artificially supporting aggregate demand by an over-extension of credit (especially mortgage). All this to say that there is perhaps on Galbraith's part a form of empiricist illusion in wanting to reduce the explanation of crises to the level of their only observable manifestations.

9 Minsky's paradox that “stability breeds to instability” is dialectical.

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CAPITAL AND STATE IN MODERN GREECE AS A CRIME: BAILOUT PROGRAMS AND STATE-CORPORATE CRIME

Abstract

If the primary function of the state is (mainly and for the most part) to ensure that the social relations of capitalism persist in the long run, then that includes the enactment and enforcement (or the absence) of criminal laws. On the other hand, the ruling class can (and do) behave harmfully in the pursuit of economic self-interest and the criminal justice agencies fail (or even accommodate) to officially define and process those harmful behaviours as criminal. These “socially injurious” behaviors are committed by the powerful against the powerless with the help (through action or omission) of state, or multinational agencies. That is what happened in Greece during the recent period of Memoranda-imposed policies on the Greek people. These are among the state-corporate crimes.

Keywords: *state-corporate crime, bailout, debt, corruption, symbiosis*

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1. State-corporate crime

In recent years the international academic community has made an effort to define and scientifically test the term “state-corporate crime”, that may replace and be more specific than the term “white collar crime”. It is a term that, from a political and a research point of view, corresponds to what we narrow down as “corruption”, but with two important differences:

The first difference lies in that there is an effort to criminalize this act from the point of view of protecting human rights from social harms. Crimes are not only the known “street crimes”, but these acts as such, which, according to studies, involve much more loss of life, physical or other harm, loss of property, money, from respective registered murders, attempted murders, theft-robbery, etc. The need for criminalization of these acts is connected both with the need for appropriate orientation of formal criminal policy (law, police, administration of justice), and for the awareness of citizens, consumers, workers and social movements.

The second difference lies in the revelation of the true nature of this crime and thus in the orientation not only of crime prevention, but also of political and social action. The interdependence of the state and corporate capital, either by converting public money into private directly (i.e. contracts) or by providing facilities and specific policies (i.e. laws, decrees, etc.) is the way that the heart of our capitalist society operates and, therefore, the root of this crime.

The term state-corporate crime is not a neutral term, from an evaluative perspective, but rather a product of a very clear politico-ideological decision against a theoretical dilemma that is created by the historical tradition of criminological theory and research, and the prospects in judicio-political and social fields that are opened by this specific research.

The concept of state-corporate crime has just gone the third decade of its first public appearance in a scientific text, while its use – as it has not become commonplace among scholars remains quantitatively limited. It was launched through a series of presentations at conferences by Kramer and Michalowski in 1990, in which the first written version was introduced in 1992 (Kramer 1992) and concerned a case study. The general idea was that there should be

emphasis on the field of the state and businesses interaction that produces serious criminality and not to be examined separately as it had usually been treated until then, that is, as state crime and as corporate crime.

According to what has just mentioned Michalowski & Kramer (2006a, 2006b) gave a comprehensive definition of state-corporate crime as follows: illegal or socially harmful actions produced by a mutually strengthened interaction between policies or practices of political institutions of governance and those of economic production and distribution.

The research carried out within this context use case studies, employing secondary data from official documents and records or from investigative journalism (Kauzlarich & Mathews 2006), whereas the analysis that is usually at a micro-sociological level lacks a “clear villain”, as it involves complex organizational arrangements that make the motives and purposes of government and business entities involved inconspicuous. This very important crime, insofar as it relates to human rights violations, is a systemic problem and not the result of individual actions, and just as such it is defined as (something that is) linked with the ownership or management of the process of capital accumulation.

Within this context, we could incorporate two complementary dimensions, when we talk about political ties of governance and institutions of economic production and distribution: first, major multinational companies and supranational government organizations and, second, institutions of “civil society”, that is, non-governmental organizations (NGOs).

More analytically, Friedrichs & Friedrichs (2002) mention the “crimes of globalization”, thus providing another interesting dimension to the issue. These crimes refer to forms of social harm to entire populations from political supranational institutions, such as the IMF and the World Bank. The imposition of the top-down policies and economic programmes that are consistent with the interests of powerful countries and multinational companies have effects on and even cause casualties in human lives mainly in “developing countries” (Rothe, Mullins & Muzzatti 2006). Usually, such things as “Debt Repayment” programmes lead, as Green and Ward (2004) have shown us, to political instability, then to paternalistic or

clientelism systems of governance that are the nest of the organized crime, corruption, authoritarianism, state repression, use of torture, and even of possible genocide.

This globalization and its crimes refer to the influence not only of supranational financial institutions and multinational companies but also of NGOs (Chace-Dunn et al. 2000, Mazlish 1999). In the neocolonial situation or the postcolonial state, as called by Gupta (1995), where we have been living, there is a continuum between businesses, the state and the “civil society” that in essence makes the boundaries between them blurring; the continuous interaction that eliminates autonomy and the limits that are a “normal” situation that have been neglected in literature.

Even more in the period of modern economic crisis, the contraction of welfare state intervention leads to further involvement of NGOs to meet these needs. But the change is not only quantitative but also qualitative. As a consequence of this change and the increase in NGOs’ role as a mere provider of social services, there have been the marginalization of the contenders of actions of such organizations and the weakening of features such as the proximity to local communities, the mobilization of citizens and lobbying for changes in targeting policies (Simiti 2014). However, this development does not signal the strengthening of civil society; rather, it signals the incorporation of the existing agencies, which will ultimately survive the economic crisis, within a context that will be distinguishable for deference of retreating from self expression and promoting social demands. On the contrary, these NGO-intermediaries reproduce the features of traditional charity (e.g. disconnection of the aid provided from empowerment actions of beneficiaries, disconnection of individual needs from social needs, emphasis on moral obligation, promotion of donors) (Simiti 2014), while at the same time the development of clientelism between specific organizations and the central or local political power favoured the appearance of cases of corruption or financial mismanagement, as several relevant publications have shown (Gibelman & Gelman 2001, Greenlee et al. 2007).

2. The Greek reality

2.1. Bailouts programmes

The measures implemented under the “bailout programmes” (Memoranda of Understanding) have directly affected living conditions of the people and violated human rights, which Greece is obliged to respect, protect and promote under domestic, regional and international law. The drastic adjustments, imposed on the Greek economy and society as a whole, have brought about a rapid deterioration of living standards, and remain incompatible with social justice, social cohesion, democracy and human rights. According to the Greek Ombudsman, “the drastic adjustments imposed on the Greek economy and society as a whole, have had dramatic consequences on citizens, while vulnerable groups multiply” (Greek Ombudsman 2012, 4). Similarly, the Greek National Commission for Human Rights observed a “rapid deterioration of living standards coupled with the dismantling of the Welfare State and the adoption of measures incompatible with social justice which are undermining social cohesion and democracy” (Greek National Commission For Human Rights 2011,71-72).

In April 2015, the President of the Hellenic Parliament established the Truth Committee on Public Debt, mandating the investigation into the creation and the increase of public debt, the way and reasons for which debt was contracted and the impact that the conditionalities attached to the loans have had on the economy and the population (Georgoulas and Voulvouli 2015). According to the Committee’s preliminary report the growth of the Greek public debt since the 1980s was not due to excessive public spending, which in fact remained lower than the public spending of other Eurozone countries, but rather due to the payment of extremely high rates of interest to creditors, excessive and unjustified military spending, loss of tax revenues due to illicit capital outflows, state recapitalization of private banks, and the international imbalances created via the flaws in the design of the Monetary Union itself.

Let see what human rights are violated by the bailouts programmes, according to the Truth Committee:

1. the Right to Work

Labour market reforms imposed by the Memoranda severely undermine the realization of the right to work, causing grave institutional breakdown. Destroying the system of collective bargaining agreements and labor arbitration resurrected the individual employment agreement as prime determining factor of employment conditions (Kazakos 2013, 565).

Successive wage cuts and tax hikes brought massive lay-offs, erosion of labour standards, increased job insecurity, and widespread precariousness, with over-flexible, lowly-paid jobs where women and young predominate. The minimum wage was pushed below poverty thresholds (Council of Europe 2013, General Federation of employees of the National Electric Power Corporation (GENOP-DEI) and Confederation of Greek Civil Servants' Trade Unions (ADEDY) against Greece, Complaint No. 66/2011).

2. the Right to Health

The first Economic Adjustment Programme (May 2010) limited public health expenditure at 6% of GDP; the second (March 2012) demanded reducing hospital operating costs by 8%. Hospitals and pharmacies experienced widespread shortages while trying to reduce pharmaceutical expenditure from €4.37 billion in 2010 to €2 billion by 2014 (Policies, D.G.F.I. & Affairs, P.D.C.C.R.A.C. 2015).

3. the Right to Education

Specific measures outlined include reductions in teachers' recruitment, forced transference of teachers in the labor reserve and labor mobility schemes, reduction in teachers' pay, merging/closure of schools, more students per classroom and weekly teaching hours. Gaps in teaching posts are left uncovered (12,000 in primary and secondary schools for 2014-5). 1,053 schools closed and 1,933 merged between 2008 and 2012. Reduction in operational costs left numerous schools without heating (Ekathimerini 2013). Inadequate framework for free student transportation discriminates against children in isolated areas, Roma children and children with disabilities (Greek Ombudsman 2014, 87).

4. the Right to Social Security

The Memoranda-imposed spending cuts diminished social benefits, including pensions, unemployment benefits, and family benefits. The character of the pensions system was changed; pension funds were devastated by the PSI (Private Sector Involvement), losing around €14.5 billion (Bank of Greece 2014, 107).

Pensions were reduced on average by 40%, falling below the poverty line for 45% of pensioners (Lumina, 2013). In 2015 8.14% of workers were found to work undeclared and uninsured (Labor Ministry 2015, 4).

5. the Right to Housing

Programme conditionalities and Greek government implementation laws violated the right to housing. Social housing was abolished in 2012, as a 'prior action' to disbursement. New laws and regulations facilitate express eviction procedures, without judicial trial (Law 4055/2012, Art. 15). In 2014 over 500,000 people lived in conditions of homelessness, insecure or inadequate housing (Arapoglou and Gounis 2014).

6. the Right to Self-determination

The wholesale privatization of state property through a structure named TAIPED (Hellenic Republic Asset Development Fund (TAIPED) was established by Law 3986/2011), especially through the 'fast-track' procedures, violates constitutional rights and provisions, namely Articles 1.2 and 1.3 guaranteeing the principle of popular sovereignty. TAIPED also violates the constitutional rights to property (Art. 18 Const.) and protection of the environment (Art. 24 Const.).

7. the Right to Justice

The creditor-imposed measures specify commitments to reform the juridical system, including a substantial increase in fees (Policies, D.G.F.I. & Affairs, P.D.C.C.R.A.C. 2015, 109-113). Recourse to Courts became financially unbearable for citizens after successive drastic cuts to salaries and pensions.

8. Protection against Discrimination

The creditor-imposed laws implementing the Memoranda discriminate against large sections of the population, e.g. employ-

ees and pensioners. Workers under 25 years were excluded from the legally protected minimum salary (European Committee of Social Rights Conclusions XX-2:31). Employees lost the right to freely negotiate collective or individual agreements, violating the Constitution that guarantees the rights to free collective negotiations (Art. 22§2) and the freedom of contracts (Art. 5§1); also, the International Labor Conventions 151/1978 and 154/1981, and the European Social Charter (Articles 6, 12). Discrimination against Roma, HIV-positive, and the elderly grew; as did police harassment. The UNHCR recorded a spike in excessively violent crimes arising from discrimination based on gender and sexual orientation (Racist Violence Recording Network 2015).

9. Freedoms of expression and assembly

Since 2010 legislative and administrative measures restricted the freedoms of expression and assembly; the right to free expression was “systematically and effectively challenged” (Syllas 2013); the freedom of assembly was violated. Authorities prevented legitimate protest against Memoranda-driven policies by prohibiting public meetings, repressing with excessive force peaceful demonstrations, making pre-emptive arrests, questioning minors, and torturing antifascist protesters, often in collaboration with Golden Dawn (Amnesty International 2014). Between 2009 and 2015 Greece slid from 35th to 91st place on the World Press Freedom Index (Reporters without Borders 2015).

All the above freedoms and rights are guaranteed by international treaties and human rights conventions such as Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, Convention on the elimination of all forms of discrimination against women, International Convention on the elimination of all forms of racial discrimination, Convention on the rights of persons with disabilities, Convention on the Rights of the Child, European Social Charter, European Convention of Human Rights, and also the Greek Constitution.

Currently 23.1% of the population lives below the poverty line, with relative poverty rate almost doubling in 2009-2012, and 63.3% are impoverished because of austerity policies alone. Severe material deprivation increased from 11% to 21.5% of the population in 2009-2014. Over 34% of children are at risk of poverty

or social exclusion in 2013. The unequal impact of the measures dramatically worsened inequality, with the poorest 10% of the population losing an alarming 56.5% of their income.

The third bailout programme (August 2015) is in line with the two preceding ones. It continues to violate fundamental human rights, while at the same time crippling the Greek economy and providing no incentives or platform for growth, investment and enhancement of trade. It will increase poverty, class polarization and social exclusion. A characteristic example of this is that although creditor demands envisage broadening the tax base, tackling tax avoidance, etc, at the same time they seek to abolish a 26% withholding tax on cross border transactions.

The new austerity measures, among many other consequences:

- Reduces pensions in line with the measures implemented through the anti-pension reforms of 2010 and 2012.

- Increases taxation on farmers.

- Phases out progressively, by 31 December 2016, VAT discounts currently available to businesses on the Aegean islands.

- Eases attachment and seizure processes in favor of tax authorities and banks.

- Increases the advance corporate income tax not only for large enterprises, but even for the self-employed up to 75% for incomes in 2015 and 100% for 2016 incomes, thus further reducing available income.

- Imposes a new round of market liberalization under the instructions of the OECD's so-called toolkit.

Furthermore, quasi-automatic correction mechanisms that will impose new spending cuts in cases of failure to achieve their stated fiscal goals will undoubtedly bring about a new wave of austerity measures.

2.2. The state-corporate crime in the Greek House of Parliament

At the same time when the Greek society has been experiencing human rights violations and widespread social damage from the implementation of Policy Memoranda as defined by the

government agreements and supranational organizations-international lenders, the legislative agencies have created a “policy of privileges”, due to which the phenomenon of corruption is further developed. This legislative initiative is multifaceted and leads to criminal immunity regimes. Either in the form of an in advance (preventive) exclusion of prosecution for specific individuals and groups that have been involved in the relationship of power and money – especially in the “sinful” contracts or forms of privileges of public concession, such as Siemens, armament programmes, privatization through HRADF etc., or in the form of (repressive) legislative intervention in already pending criminal trials towards the limitation, suspension or termination of pending prosecution, pardoning within the meaning of Article 47, paragraph 3 of the Greek Constitution etc.

Thus, it has been generated an unacceptable system of legal discrimination in favour of bribed officials and the powerful bribing social groups, multinational companies, etc. At a time when taxpayers or insured people for relatively small financial sums are directly at risk of being prosecuted, suffering, and being humiliated and deprived of their liberty, privileged government officials and privileged economic and social groups that are directly involved in squandering public money are “exempted” in a way that implies contempt and sarcasm towards the affected low and middle social strata by Policy Memoranda.

Let us look some specific examples in detail.

1. The Siemens scandal, during which it was revealed that the company had been “feeding” the PASOK and the New Democracy (ND) with black money, funds for years, shook public opinion of the country. Unlike other countries, where governments demanded and received compensation from the corruptor company, in Greece of the PASOK and the ND governments, that is, of the same parties that received the black money in their funds, compensation (estimated in 2 billion euros) was neither demanded nor given. In the Spring of 2012, it was attempted so that the signature of resignation amicable settlement of the claims of the Greek government would be legitimized (the subsequent Law 4072 / 11.4.2012, Article 324) – a provision with which “the Compromise

Draft Agreement between the Greek Republic and Siemens is approved” and “authorization to the Finance Minister is provided to represent the Hellenic Republic and sign the settlement agreement”, accepting, in full satisfaction of the Greek government, alleged benefits of a supposed height of 270 million euros in kind.

The current Greek House of Parliament has done nothing to cancel this harmful compromise. On the contrary, scholarships provided by the National Agency for Postgraduate and Doctoral Research have now been sponsored by the same company and called SIEMENS scholarships.

2. In the Multi-Bill of March-April 2014 (the relevant provisions voted for on 30.03.2014 as paragraph IE of Article 1 of the Multi-Bill, namely Law 4254/2014, Government Gazette A' 85 / 07.04.2014, as “Support and development measures of the Greek economy within the scope of implementation of Law 4046/2012 etc. provisions”) the criminal offenses of active and passive bribery of an official – that is, the offenses of those who “took” and consume the money, those who bribed and those who collected the bribes – are converted from felonies to misdemeanors if “they are not contrary to the official’s duties.”

Furthermore, the bribery offenses of the Ministry of Finance officials are converted from felonies to misdemeanors, whereas the offences made by employees being of private legal entities are decriminalized. This means that defendants in felony for kickbacks of more than 120,000 euros and accused Ministry of Finance officials can invoke the new provisions to convert their actions to misdemeanors and thus be relieved of their responsibilities for the limitation, since the time limitation of misdemeanor is much shorter than that is provided for felonies.

Within the same context, with Article 68 of Law 4139/2013, it is stipulated that it is not a bribe a mere material provision for expressing gratitude. Moreover, on the initiative of Minister of Justice, Article 263a of the Penal Code was replaced (temporarily), giving the opportunity to trial under a more favorable law for those who were in custody while

awaiting trial (a series of company executives and NGOs) who received illegal funding from the Greek government.

3. The Greek State purchases eight submarines paying over 2 billion euros, receiving after 12 years only one! By amendment to an unrelated bill, it was assigned to the same HDW and ThyssenKrupp companies the completion of construction of the Navy submarines, which have been rotten in Skaramanga Shipyards for years. With this amendment, the Greek government – instead of claiming legal compensation for the unconventional behavior of the specific companies which were checked for corruption – launched a new partnership with them, concerning the amount of at least 75.5 million Euros, according to the General Accounting Office Report. Before this Report, the Greek government had already written a resignation letter from any kind of claims.

According to the international anti-corruption legislation, these companies are debtors of the Greek Public. However, the Government signs new contracts with them, by releasing all previous debt.

4. The enactment of non-existence of criminal responsibility – and especially in cases pending against Justice.

This is about the subsequent paragraph 10 of Article 18 of Law 4002/2011 (Government Gazette A' 180 / 22.8.2011), which was added to Article 18 as an “Addition to-Rewording of” on 3/8/2011. With this paragraph, a retrospective legislation was introduced which dates back to 1997 and seeks that Ministers of Finance who placed in private banks part of the “stocks” of the Greek Public “to ensure stability and systemic stability of the banking system” should not be checked.

Press reports claim that 100 million euros were deposited by the Minister of Finance in a bank when inspections were conducted by the Bank of Greece and the Authority against Money Laundering of Criminal Activity for embezzling tens of million of euros and number of regulatory violations. The bank is now closed.

5. With respective enactments, the criminality of the acts is removed in the following cases

- The past, current and future legal representatives of companies under privatization on whom “prosecution is suspended, until the privatization of the company is completed”, thus “the criminality of the acts is removed and such prosecutions and any act or enforcement measures against them are permanently ceased” (Article 31, paragraph 4, Law 4141/2013, Government Gazette 81/04.05.2013).
- Presidents, members of the Board of Directors and bank executives for whom it is provided that “it does not constitute infidelity within the meaning of Articles 256 and 390 of the Criminal Code to conclude any kind of loans with legal entities of public or private non-profit, semi-public sector” (Article 78, Law 4146/2013, Government Gazette 90/18.04.2013).
- Members of the State Legal Council for whom it is provided that “they are not to blame, they are not persecuted on or examined for an opinion they expressed or an action they carried out while performing their duties” (Article 56, Law 4170/2013, Government Gazette A’ 163 / 12.07.2013).
- The Special Manager of the ERT S.A., who “is under civil, criminal and other responsibility only against the Public for any damage s/he caused to it by deceit or gross negligence while performing his/her duties under the Special Management”. For civil claims of third parties the Greek Public is involved in his/her position of the Greek government (Article 38, paragraph 3, Law 4223/2013, Government Gazette A’ 287 / 31.12.2013). Furthermore, summary declarations, decisions and acts of award of public works contracts, supplies, services and projects, commitment of expenditure, expenditure approval and payment signed by the Special Manager are legitimized ex post and retroactively (Article 42, Law 4262/2014, Government Gazette A’ 14 / 10.5.2014).
- Members of the Board of Directors or other collective Administration organ of LARCO (General Mining and Metallurgical Company) for whom it was provided that “they have no responsibility, criminal, civil, administrative or of any other kind, while exercising their duties that are related to the process of privatization or development of individual

LARCO assets”. Furthermore, that “they are not subject to criminal, civil, administrative or other responsibility and individual administrative measures or enforcement measures against these debts for the company to the State, public entities, organizations and the State are not to be taken against them” (Article 9, paragraph 2, Law 4224/2013, Government Gazette A’ 288 / 31.12.2013).

- Presidents and members of Boards of Directors, general managers, managers, administrators, secretaries and treasurers of agricultural cooperative organizations of any level, which are merged or converted or are or have already been in liquidation for whom provisions are suspended providing “individual and joint liability of individuals with a legal entity or personal detention or administrative measures or administrative penalties or criminal or civil liability for non-payment of taxes, duties, levies, duties to the Public and Public Entities, including the Main and Supplementary Insurance Organizations,” “what is imposed is lifted for a period of one year”, if they are still on duty or they are not. For these persons is provided that “for the same period all criminal cases pending before the Criminal Tribunals for the same reasons are suspended” (Article 19, Law 4224/2013, Government Gazette A’ 288/31.12.2013).

- Both the members of the General Council and the Executive Committee of the Financial Stability Fund and the staff, for whom it is provided that “their decisions are considered in accordance with the purpose of the Fund and the Public Interest, are of beneficial interest in the Fund and the Greek public and serve the good management of the Fund assets, in respect of their liability to third parties and against the Greek Public, even when they sell the bank shares held by the FSF at prices lower of the cost or current market price” or when they resign from exercising the rights attributable to the Fund in case of a share capital increase, or proceed to the disposal of these rights to third parties (Article 2, paragraph A’, Law 4254/2014, Government Gazette A’ 85 / 7.4. 2014).

- The persons who handled the Special Account of Professionals (E.L.E.), the Special Account for Unemployment

for Self-Employed and the Professional Housing Special Account (ELEE), (Article 20, Law 4255/2014, Government Gazette A' 89 / 11.4.2014), on whom "any prosecution that may have been brought will be ceased" for acts or omissions in the management of these Special Accounts.

- The executives of the management of private legal entities of non-profit character, who do not have bankruptcy ability, provide secondary care or their sole purpose is to support economically and operationally the above entities, on whom "the prosecution and trial of criminal cases for the offense of non-payment of debts to the State and the non-payment of contributions to social security institutions are suspended" (Article 55, Law 4262/2014, Government Gazette A' 114 / 10.05.2014).

- In addition, with Law 4024/2011, wage overruns of 30 million Euros in School Buildings Agency were legalized, all prosecutions were terminated. The debts of all municipal enterprises were deleted with Laws 4071/2012 and 4170/2013. Finally, with Law 4255/2014, all criminal prosecutions related to the Freelancers' Insurance Organization [OAEE, in Greek] resources were ceased.

6. On 21.02.2013, Circular no 1033 / 21.02.2013 was issued by the General Secretary of Public Revenue, entitled "Clarifications of handling case of taxpayers that have sent remittances abroad in the years 2009-2011". This is a beneficial treatment of overseas remittances, through which it is allowed that late statement can be filled in that the money comes from donations and thereby undeclared remittances from abroad are legalized.

7. Everyone has to pay taxes but only for the Mass Media this payment can be displaced. Article 5, Law 3845/2010 ("Memorandum 1 Support Measures of the Greek Economy by the IMF" Government Gazette A' 65 / 6.5.2010) imposed a "special tax on ads on television. The tax rate is set at 20% of the value of advertising". The tax liability imposed with the Memorandum was transferred again and again, with emergency provisions, Legislative Acts and, finally, the tactics of the amendment:

- For 01.01.2012 (Article 4, paragraph 6, Law 3899/2010-December 2010).
- For 01.01.2013 (Government Gazette A' 268/31.12.2011).
- For 01.01.2014 (Government Gazette A' 256 / 31.12.2012), and
- For 01.01.2015, as provided under no. 1028/192/ 13.12.2013 Ministerial amendment that was incorporated as Article 53, Law 4223/2013 ("Single Property Tax Property and other provisions", Government Gazette A' 287 /31.12.2013).

8. Suspension of sanctioning parties responsible for maintaining emergency stocks. With no. 1399/185 / 10.4.2014 amendment of Ministers of Finances and Shipping to a bill of the Ministry of Environment, Energy and Climate Change entitled "Delimitation Process and regulations of matters regarding water courses – Planning law regulations and other provisions", the deadline "for not imposing sanctions on parties responsible for maintaining emergency stocks" (Bitumen, LPG, lubricants) was extended until 31/03/2015. The specific regulation was denounced as favouritism and depiction of known ship-owners and oil groups, who are required to keep emergency stocks in listed products. This amendment was voted for on the same day (10.04.2014) and incorporated as Article 33, Law 4258/2014 (Government Gazette 94 / 01.04.2014).

9. Greek private bank is not obliged to pay taxes and fees resulting from the absorption of Cypriot bank branches in Greece when the financial crisis broke out in Cyprus. The provision was voted for, on 30.4.2014, as Article 168, paragraph. 1, Law 4261/2014 (Government Gazette 107 / 05.05.2014).

Conclusions

We should first mention one choice we have made in advance for the present work. By not having selected only a case study, as the most relevant works but making a broader analysis of several statutory measures of an implemented policy, we would like to dwell on what Durkheim (Georgoulas 2017) claimed that in situations

where anomie prevails – that is where existing collective representations and the collective consciousness have been weakened – then the normal, the rule (and not the exception) is part of the problem; it is abnormal!

It is our modern era such times when such state-corporate behaviours that cause social harm, represent the “spirit of the times”, a spirit nevertheless that is anomic, doomed to get lost in a broader socio-political change that will create a new social “morale”.

- The scientific highlighting and addressing state-corporate crimes can play such as a complementary role, as:
 - it is a problem that is recognized as such by almost all social strata of Greek society and especially by those affected materially from the Memoranda;
 - it reveals the root of the problem, the criminal-induced partnership between state and corporate capital, and, therefore, it does not lead to easy answers of a future “better” political management of the state, but rather to its mandatory change;
 - it assists in class consciousness, when the direct consequences of this partnership are uncovered, in class interests of the working class, without the illusion of the “neutral state”;
 - it raises issues of the advocacy of the public interest and universal human rights; it highlights the concept of social harm and sets democracy and the collective as the dominant principles;
 - it can be the key to recognition, awareness and social movements’ political action in every area where this criminal partnership takes place – from the Greek Parliament and Ministries to public education and health, local authorities, mass media, etc. – without meaning that in the future the entire framework of the specific criminal policy should not be redirected.
 - the present framework provides some (albeit little) room for preliminary highlighting and dealing with such phenomena and, thus, some potential victories of the movement
 - the environment of Memoranda provides adequate fertilizer to increase and magnify of such crimes and, thus, the question

of their impact on social strata and the public interest, will remain at the political and social center of interest.

The dimensions of state-corporate crime go beyond the threshold of a criminal or deviant with great social harm behavior. It is not the exception but the rule, the main feature of an anomic age. Tombs and Whyte (2015b) refer to the reversal of Bentham's Panopticon, a "synoptic", a disciplinary situation in a particular way of thinking, its supremacy in each perspective of our life and "normalization" of this existence. Of course, part of this problematic representation is not only the mass media or the dominant political discourse; it is also the corresponding criminological discourse. Tombs (2015) examined all scientific publications in our field over a period of 5 years and found that the criminological and social-judicial literature, literally refuses to investigate the issue of financial crisis, its causes and its effects, and if it does it, it ends up not questioning whether the institutions of the state-corporate crime are primarily trusted, or whether that there is no alternative and that the state or the society is completely powerless to resist to liberalization of the economy. Thus, a question is raised urgently: What can we do to combat an anomic universal situation, such as state-corporate crime and in a "synoptic" dimension? What can we do when we understand that nowadays we experience common ground with the fascist period of the first half of the 20th century, especially in its objective to deliberately marginalize populations from the dominant ideology (Rawlinson and Yadavendu 2015,21), when we see how the formal social control functions, modern socialization institutions and the scientific discourse are part of the problem, a problem that its perpetrators are the predominant structures of governance, production and civil society?

Friedrichs refers to the creation of an international criminal court to deal with such crimes. Tombs and Whyte (2015a) state that the issue is not some "rotten fruits" in the large basket; it is rather that criminality is part of the DNA of the modern corporation. Therefore, in their opinion, the solution is to remove the legal and political privileges that allow them to act with impunity, whereas in another text (2015b) Tombs and Whyte emphasize that it is important for us to continue to dream of a world without these. Besides, the symbiosis of the state and businesses, although it is historically, legally, politically and ideologically supported,

is a process that has not been resolved historically; it is a dynamic process and we should continue questioning every perspective of it and as a whole. As far as academia is concerned, let us overcome the orthodoxy of laziness, absence, self-referentiality, as Tombs calls it (2015), and let us actively oppose, with work that would reveal that naturalization of the market and neoliberalism are an ideology, that there is hegemony and conflict and, ultimately, that democracy continues to matter.

Ultimately, state-corporate crime is the reality we are living in today's era of Memoranda and a criminology that ought to take a position upon this, ought to highlight it so that there would be a broader social awareness and action for social change.

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THE BATTLE FOR THE MINDS, OR HOW CAPITAL TRIES TO WIN PEOPLE'S MINDS IN THE TWENTY-FIRST CENTURY

Abstract

Evangelism and Pentecostalism are the most widespread religious ideologies across the global south, especially in Latin America. By influencing politics and the lives of the poor and marginalized, these cults have been threatening the hegemony of Catholicism and Christian liberation movements. But what are Evangelic and Pentecostal churches really after? They treat people of the global south as a resource. Dispossession and appropriation are at the very centre of their religious services. This paper offers an analysis of these in relation to capital and financial flows, with which Evangelism and Pentecostalism collude. Furthermore, it claims that what has been expropriated in the services is the ideological creativity of the Natives of the global south. Ideological creativity is the key for understanding social relations, something that the secular left, by treating all forms of religion as false consciousness, has failed to understand.

Keywords: *Evangelism, Pentecostalism, native, ideological creativity, global south, financial capital, prosperity theology*

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Introduction

1. Two compelling pictures

Following the resignation of Evo Morales and after proclaiming herself the interim president of Bolivia, on November 12, 2019, senator Jeanine Añez assumed presidency brandishing a gigantic copy of the four canonical gospels. The gesture meant that the Bible and God were returning to the palace of government and ousting, once and for all, the *Pachamama*, the native incarnation of mother earth. Bolivia has been the latest battleground. The relationship between the Roman Catholic Church, Evangelical cults and the Bolivian state was a continuous tug-of-war. The 2017 Report on International Religious Freedom by the U.S. Department of State emphasized how in rural areas, Evangelical pastors were hit and expelled by ‘indigenous religious leaders.’¹ In the immediate aftermath of the coup, protestors in the streets of La Paz were seen carrying Whipala flags and clashing with anti-riot police displaying crucifixes.

On April 4, 2016, the Brazilian lawyer Janaína Paschoal, one the authors of the petition for the impeachment of then president Dilma Rousseff, made a dramatic appearance in São Paulo. In front of a large crowd gathered at the School of Law, Paschoal emphatically declared that Brazil was a ‘Snake Republic’. The snake is a biblical being – treacherous, a trickster and a personification of the evil – cursed by God for its role in the fall of mankind to crawl on its belly and eat dust. But sometimes, Paschoal yelled at the crowd, it happens that the snake grows wings. Then, God sends his soldiers to cut the wings of the snake. In an article for the *Brasil Wire*, author Fernando Horta recognized in Paschoal’s speech the gestures and symbolism of the rituals of neo-Pentecostal cults.²

In the last two decades Christian Evangelical churches have spread across the Latin-American continent. They have been supporting political campaigns of the far right, sometimes with their

1 “2017 Report on International Religious Freedom: Bolivia.” *U.S. Department of State*. <https://www.state.gov/reports/2017-report-on-international-religious-freedom/bolivia/>.

2 Fernando Horta. “The Republic of the Snake.” *Brasil Wire*, August 30, 2016. <https://www.brasilwire.com/republic-of-the-snake/>. Paschoal’s speech is featured in the documentary film *The Edge of Democracy* of Petra Costa, released by Netflix.

own candidates.³ The ex-president of Guatemala Jimmy Morales is an Evangelical Christian who held office from 2016 to 2020. The former speaker of the lower house of the Brazilian congress Eduardo Cunha, who is serving prison time after having been found guilty on charges of corruption, money laundering and tax evasion is the owner of *Jesus.com*, a web page that links to the Metropolitan Community Churches, a Protestant Christian network of autonomous local churches with specific outreach to the LGBT community. Edir Macedo, the billionaire founder of the Universal Church of the Kingdom of God with headquarters at the spectacular Temple of Solomon in São Paulo, a monumental replica made after what is believed to be the ancient temple of Jerusalem, and owner of the third largest media company in Brazil, Grupo Record, has taken on the responsibility of putting the government of Jair Bolsonaro under the guidance of the Holy Spirit. Andrés Manuel López Obrador, president of México, formed in 2018 a coalition with the Social Encounter Party (PES), today dissolved and merged into the leftist social-democratic movement Morena (National Regeneration Movement). PES is a social Christian right party whose founder Hugo Eric Flores Cervantes has been a pastor of the Pentecostal church. In the Peruvian parliamentary elections of 2020, the Agricultural People's Front (FREPA) came in third place for a narrow margin. FREPA is an evangelical Christian political party, millenarian and messianic.

Is this the new face of capitalist power in Latin America? Although capitalism doesn't seem to privilege any form of religion – the Hindu nationalism of Narendra Modi is as good for business as the Christian believes of Jair Bolsonaro – the use of religious fundamentalism may point to a concealed crisis: a return to a dangerous form of anti-humanism.

2. Capitalism and religion

In his impassioned critique of capitalism, “Capitalism as Religion” of 1921, Walter Benjamin portrayed capitalism as a cultic religion without dogma or theology: “perhaps the most extreme that

3 Nathalia Passarinho. “Cómo las Iglesias evangélicas han logrado ganar tanto peso en la política de América Latina.” *BBC*, November 30, 2019. <https://www.bbc.com/mundo/noticias-america-latina-50535984>.

ever existed” (Benjamin 1996, 288; Löwy 2009). There are enough references in Marx to support Benjamin’s claim. An obvious one is the chapter on fetishism in volume one of *Capital* (Löwy 1999, 13-30). But these are all metaphors, as Löwy recognizes, and Marx ends up restating his enlightened faith in rational understanding and dismissing what he calls the ‘religious reflex’, a terminology reminiscent of *The German Ideology*: “The religious reflex of the real world can, in any case, only then finally vanish, when the practical relations of every-day life offer to man none but perfectly intelligible and reasonable relations with regard to his fellowmen and to Nature” (Marx 1996, 90). In this passage, which is part of the section on commodity fetishism, Marx sees Christianity and, more especially, its “bourgeois developments” like Protestantism as perfectly in tune with capitalism and the law of value because of its cult of the “abstract man,” who is the equivalent of the commodity producer. Earlier, in *The German Ideology* Marx took a more positivist bias: “Where speculation ends, where real life starts, there consequently begins real, positive science, the expounding of the practical activity, of the practical process of development of men. Empty phrases about consciousness end, and real knowledge has to take their place” (Marx and Engels 1976, 37). Marx’s turn against ideology and his belief in facts are here unequivocal.

Passages like this one seem to confirm religion as source of falsehood, as ‘the opium of the people’. If read literally, the well-known statement from the “Contribution to the Critique of Hegel’s Philosophy of Law” of 1844 means a plain rejection of religion, the need for an emancipation from all forms of religion as requisite for political emancipation. The topic is common to Marx’s early writings. “The demand to give up illusions about the existing state of affairs is the *demand to give up a state of affairs which needs illusions*” (Marx 1975, 176). Religion is an *illusion*, a form of false consciousness, a hindrance to the practical man. Its critique points to what religion is hiding, to unmask the *vale of tears* for which religion offers comfort but no solution. Marx writes again: “The criticism of religion disillusions man to make him think and act and shape his reality like a man who has been disillusioned and has come to reason” (176). Reason is treated as the direct opposite of illusion and mystic and the antidote that dis-illusion and de-mystifies man. Regardless of how we might

read the text in the context of Marx's early writings, this view of religion influenced the socialist secular movement that aligned itself with positive science against religious falsehood, supernatural beliefs and superstition.

I want to argue that the drug analogy, religion as opium, suggests a conflict between two forms of consciousness: the awakened state of rational understanding and the altered states that result from harnessing the full potential of the brain. While the first has been an attribute which modern Western civilization has claimed for itself, especially after the Enlightenment, the second represents a form of consciousness that the West took pains to tame. The process of colonization also meant disciplining the minds of the Natives⁴ by taming the spectrum of consciousness. In their reading of Homer's *Odyssey* Adorno and Horkheimer already recognized the problem that the Western man faces: "The adventures of Odysseus are all dangerous temptations removing the self from its logical course" (Adorno, Horkheimer 1997, 47). Besides the temptations of Nature, the allurements that the traveller or explorer like Odysseus fights against may have been put in terms of religious falsehood, fetishism or magic; actually, it is about the ideological creativity of the Native. Against this creativity, capital has no mercy: the Brazilian *pajé* (shaman) is forced to sweep the doorsteps of the Evangelical church in silence as the forest retreats.⁵

Instead of exposing capitalism as a social formation conditioned by religion as Max Weber thought, in Benjamin's words, or of denouncing its idolatry (Assmann and Hinkelammert 1989), my interest is to ask why capitalism has turned to religious fundamentalism to enchant and dispossess people; what lies behind this use.

4 I use the term Native throughout the text as image of all inhabitants of the global south. They are Natives, i.e. they are born in – this is what the Latin noun *nativus* means – , they have an origin in places that have been ransacked by capital. Here I am following the suggestion not to use the word 'Indian' to refer to the original people of Abya Yala. 'Indian' means pertaining to the region of the Indus river, and is not to be confused with the term 'indigenous' which has a different root and is a derivative of the Latin *indigena*, meaning 'native'. From this perspective, both the original people of Abya Yala and the Afro-descendants are Natives. Whether the name Native should be replaced by some other term like 'ch'ixi' or even 'criollo' with a different conceptual weight remains open. I want to thank Manuel Ángel Macía for pointing out this question.

5 The image is taken from the film *Ex-Pajé* (2018) by Luiz Bolognesi.

1. Evangelism

1.1. A technique of mass communion

While it is characteristic of modern capitalism to *de-skill* people not just in industrial production but also “in practicing cooperation,” as Richard Sennett has argued (Sennett 2013, 8), communion is the very antithesis of this process. The erosion of communitarian spirit is also emphasized by freedom theology, which uses community building against the voracity of capitalist individualism. In his essay on the American churches and sects Weber noticed the sense of community working within the congregations and embracing “almost all “social” interests that take the individual out of his own front door” (Weber 2002, 206).

Although communion isn't unique to Evangelical Christians, the fact is that Evangelism has been notable and tremendously successful in using networks, media and also architecture for the purpose of community building, reaching millions worldwide while remaining locally based (Bretthauer 2001). Its reliance on techniques of social catharsis like conversions or dramatic live healings is very unique. Unlike the highly stereotyped rituals of the conventional Catholic Church, many believers report feeling the presence of the Holy during the performances. These experiences are mainly connected with Pentecostal cults. Pentecostalism has been the fastest growing Christian religious movement in Latin America.

Pentecostal pastors have done what the Methodists like John Wesley did in the eighteenth-century. They preach to the poor and marginalized. Although today its gospel is equally appealing to the new middle-classes through prosperity theology, it still has its grip on the slums of the global south. The reasons behind the success of Pentecostalism are complex. Its trademarks are its decentralised organisation and the fact that pastors speak to the people in their own language and often look like them. In today's Guatemala, Pentecostal pastors are Mayan and the Mexican state that embraces Pentecostalism is also overwhelmingly Native, Chiapas. And the same can be said about Pentecostal pastors in the slums of Brazil biggest cities. Through services open to harness altered states, like ecstatic and trance experiences, in settings that closely resemble theatre stages, Pentecostalism has been very successful in overcoming the maladies of atomization.

But Pentecostalism builds its success on an effective exploitation of the Native's mindset (see Kusch 2010; cf. Viveiros de Castro 2014), which is incorporated into the religious service. Trance states that mimic the practice of shamanism but which focus on the communion with the Holy Spirit are commonplace (Chesnut 2019). Overlapping cults and practices has been a very productive strategy. Pentecostal services purposefully exploit the advantages of communal trance and healing: "ritual shows a commitment", writes Kusch (2010, 14). This is catharsis in order to get through the day. It is not a coincidence that the Catholic Church has recently shown a renewed interest in exorcism and witchcraft practices across Africa.

Jair Bolsonaro has been very clever in enacting the rituals of Pentecostalism. In May 2006 he let himself to be baptized in the Jordan River by Everaldo Pereira, pastor of the Pentecostal church Assembleia de Deus, a local branch of the World Assemblies of God Fellowship, the world's largest Pentecostal network. In this way, he launched his campaign to win the presidency and the slogan *Brother votes for Brother* was felicitous. It is remarkable that Bolsonaro overwhelmingly won in the states of Rondônia, Roraima, Acre, Amazonas and Amapá. These are among the most remote states and with large Native populations. These are also the states where Pentecostal churches have spread further. When he was stabbed at a campaign rally, he emerged as victim and saviour, a further step into his symbolic communion with the body of Christ. Although this is a farce, it shows commitment. According to a popular interpretation of the name Iscariot, the name of the treacherous Judas, this may be related to the Latin *sicarius*, the dagger man. Bolsonaro's supporters show an unshakeable faith and demonstrate through their example the material basis of ideology: believing isn't a rational act that precedes the ritual but it is embedded in the ritual: "leave rational argumentation . . . , stupefy yourself by repeating the meaningless gestures, act *as if* you already believe, and the belief will come by itself", writes Žižek with reference to Blaise Pascal, the seventeenth-century French philosopher (Žižek 1989, 39). As long as there is ritual, there is belief and faith too.

1.2. Religion and opium

Marx's analogy of religion as opium is interesting because it unveils the rationale of the Western man. It plays out a distinction between the alert state of consciousness and the altered ones, i.e. dreams, hallucinations, visions, trance... generally dismissed or downplayed as techniques of deception, or used merely for recreational purposes.

As one of the colonial goods of the transatlantic trade, opium not only stimulated trade and contributed to accumulation, it also hit the perceptual skills of Westerners – like Benjamin's experience with hashish – together with sugar, coffee, tea, cacao, tobacco... and music (Ramos 2010). As soon as the chemical compounds of the different natural substances were discovered, their active principles became independent of the natural form and ceased to be 'magical' (Escotado 1999, 68). The process of manufacturing these goods into commodities represents a step further in their appropriation. The material and symbolic contexts, in which these goods existed, disappeared (Ortiz 1973). It has also meant to co-opt the sensorium of the Native and has been important as technique of governance as the workforce made up by Africans, Caribbeans and Latinxs flooded the industrial centres of the Western metropolises; since then, political conflicts have been concealed as criminal issues: the so-called 'war on drugs' and 'war on crime'. In the chapter concerning the social setting for the reproduction of capital, Rosa Luxemburg discusses how Africans are first 'demoralised' with alcohol and later, once they are admitted to work in the mines, consumption of alcohol is prohibited; they must be kept fit for use (Luxemburg 2003, 344-345). Stories like this recur throughout the global south.

But opium isn't just the substance found in the opium poppy. In the context of an analogy that arises at the time of the Opium Wars, the drug is a moment of imperialist trade expansion. The goal was to tip the balance of trade in favour of Western powers. Opium was the gateway, and so it is with religion. Pentecostalism is quite aware that the gospel must literally act like opium: religion is the new opium. The expansion of Pentecostal churches across the global south goes hand in hand with the big appetite of capitalism which can't otherwise but go after 'cheap nature', however

increasingly difficult to get (Moore 2015); and the Natives are one resource among many.⁶

1.3. Pentecostalism and financial capital

In a study published in 2017 by Fundação Perseu Abramo close to Lula's Partido dos Trabalhadores (PT)-on the subject of the 'social imagination' of the people and covering the periphery of São Paulo, the results of the survey show the shift Evangelists and Pentecostalist cults have taken advantage of.⁷ Liberal values have taken hold after the relative prosperity achieved during the governments of the PT. Personal development has gained favour against communitarian transformation: new ideas, but not changes; politics, but not political parties. It seems an amazing fact; but, as Enrique Dussel recently noted in an interview in the wake of Bolivia's coup, the economic growth achieved by leftist governments across Latin America has meant the creation of new subjectivities attached to values of consumerism, individualism and wealth close to traditional middle classes. This is breeding ground for Pentecostalism. The new gospel is 'prosperity theology', the doctrine of Trump's personal advisor Paula White. The main message of prosperity theology is that entrepreneurialism, individual prosperity, financial gains, are all blessings from God. The *vale of tears* becomes the *land of Cockaigne* (plenty), the capitalist utopia where entrepreneurs are given a free hand in organizing business and appropriating gains (Wright 2015, 220). It antagonises not only the secular left but also freedom theology with its "preferential option for the poor" (Löwy 2008, 351).⁸ If profits are blessings, capitalism, entrepreneurialism and free trade shouldn't be antagonised. They are a fate from which we cannot escape. Human agency is meaningless against the will of the Holy Spirit.

Prosperity theology disguises the Protestant work ethic observed by Weber as opportunity. But it isn't just a narrative;

6 In the 21st century, notes Martín Arboleda, Latin America has become "the main destination for capital flows aimed at developing transcontinental infrastructural basis for resource extraction" (Arboleda 2020, 220).

7 "Percepções na periferia de São Paulo." *Fundação Perseu Abramo*. <https://fpabramo.org.br/2017/03/25/percepcoes-na-periferia-de-sao-paulo/>.

8 Although the approach of freedom theology is typically instrumental. The ultimate aim of its gospel of saving the poor is the Kingdom of God (Löwy 1999, 102-103; Dussel 2001, 39-40).

it also works miracles. In the 1980s the town of Almalonga, the Quetzaltenango Department of Guatemala, was suffering from violence, poverty, ignorance, ‘witchcraft’ and alcohol. As soon as people turned to God thanks to Evangelical gospel, violence vanished and even the fields that suffered from arid land and ‘poor work habits’ became fertile again. Its humongous carrots are notorious today.⁹ God, who gives the power to gain and enjoy wealth, as Pastor Sánchez from Almalonga tells a BBC reporter,¹⁰ has blessed the town with prosperity... and pesticides too, which have been extensively used in the fields. Pastors act like pastors and capitalist entrepreneurs, leaving behind the ambiguities of the Catholic Church regarding money and trade, and teaching the Natives desire for individual riches and values. This is gospel in the time of financial capital. Against this background, it is interesting to pick up on what Bolívar Echeverría wrote about the ‘romantic ethos’ of capitalist modernity, a militant stance on the immediacy of capitalism which assumes entrepreneurship as the logical course of the ‘natural form’ (see Marx 1996, 57): “the subordination of the natural form to the process of valorisation is experienced as a necessary moment in the history of the realization of the same natural form” (Echeverría 1998, 170). This is the narrative that drives prosperity theology, an old one in fact: progress against atavism, civilization against superstition. Even David Harvey has hailed ‘primitive accumulation’ for overcoming superstition and ignorance (Harvey 2005, 162-163). Humanity, writes a certain Reverend Muller as quoted by Aimé Césaire, “cannot allow the incompetence, negligence and laziness of the uncivilized peoples to leave idle indefinitely the wealth which God has confided to them, charging them to make it serve the good of all” (Césaire 2000, 39). Cases like Almalonga illustrate the neoliberal phase of capitalist penetration in Latin America beyond the Washington Consensus. The connections between Pentecostal churches’ support of ‘Rea

9 The miraculous transformation of Almalonga is featured in the *Transformations* film by George Otis Jr., founder of The Sentinel Group, an organization dedicated to spiritual revival of poor communities. It has links to the Pentecostal and Charismatic movements, and is prominently featured in the *Charisma* magazine, a radical publication founded by members of the Assemblies of God, the Brazilian branch of which plays an active role in Brazilian politics through the Social Christian Party, the party of which Jair Bolsonaro was a member before his strategic switch to join the Social Liberal Party in 2018, which he has left to found the Alliance for Brazil.

10 Ben Zando. “God’s giant miracle carrots.” *BBC*, January 27, 2018. <https://www.bbc.com/news/av/stories-42833930/god-s-giant-miracle-carrots>.

ganomics' and today's endorsement of Donald Trump's policies, who has been described as 'Ronald Reagan on steroids',¹¹ shouldn't be difficult to track down.

The liberalization of trade fuelled by the institutions of the Washington Consensus and the expansion of Evangelist, Pentecostal and Charismatic cults throughout the global south happened about the same time. With the internationalization of capital, the need for financial means and instruments, credits, loans... increased, and the same is true for the exploitation of labour and the 'superexploitation of non-wage labourers',¹² as financial capital relies on the surplus value pumped into the system.¹³ But productive forces aren't just a collection of bodies that are put to work. They are also a set of minds to win over and enchant. Like a software programme that runs unnoticed in the background of your computer and readjusts its performance, Pentecostalism is one of the software programmes of the neoliberal globalization running in the background of developing societies of the global south. Its aim is to readjust the minds of the people. One can look at those reports that take into account the 'faith factor' in economic development (Barro and McCleary, 2019).

The continuous popular re-invention of the Native mind-set through beliefs, narratives and rhythms – being Oswald de Andrade's *Cannibal Manifesto* of 1928 the perhaps best known attempt at conceptualizing this in a modernist fashion (see Jáuregui 2008) and to which Bolívar Echeverría goes back by pointing to the cannibalisation of signs or *codigofagia* ('codephagy') that runs in the background of the 'baroque ethos' and characterizes Latin America's way into the capitalist world economy (Echeverría 1998, 51) – has proven that the mechanistic rationality of capitalism, that is, the mechanistic explanation of human behaviour in terms of the causal relation between means and ends subject

11 Harriet Sherwood. "Christian leader Jerry Falwell urges Trump support: 'He's a moral person'." *The Guardian*, October 9, 2018. <https://www.theguardian.com/us-news/2018/oct/09/christian-leader-jerry-falwell-urges-trump-support-hes-a-moral-person>.

12 The formulation is from Maria Mies as quoted in Bhattacharyya 2018, 46.

13 Manuel Ángel Macía rightly points out how many Pentecostal churches run on micro-credits and ponzi-schemes creating a financial dependence disguised as religious exchange that cements the communal bonding. Although, it is a fraud that paradoxically goes against the very principles of the church. Personal conversation.

to scarcity,¹⁴ is fundamentally flawed. Despite many attempts, it hasn't been able to fully conquer the minds and the symbolic world of the Natives and Afro-descendants. Pentecostalism has come to help out. It encloses the ideological creativity of the Native in a spectacular, almost transcendental setting and appropriates it by impersonating it. Natives are the raw material, at the same time subjects and sources of the gospel. This is 'primitive accumulation' by definition, i.e. the appropriation of people's minds and their symbolic reproductive capacity. As Silvia Federici has pointed out: "parallel to the history of capitalist technological innovation we could write a history of the disaccumulation of our precapitalist knowledges and capacities" (Federici 2019, 191). Pentecostalism is all about this: dispossessing the Natives from their ideological creativity and, by doing so, it puts them to work to produce their own alienation for free.

2. Ideological creativity

The point is now for us to acknowledge that the question isn't whether religious services generate a false consciousness, but what religious services tell us about social relations in general. We may think that the beliefs are wrong or like opium, but they aren't false per se; something that the secular left has failed to understand.

Thus, tucuxi dolphins with magical properties, hyaenas that eat evil spirits, pythons that embody the spirits of dead chiefs... all show the ways in which social consciousness deals with material conditions and acts upon them through rituals, languages, art... i.e. through signs: the material embodiment of ideological creativity. If we treat the symbolic and the real side of these manifestations as separate worlds, we risk failing to understand social relations and the process of formation of consciousness.

The complex role that signs play in social systems needs to be acknowledged beyond simplistic considerations. It is neither about supernatural beliefs or superstitions, traditional practices or ancestral heritage, nor Natives should be seen as guardians of the forest, a common view that frames them within Western instrumental rationality (Holmes et al. 2018). Projects of eco

14 Sahlins calls this rationale the ideological trap of bourgeois ethnocentrism (Sahlins 1972, 3).

system assessment that catalogue the resources of the forest for conservation purposes are a case in point. When Umire, a Native of the Muinane people, says that “Even though we live in the jungle, with so many riches, we don’t always value them,” we should ask ourselves whose ideology is being expressed here if the forest is a container of *riches* that need to be *valued*.¹⁵ Recent attempts to work out an overarching theory of the natural sign following Viveiros de Castro’s anthropology, Charles S. Peirce’s semiotics and the field of biosemiotics have ended up playing down the social, its conflicts and struggles. Here, Natives are brought back to the forest as part of a complex cosmic network of signs that extend beyond the human: that we can think about the forest means that forests think (Kohn 2013). There is a direct reference to this idea... the blockbuster *Avatar*. What’s happening here is a complete denial of the dialectical process of social intercourse in the name of an enchanted Nature. This is a dangerous and tricky form of anti-humanism.

The contribution of the early Soviet linguist and philosopher Valentin Voloshinov to semiotics helps us to look at social intercourse from the perspective of the ideological creativity of societies as manifested in sign creation and sign embodiment (Voloshinov 1986). Voloshinov’s emphasis on social interaction and human agency is an important contribution to a materialist theory of the symbolic world (see Durán 2018).

Voloshinov thinks of consciousness as a “material segment of reality” through signs (Voloshinov 1986, 11). He doesn’t mean that consciousness expresses itself through material signs or ideological (semiotic) content; that is, it is not about the realisation of understanding in some suitable material embodiment. Just as there is no faith without ritual, there are no ideas without signs. Ideology for Voloshinov isn’t about ideas but signs. Voloshinov argues that consciousness “takes shape and being in the material of signs created by an organized group in the process of its social intercourse” (13). That is, consciousness is external, material and

15 “In the Colombian Amazon, an indigenous leader helps map her people’s territory.” WWF. <https://www.worldwildlife.org/stories/in-the-colombian-amazon-an-indigenous-leader-helps-map-her-people-s-territory>.

social intercourse itself.¹⁶ Admittedly, Voloshinov doesn't equate ideology with falsehood, but ideology is analysed as material reality through signs within the process of socialisation and class struggle. Voloshinov writes that there are "differently oriented social interests" that intersect within one and the same sign that thus becomes 'multiaccentuated', "an arena of the class struggle" (23). Following this, it would be wrong to dis-embed social formations from their ideological content, i.e. the 'multiaccentuated' signs created by the full spectrum of the collective social consciousness which is not without contradictions; and it doesn't matter whether it is a social formation of Natives living in the forest or a typically Western capitalist society. Whether it is a ritual that harnesses altered states or other forms of sign creation, the ideological make-up of social formations is key to our understanding of their material life. Ideology doesn't reflect conditions but acts upon them.

However, the rich relationship between the symbolic and the real world of the Native has been played down. It poses a threat to capitalist economic rationality, diametrically opposed to the ideological creativity of the Native (cf. Kusch 2010, 135-143). Capitalism needs to dis-embed the symbolic world from the real one, it needs to make it irrational, because only this way can the mechanistic determination which constitutes its credo be posited as eternal law that confronts people *objectively* and whose counterpart in the symbolic world is the christian God made in the image and likeness of its arrogance. Marx wrote that political economists behave like the Fathers of the Church: they treat "forms of social production that preceded the bourgeois form" or, for that matter, religions which are not theirs, as artificial or inventions (Marx 1996, 92). That's the history of the fetish. McNally argues that European traders and writers invented the fetish in order to exorcise "the absence of market-values among Africans" (McNally 2012, 203). Today, witchcraft tales across Sub-Saharan Africa show how societies creatively deal with the complex forces of capitalist extractivism and the markets that disrupt social cohesion: real markets, dealing with money and wage-workers coexist with invisible markets, dealing with spiritual meat and zombie-labourers (186-201).

¹⁶ Voloshinov doesn't stand alone here. His thinking is part of a Spinozist tradition within Soviet philosophy (cf. Bakhurst 1991).

3. Emancipatory practices

When the secular left, following Marx, rejects religion as false consciousness and makes of this rejection the requisite for all political emancipation, something has been missed. The danger that the Native poses to capitalist rationality, and that the secular left has poorly understood, has to do with the ability to bind together the symbolic and the real world, which can lead to new forms of emancipatory socialisation and empowerment. As Kusch points out: the knowledge of the Native grows from within, it “demands the commitment of the subject who handles or manipulates it... is closely related to ritual” (Kusch 2010, 32).

3.1. Comunidade do Rosário dos Homens Pretos da Penha de França

Located in the neighbourhood of Penha de França, in the district of Penha in São Paulo’s east zone, the small church Igreja Rosário dos Homens Pretos da Penha is today the centre of an exciting experiment in community building and community empowerment.¹⁷

The church goes back to the black brotherhoods, catholic confraternities which were instrumental to black people at a time in which they were prevented from attending the churches of their white masters. The Catholic Church used these confraternities and brotherhoods for the conversion and integration of enslaved Africans, which also included an undetermined number of Natives. Here, one could be devoted to a catholic saint and worship at the same time the Orishas. On the one hand, brotherhoods were a technique of social control; on the other hand, they were transformed by black populations into spaces of resistance and solidarity, crucial for the preservation of African traditions. There are many elements, from celebrations like the ‘Congadas’, processions, funeral services, to the organization of aid, assistance and protection within the communities that speak for the rich ideological creativity of these brotherhoods. At one point their autonomy became a problem.

¹⁷ For the history of the church and the community see the blog, <http://largodorosario.blogspot.com>. I must thank Júlio César, social and cultural organiser, member of Comunidade do Rosário and of Movimento Cultural Penha, for his insights into the community and its activities.

With the disappearance of the brotherhoods, which the Catholic Church put an end to through a rigorous liturgical latinisation, the Igreja Rosário was almost abandoned. But in 1982 the building was declared a historical site, which saved it from being demolished as part of the gentrification process that affected the district at that time. In 2002 the two hundredth anniversary of its constitution took place and celebrations were organised. People in the neighbourhood then became aware of the significance of this heritage, especially for the Afro-descendants. The commemoration was about the very foundation of the church by enslaved Africans. From here on, the community began to claim back a space that represents the creative resistance of its ancestors. Of course, the Catholic Church never fully surrendered control over the church it owns and took over the liturgy again; but the space gained by the community couldn't be taken away. In this respect, it was important for the community to set in motion forms of community building and empowerment that could give the people a much-needed autonomy from the church hierarchies and the political authorities, thus the stand of the community could no longer be ignored even though the structurally racist Brazilian society still fears a group of black people eating, singing and dancing together, as Júlio César, one the activists at the Comunidade do Rosário, points out. Reconnecting with the tradition of the black brotherhoods has been important, as well as recognizing their significance within the space of the church. The community has initiated awareness campaigns and recreated festivities that reconcile past and present. Art plays a pivotal role, too. Storytelling and poetry, theatre and music dress a new liturgy and ritual that (re)introduces elements of the African culture and looks at the future without forgetting the past.

In my conversation with Júlio César, he stressed this crucial aspect of their work. For Evangelical Christians, he says, the past, the ancestors, the memory doesn't seem to exit. Pentecostalism puts a lot of emphasis on the baptism into the body of Christ and with the Holy Spirit, so the believer is reborn as new Christian. This is alienating, he argues. If you want to understand yourself as a people and part of the community you need to know your roots, where you come from. Pentecostalism tries to erase the symbolic world of the community and wants to have it replaced. Instead, the

celebrations of the Comunidade do Rósario point to keeping the memory alive, which is the foundation of contemporary struggles.

Conclusion

The danger posed by Evangelical and Pentecostal cults comes at a time in which anti-humanism rules. Far right populism is widespread and religious fundamentalism seems to be its perfect accomplice. After the postmodern critique of the ‘grand narratives’, it seems that we have lost the capacity to grasp reality as a whole. A good example of this is what the best-selling author and historian Yuval Harari has to tell about political and economic systems. They are fictional stories, not an objective reality, argues Harari, invented by powerful wizards and storytellers. These stories work because we collectively believe in them. Over the centuries, Harari points out, we have constructed on top of the objective reality we live in a second layer of fictional reality, “a reality made of fictional entities, like nations, like gods, like money, like corporations... today, the most powerful forces in the world are these fictional entities... the very survival of rivers and trees... depends on the decisions and wishes of fictional entities... that exist only in our own imagination” (Harari 2015). It doesn’t come as a surprise that fake news and virtual reality have come to be the digital counterpart of a world disguised in fictional stories. This is not very far from Spengler’s irrationalism, which played its part in the rise of fascism in Europe. Spengler emphasized the power of culture to impose ‘significant words’ – names – producing in fact an ‘incantation’ on things: knowing “is at the very bottom nothing but an infinitely-refined mode of *applying the name-magic of the primitive to the alien*” (Spengler 1926, 397; see Lukács 1980). Spengler wanted to move beyond the social into the organic. An updated and subtle way of doing the same is by treating the Native as the product of a semiotic chain of signs that govern Nature (Kohn 2013, 33-34). When Natives have been promoted to become part of a cosmic network that transcends the human, this spiritual elevation comes at the cost of having them socially demoted: to speak about them in terms of social formations becomes an anthropocentric prejudice because they are ‘posthuman’ par excellence. In fact, Natives are treated as subjects who are autonomous from their relations,

exactly where today's popular object-oriented ontology wants to have them: all things, of whatever kind, are finite, argues Harman, and there is no relation or encounter that can ever exhaust their autonomy (Harman 2020, 12-31).

The consequence of having a decentred humanity is that there is no need for an agent of history, although this may not be entirely true since animals, insects and plants will become fully agents following the crisis of Humanism (Braidotti 2013, 66). Humans have been thrown back again to the whim of Nature... and the Gods. Paul Mason points at our imaginary stories in which humans "are depicted as ultimately being the playthings" of forces that transcend them. From the *Game of Thrones* to *Homeland*, humans cannot escape their fate (Mason 2019, 135). The Marvel universe is full of 'superhumans' who impose on their fellow people a fate that they are incapable of attaining by themselves. The Holy Spirit in the Pentecostal cults isn't very different. It represents that overwhelming force that comes to rescue us from our own failures and promises a land of plenty. It "fits the wider reactionary thought-architecture of the neoliberal era perfectly," writes Mason (173). It is "highly convenient... for the corporations and governments who want to subordinate human behaviour to algorithmic control and override the concept of universal rights". Technological determinism and fascination aren't very far from the almighty Holy Spirit treated as the master puppeteer.

To think that our actions upon social conditions are nothing more than fictions (Harari) or imaginary constructions (Latour), or to state that objects are autonomous from all relations (Harman) undermines the Marxist humanist project of social emancipation for which knowledge about the material conditions is tantamount to acting upon them, what means changing the nature of our relations which define what we are and what we have in common.

My aim has been to show that the appropriation that takes place in the Evangelical and Pentecostal cults comes at the cost of the ideological creativity of the Native. It is part of the process of looting and expropriation that goes on throughout the global south. One possible way for us to fight back is through the restitution of the symbolic world and the creative ideology of the Natives into the fabric of the communities as valuable epistemology, too

(see Rivera Cusicanqui 2020), as in the example of Comunidade do Rosário. It also means to advocate for the social and political significance of these manifestations beyond their use in culture as ethnological curiosities, folklore or entertainment. Furthermore, if we let the ideological creativity of the Native be replaced by positive science, we will have contributed to the process of dispossession. Because dispossession and appropriation aren't just a matter of depriving people of land and resources; they also mean dispossessing their minds.¹⁸

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¹⁸ A process that can be seen laid bare in the films of *Vídeo nas Aldeias*, the ongoing project of the Brazilian anthropologist Vincent Carelli.

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ISRAEL'S TWO MARXISMS

Abstract

In this article, I argue that there are two main Israeli traditions of thinking, which relate the critique of Israeli capitalism to the Israeli-Palestinian conflict. The first approach includes writing by Daniel Gutwein, Tamar Gozansky and others. In this approach, capitalism and its contradictions are seen as more fundamental than the Israeli-Palestinian conflict, offering several kinds of economic accounts for the conflict. The second approach includes writing by Gershon Shafir, Gadi Algazi and others. It is the opposite of the first approach, in that it posits the conflict as the more fundamental explanatory instance, to which economic problems or tensions are subordinate. I conclude the essay by showing that the tension between the two approaches is a typical problematic of Marxism, in which subjective action and objective structure of reality must be put into relation with one another. Thus, any future Israeli Marxism cannot be limited to either one of these approaches but must involve their creative synthesis.

Keywords: *Marxism, Israel, Palestine, Israeli-Palestinian conflict, capitalism, post-Zionism*

It should be clarified at the outset that the title of this piece is misleading. Israel, in fact, does not have two Marxisms, or one for

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that matter, but nearly none. The socialist or communist political camp in Israel remains miserably small, and few Israeli intellectuals would call themselves Marxists, without adding a whole series of qualifications or caveats to that. What I mean by “Marxism” in the title – unjustifiably for the moment – has to do with a rather minimal characterization: those whose view of Israel includes some substantial critique of the Israeli capitalist economy. Once defined in this minimal way, many of Israel’s leftist commentators become “Marxist,” since there is no shortage of criticism of Israeli capitalism. In what follows, I will try to demonstrate that there is, in fact, a reason to call these positions “Marxist,” once the latter term is understood to designate a problematic – an unsolved set of questions that return historically in different guises, (Jameson 2009, 140).

These different Israeli “Marxisms,” I argue, can be divided into two groups, as I hope to show here. The division is generated by the relation that exists between any critical analysis of Israeli capitalism, to the dominant political antagonism in Israel, the one related to the Palestinian-Israeli conflict. It is a curious fact that critiques of Israeli capitalism can happily exist to the side and in isolation from any discussion of Israel-Palestine. There is nothing wrong with these, but they always end up being marginal, tackling a secondary political disagreement, if they do not somehow centrally address the dominant political antagonism regarding Palestine-Israel. Take, for example, the annual reports generated by the Adva center in Israel (see for example Buzaglo 2019). The focus of the reports is inequality in Israel – one of the highest among OECD countries (even without counting the Palestinians in the Occupied Territories!) (Hever and Leshem 2019). These reports always make a small splash when they appear. But it always remains small and fleeting compared to news related to the Israeli-Palestinian conflict, even though the consequences of inequality – which is of course not in itself a Marxist framework for analysis – are by far more immediately felt in the lives of Israelis than those of the ongoing conflict.

Yet it would be to accept the illusion of one’s own bourgeois solipsism, if one were to conclude that the Israeli public is deluded in not being more interested in inequality. Far more interesting is to think about the main political antagonism – left versus right regarding Israel-Palestine – as itself a representational

site in which class antagonism is unconsciously staged. Put in more Althusserian terms, one can say that the discourse around the Palestinian-Israeli conflict is the way individuals live the real social contradictions that threaten to undo their lives (Althusser 2013, 181-83). Important here is that the political antagonism over Israel-Palestine is not merely an illusion or substitution for a truer representation: that of class antagonism. This latter position is always what anti-Marxists claim when they argue that Marxism is reductionist (it is also the implicit Stalinist target of Althusser's own critique of "expressive totality" (Althusser and Balibar 1970, 215). Rather, the main political antagonism (Israel-Palestine) is, in the truest ontological sense, the way class antagonism appears – there is no more authentic articulation of it. It is for this reason that more "pure" contemporary critiques of Israeli capitalism – for example, Arieh Krampf's analysis of the emergence of Israeli neoliberalism (Krampf 2018) – do not make a bigger "splash," since in addressing capitalism directly (and relegating the Israeli-Arab conflict to the margins), these paradoxically do not actually address the class antagonism as it appears in Israeli politics, despite their more "direct" approach to class.

So one is left with the tension between these two poles – the overt antagonism between left and right positions over Israel-Palestine on the one hand, and the critique of Israeli capitalism on the other. And the two kinds of Israeli "Marxism" on which I focus in this article differ precisely in the way they construe this relation, which is never a symmetrical one, as I will demonstrate. One of the more well-known representatives of the first kind is Daniel Gutwein's work. If Labor-Zionism – upholding a synthesis of nationalism and socialism in Israel – is still alive, Gutwein is surely one of its leading academic representatives. There are good reasons, at first glance, to declare labor Zionism irrelevant: the 30 years of Israeli neoliberalism, and the absolute disappearance of labor-Zionism from the political map (in the guise of the Israeli Labor party), seem to signal its demise. But it is precisely when politics abandons the socialist principles of labor-Zionism, that the latter begins to distinguish itself from the mainstay of Israeli politics in substantial ways. Thus, Gutwein's (and other labor-Zionists') work becomes interesting precisely when it is put in the situation of needing to think its way back to a position of power.

Important for my purposes is Gutwein's short piece from 2004, published in Israel's leading critical theory journal *Theory and Criticism* (Te'oriya u'bikoret), titled "Comments on the Class foundation of the Occupation" (Gutwein 2004). The short essay was later translated and revised, and published in English (Gutwein 2006). Gutwein's argument is simple: that neoliberalization stands in contradiction to Israeli withdrawal from the Palestinian territories conquered by Israel in 1967:

...the liquidation of the welfare state has turned the occupation of the Palestinian Territories and its byproducts – in particular the settlements and the split of the Israeli labor market – into a compensatory mechanism that has protected the Israeli lower classes from the detrimental impact of privatization. Privatization intensified the lower classes' bonds with the political Right, alienated them from the Left, and created the social and political basis for the perpetuation of the Occupation (Gutwein 2006).

Gutwein's simple argument is of great importance, especially considering the historical context in which it is written (on which I will have more to say in what follows). The way in which positions regarding the Israeli-Palestinian conflict are related to the analysis of Israeli capitalism is very clear here: it is the dynamic of capitalism that is given analytical primacy. Neoliberalization (itself a response to the contradictions of Israel's position within global capitalism) sharpens class conflict in Israel, and it is this framework, of the contradictions of capitalism, that results in Israeli-Palestinian antagonisms, but also has ideological implications (for example, working-class support for the right).

And so the dynamic of capitalism precedes and conditions national or ethnic antagonism, in Gutwein's analysis. One should haste to say that this is not a methodological or subjective preference, but rather an objective, historical, and theoretical one, as Marxists show: the economic always being determinant "in the last instance" in any society, but only under capitalism becoming the dominant way of organizing society (Althusser 1969, 190–210; Jameson 2011, 16). This dominance of capitalism's contradictions over other social processes is expressed also in Gutwein's more recent writing, in which he argues that the Israeli settlements in Palestinian Territories and the quasi-welfare-state these provide

(Gutwein 2016), are no longer sufficient as a compensatory mechanism for neoliberal impoverishment. Now, Gutwein argues, anti-democratic legislation, giving preferential rights to those that stay loyal to the political right, itself becomes such a compensatory mechanism (Gutwein 2016, 225-26). Gutwein's more recent argument bears a resemblance to certain general arguments about the emergence of "neo-feudalism," perhaps supplanting capitalism as a new hegemonic mode of production: "parcellated" sovereignty, as it is sometimes called, being one of the markers of Gutwein's account and of emerging "neo-feudalism" (Dean 2020).

So in the first kind of Israeli "Marxism," the contradictions of capitalism act as the overarching structure, the totality – to adopt the Marxist term – that stamps any social being or process with its mark, even if only in mediated form. This first kind of Israeli "Marxism" concludes other scholars' work, both recent and older. I will first look at more recent work (such as Gutwein's), published since the 1980s, and in which the Israeli-Palestinian conflict plays a more substantial role, for reasons I will discuss below. Then, I will briefly examine the pre-1980 predecessors to this kind of "Marxism," which will provide me with a quick explanation for the shifting of political focus. A prominent recent example is Shimshon Bichler and Jonathan Nitzan's *The Global Political Economy of Israel* (Bichler and Nitzan 2002), which sees flareups of the Israeli-Palestinian conflict as the result of economic contradictions. Nitzan and Bichler extend their purview beyond the Israel-Palestine: according to their work, see any escalation in Middle East conflict as the result of the drop in the relative profitability of the big oil and arms corporations (Bichler and Nitzan 2018). Even though the authors explicitly reject Marxism, developing a social theory of value based on Veblen's work (Bichler and Nitzan 2002, 33-36), the determining instance for them is still economic, rather than political. It is important to mention that this theoretical commonality – the primacy of the economic – does not extend into the realm of politics: Nitzan and Bichler dedicate their book to *Anarchists against the Wall*, a group of political activists that has nothing to do with Gutwein's welfare-state political project. It should also be mentioned that as opposed to Gutwein's account, Nitzan and Bichler's account sees those who get involved in mainstream politics – both the supporters of peace and the hawks – as

dupes, since both political impulses are driven purely by the search for profit, and thus offer no real path out of the existing situation. Despite their rejection of Marxism, therefore, Nitzan and Bichler's account ends up constituting the most "vulgar" reduction of politics to economics – a criticism often directed at Marxists.

Another example, a little older, for this type of Israeli "Marxism" is Tamar Gozansky's *The Development of Capitalism in Palestine* (published in Hebrew in 1986) (Gozansky 1986), is another example of an account that posits the economic as the dominant instance, in relation to social phenomena in Israel in general, and to the Israeli-Palestinian conflict in particular. Gozansky, an ex-parliament member from the HADASH party (The Democratic Front for Peace and Equality, which includes the communist party) is perhaps the only author discussed so far that would call herself a Marxist. In the book, Gozansky traces how Zionism and British imperialism transplanted capitalism into Palestine, taking advantage of 19th-century Ottoman land reforms which made possible the penetration of capitalism and the familiar enclosures and dispossessions necessitated by it. The conflict between immigrant Jews and the local Palestinian population is in Gozansky's analysis precisely the result of capitalism's extension into Palestine. At first, the Palestinians stand more or less outside capitalism, while Zionist colonies and the British empire are its (sometimes, unintending) promoters or insiders. Later, the economy becomes unevenly developed along ethnic lines: Jews own more industrial, higher-profit industries, while Palestinians mostly remain confined to less profitable branches, mostly in agriculture (Gozansky 1986, 13–39, 233–47), which spells the final welding of the ethnic antagonism to class one. Thus, here, too, it is class antagonism which is the ground or the determining instance of the conflict itself.

It is important to note that taking up the cause of Palestinian liberation is precisely the political outcome of Gozansky's writing, which insists on denying any revolutionary potential from Early Zionism. Yet, it is clear that there is no Palestinian liberation, that is simultaneously a radical transformation of class relations – a point to which I will return later when talking about the other type of Israeli "Marxism."

One last example of this type is Amir Ben Porat's work on the development of capitalism in Israel is a singular contribution to the field, given its Althusserian set of problems (Ben Porat 1993; 2011). Yet Ben Porat is busy fighting a different battle: demonstrating that Israel was a capitalist country since its inception, against both older labor-Zionist claims that the proletariat is in charge in the new state of Israel, and against neoliberals' adoption of the view that Israel's defunct economy was a socialist one, to advance a neoliberal agenda in the 1990s (Ben Porat 1993, 23-45). And so Ben Porat does not address in any significant way the Palestinian-Israeli conflict, except as a secondary set of concerns with politics: for example, seeing the switching of working class allegiance from left (Labor Zionism) to right (the Likud party), after the 1967 war, as partially propelled by class discourse losing its dominance in Israeli politics (Ben Porat 1993, 111-26). Therefore, his work is not as important to my survey of Israeli "Marxisms." From our vantage point, Ben Porat's critique of Israeli capitalism, published in 1993, is a bit unusual, since it does not involve any significant discussion of the Israeli-Palestinian conflict.

The long line of communist party thinkers, which includes Gozansky, will allow me to move from more recent instances of this type of Israeli "Marxism," to older ones, which I will only discuss briefly. It is important to note that positing capitalism as the determining instance (relative to the Israeli Palestinian conflict) has a long history. Take, for example, *Peace, Peace, When There is no Peace* (Shalom, shalom ve'ei shalom) published by Akiva Orr and Moshé Machover, members of the Matzpen group, which split from the Israeli Communist Party in the 1960s (Orr and Machover 1961). The thesis of the book is that British imperialists' political manipulation is behind wars between Israel and its Arab Neighbors. Even if the book remains at the political level, it is important to remember that for the communist party, "imperialism" was always code for capitalism's contradictions, and did not imply the moralistic postcolonial stance, which focuses on the more immediate presence and attitudes of the colonizers themselves (where the latter existed). As such, local efforts – by Zionists colonizers and colonized Palestinian Arabs alike – could promote proletarian (or lower-class) class struggle. Marx's famous quip about people making history not under the conditions of their choosing (Marx

1978, 595) is translated in Marxism into a search for revolutionary possibilities even in the most immoral of situations: no matter how much a specific social position is directly dependent on exploitation and domination, an adequate Marxist description of the situation would always look for possible ways to its radical transformation, those momenta where intervention could lead to the demise of that same situation. And so, for Orr and Machover, the Jordanians can be working in the service of imperialism (capitalism), just as much as Israel does. And a mere refusal to engage in a war that furthers imperialist demands, is the beginning of a movement against capitalism.

What made Machover and Orr's contribution so significant, I would argue, is precisely that they gave such central place in their analysis to the relationship of Israel with its Arab neighbors, which might not seem all that special from our perspective, but was new in its time. Pre-1980s Israeli writing that insisted on the primacy of the economic, did not usually have the conflict itself as its main object of inquiry, but treated it as just one part of social reality. One prominent example is Moshe Sneh's *On the National Question* (Sikumim bashe'ela hale'umit), published in the early 1950s (Sneh 1954). Sneh became a communist later in his political career, in 1948, shocking the Zionist leadership of which he was part (Eshel 1999). It is easy from our perspective to focus on Sneh's unquestionable support for Palestinian self-determination, and his demands total equality for Palestinians citizens of Israel (Sneh 1954, 153–56). But one should not ignore (as many commentators do) the place of these in the book as a whole, which is obviously marginal. What interests Sneh is actually understanding Zionism, in the newly-formed state of Israel from the perspective of the critique of capitalism. This Zionism, for Sneh, is hopelessly allied with imperialists (or, capitalist) forces. This marginality of the Israeli-Arab conflict is the reason that there is no contradiction for Sneh between his support for Palestinian self-determination and his support for Israeli patriotism, the latter expressing a proletarian position within Israeli state framework (Sneh 1954, 130–35). In short, the proletarian and universalist position demands, equally, solidarity with the emancipatory demands of Palestinians, and the pursuit of class interests within the institutional framework of the capitalist state of Israel.

In the earlier instances of this type of Israeli “Marxism,” then, not only is capitalism the totalizing explanatory framework; but the Israeli-Arab conflict itself only constitutes a minor object, just one issue among many, rather than the most important object of inquiry. This is true not only in Sneh’s 1950s case. It is also the perspective animating Gozansky’s 1969 *How to Achieve Economic Independence?* (Atzma’ut kalkalit – keitsad?) (Gozansky 1969). In it, Gozansky’s main concern is precisely with working class struggle within the Israeli economy and political context, in which Palestinian emancipation remains marginal. In general terms, unsurprisingly, whenever the question of national struggle becomes an important political antagonism, this kind of “Marxism” seems to pick it up. And conversely: when the political field is not structured by attitudes towards national or ethnic liberation struggles, these become more marginal in the analyses produced by this kind of “Marxism.” It is for this reason that Sneh’s 1950s work and Gozansky’s late 60s writing are not particularly focused on Palestinian liberation, even if they do support it. And it is for this reason that pre-state communist party’s attitude, as opposed to Sneh and early Gozansky, did centrally focus on national liberation struggles: both Jewish and Palestinian, as Budeiri and others have shown (Budeiri 2010). And if one goes even further back to the 1907 writing of Ber Borochov, a prominent Marxist-Zionist thinker, one can witness another example of a “Marxism” addressing a political situation dominated by a discourse of national emancipation. In Borochov’s *Workers of Zion – Our Platform* (Borochov 1955), Zionism is still the ideology of the oppressed, rather than of a dominant national system. As such, it is the articulation of class struggle, rather than a hegemonic ideology that seeks to repress class consciousness (Nir 2019).

So in this first kind of Israeli “Marxism,” capitalism and its contradictions are given precedence as a determining instance, in relation to the Israeli-Palestinian conflict. I have briefly traced the lineage of such analyses, back to times in which the Israeli-Palestinian did not dominate Israeli politics, and even further. In the earlier cases, as I tried to show, the analytical (and real) primacy of capitalism as a determining instance is preserved, while the political focus of the analysis changes according to the what structures a specific situation’s political discourse: the rise of Zionism

in Europe, the Israeli-Arab conflict, etc. I have introduced this type of “Marxism” first, but it is important to keep in mind that it is not the more pervasive or dominant one today. The opposite is the case: the second type, which I introduce below, is surely the more dominant of the two.

For this second kind of Israeli “Marxism,” the imbalance between the Israeli-Palestinian conflict and economic matters is the opposite of the first kind: here, the political conflict takes precedence, and economic tensions or problems are become secondary to the political conflict. There are several variants to this form of thinking, perhaps the most common of which is the positing of ethnic discrimination as what stands at the heart of the Israeli-Palestinian conflict; but also and more importantly for my purpose as the governing mechanism of economic dynamic in Palestine-Israel. A good example for this approach one can find in Gershon Shafir’s seminal work *Land, Labor, and the Origins of the Israeli-Palestinian Conflict 1882-1914* (Shafir 1989). Shafir’s argument, in a nutshell, is that Zionist settler colonialism engaged in ethnic discrimination in its practices of land allocation and hiring practices – systematically preferring Jews to Arabs. This discriminatory economic policy is what led to the entrenched conflict between Zionists and Palestinians, for Shafir. This argument might sound trivial from today’s perspective, but it was anything but trivial in late 1980s Israeli academic circles. I will discuss the importance of Shafir’s (and others’) work in its context below.

It is important to distinguish Shafir’s work from the first kind of “Marxism” that I discussed. Previously, it was the contradictions of capitalism that led to ethnic clashes. Think, for example, about Gutwein’s argument about the Israeli occupation as a compensatory mechanism for the growing impoverishment caused by neoliberal reforms. For Gutwein, the continuation of Israeli-Palestinian conflict is caused by the contradictions of neoliberalizing Israeli capitalism. In Shafir’s case, it is the other way around: an ethnically-discriminatory (economic) Zionist policy is what is the original cause of the conflict. As the parenthesis around “economic” in the last sentence already suggest, the economic here is simply a stage on which the drama of racism takes place. The economy’s own workings are unimportant in themselves; rather, the economy is

only present here because it was an important way, or medium, through which discrimination of Palestinians is expressed.

What should begin to emerge now is something that for now might seem like a mere contingency, an unimportant particular detail, of Shafir's analysis, namely the separation into form and content: the economy and discrimination. Discrimination is the content or important point to be delivered, while the economy is the form through which discrimination is expressed – and the two remain of separate orders or substances. What I hope to show is that this separation is common to all examples of this camp, which is by far more popular – among academics even if not among Israelis – kind of Israeli “Marxism.”

Before demonstrating this point, it is important to account for the greater popularity of this second kind of Israeli “Marxism.” The late 1980s saw the birth of what is usually called “post-Zionism,” which is somewhat parallel to the emergence of writing of the Israeli New Historians (for a comprehensive, sympathetic discussion of post-Zionism, see Silberstein 1999). These coincide with the emergence of the 1990s Peace Process between Israel and the Palestinians, and can be considered the intellectual arm of that leftist political project. The critical accounts by post-Zionists and the New Historians of Israeli history and society challenged the long-accepted beliefs of Israeli national ideology about the moral righteousness of Zionism; insisted on the oppressive nature of the Israeli state (against its ideological celebration as successful coming-together of Jewish immigrants) both historically and synchronically, with respect to marginalized groups, such as Sephardi Jews, whose history in Israel is put in relation to Israeli-Arab relations in the pathbreaking work of Ella Shohat (Shohat 1999; 1989). Thus, many of the academic voices involved in this far-ranging critique of the Israeli nation-state saw the Peace Process as having the potential for correcting some of the Zionist wrongs – as several of them hint in their writing (see for example Morris 1988, 108). It is in this context that Shafir's work is intervening.

Another example from the same camp of critics is Baruch Kimmerling's critique of Israeli militarism (Kimmerling 1993). According to Kimmerling, growth of militarism means, first, that the military becomes an ideal in itself, given ideological primacy

in its own right rather than considered merely as means to something else. And in a more economic register, military needs take precedence over “social” ones: “Moshe Dayan [a past Israeli general] summarized this situation with a turn of phrase when he explained at the start of the 1970s that ‘it is impossible to bear two banners at the same time’ – the reference is to the ‘security banner’ as opposed to the banner of social-welfare and other societal goals” (Kimmerling 1993, 211-12). Here, then, we again see the analytical ascendancy of the Israeli-Palestinian conflict over the economic, typical to this kind of Israeli “Marxism.” But we can also see that the economic functions merely as the medium in which priorities are determined – the military taking precedence over social issues. It is this primacy of the military that leads, in part, to the continuation of the Israeli-Palestinian conflict, working against the achievement of peace, for Kimmerling.

So a pattern is beginning to emerge in this second kind of Israeli “Marxism,” according to which the economic is no more than a medium or a form, a container for the point, which is the Israeli-Palestinian conflict itself. Not only is the conflict the determining instance in relation to the Israeli-Palestinian conflict, but there is also something like a qualitative difference between the two, separating content from form, or message from medium. I have briefly shown this to be true in Shafir’s and Kimmerling’s cases. I now turn to discuss a more recent example, Gadi Algazi’s “Offshore Zionism,” published in English in 2006, and about a year prior to that in Hebrew (Algazi 2005; 2006). It is important that by this point the Peace Process has completely stalled, and with it disappeared a sense of historical agency. I will return to this point in what follows. Algazi’s article stands out among post-Zionist texts, because it is written a bit like a realist text, in which the narrative advances dialectically through contradiction. Algazi’s article starts with a familiar history of Israel’s expropriation of Palestinian lands in the occupied West Bank, focusing on the settlement of Modi’in Ilit, built on lands confiscated from the Palestinian town of Bil’in. But very soon other divisions – those of class, but also gender and religious difference, problematize the easy division into oppressive Israeli colonizers and the colonized Palestinians. For, we quickly discover that the residents of Modi’in Ilit are ultra-Orthodox Jewish families who moved to the settlement

because they could no longer afford to live in non-settlement Israel. But the settlement is also home to other entities: generous government subsidies have attracted a high-tech company, Martix, to operate out of Modi'in Ilit, where it employs ultra-Orthodox women at a fraction of the wage comparable workers would be paid in Tel Aviv. The work environment is specially constructed to accommodate their religious way of life, and the women turn out to be amenable to hyper-exploitation, with which the capitalists are very satisfied. Or, as one of them puts it, "These women have no issues. They just work. No smoking or coffee breaks, chatting on the phone, or looking for vacation deals in Turkey. Breaks are only for eating, or pumping breast milk in a special room. Some women can pop home, breast-feed and come back" (Algazi 2006, 33). Religion is important here, as "rabbis play a crucial role in instilling capitalist work discipline" (Algazi 2006, 34).

It should be noted how similar Algazi's description of the women working at Matrix to familiar dystopian narratives (with a healthy dose of irony attached to the company name, "Matrix"): the tightly-controlled bubble of work and moral life, allowing basic survival to its inhabitants, while outside of it there is nothing but the suffering of derelicts (here, Palestinians) and uninhabitable spaces (too-expensive Israel). Perhaps it is this generalized image of future of existence under capitalism that makes Algazi's article so appealing. But for my purposes it is important to notice that the narrative coalesces around two poles: first, it is animated by a totalizing impulse, which one can feel at work whenever in Algazi's analysis Israeli state interests (colonization), those of capitalists (profit), and subjective perceptions (such as religious ideology) seem to reinforce one another (Algazi 2006, 30). Meanwhile, an irreducible heterogeneity of reality is constantly asserted by Algazi as a countervailing force to this totalizing impulse. The minute details of the situation, some of them given in maps and statistics by Algazi, implicitly but insistently emphasize the random and singular coalescing of forces that are brought together in the case of Modi'in Ilit, Bil'in, and Matrix. Indeed, towards the end of the original Hebrew version of the article (conspicuously absent from the English version!) this heterogeneity threatens to lead to political aporia – a noteworthy point particularly because of Algazi's own political activism against the oppression of Palestinians. For,

it is difficult to see how to act against the settlement enterprise, without at the same time threatening the livelihood of the ultra-Orthodox settlers, driven to the settlements because of economic pressure (Algazi 2005). It is this political aporia that is perhaps an expression of the loss of political agency brought about by the end of the Peace Process.

But this aesthetic tension between totalization and its opposite ends up collapsing in the concluding paragraph of the article, in which Algazi returns to familiar post-Zionist lines:

It has sometimes been suggested that the dynamic of capitalist modernization would compel Israel to abandon its attachment to old-style colonialism. The case of Matrix in Bil'in demonstrates that Israeli capitalism can be both colonial and digital, occupying both global markets and frontier settlements, campaigning both for unbridled privatization and for heavy government subsidies. Left to itself, it will neither extricate itself from colonial expansionism nor exert pressure on the state to do so – that is, unless Israeli colonialism becomes an overwhelming liability, and resistance by the colonized and their allies forces a change of course. (Algazi 2005, 37)

Here, then, the interpretive possibilities offered up by the body of the essay are annulled by the ideology that acts as the external sign of closure, much like the royalism in Stendahl's realist works or religious belief in George Eliot's. Here that ideology is the primacy of Israeli-Palestinian conflict as totalizer, as it turns out that even the newest economic phenomena (information technology and offshoring) can find its place within it. Thus, again, one ends up with the economic as merely the stage on which Israeli colonialism is acted out, a medium rather than a substance.

It would be instructive to compare Algazi's piece with the article by Gutwein with which I started this article, not only because of the proximity of subject matter, but because both are written after the failure of the peace process, and thus try, more or less explicitly, to contend with the need to rebuild leftist political agency. The difference by now should be clear: in Algazi's piece, the relationship between the Israeli-Palestinian conflict and economic matters is accidental: the profit motive happens to coincide with Israeli takeover

of Palestinian land – there is no necessary connection between the two. For Gutwein, the opposite is the case: the very existence of the Israeli settlements is the direct expression of neoliberal capitalism. As such, the Israeli-Palestinian conflict and capitalism are essentially different parts of the same substance – capitalism itself. In Algazi's analysis, the economic remains externally and contingently related to Israeli colonialism. In Gutwein, in contrast, what initially seems like a form or medium or external condition – the economic – turns out to be of the exact same substance or order as the Israeli-Palestinian conflict itself. Both are necessary appearances of neoliberal capitalism.

Before beginning a more detailed comparison of the two kinds of Israeli “Marxism,” I would like to address one last example of the second kind – the one that treats the Israeli-Palestinian conflict as the determining instance, *vis-à-vis* capitalism. This example is more recent than the other ones I discussed, so I bring it here as exemplifying the continued existence of this approach: Shir Hever and Dotan Leshem's short “Political Annexation Disguised as Economic Cooperation,” published in 2019 (Hever and Leshem 2019). Hever and Leshem's argument is very simple: that Israeli economic statistics include the Jewish settlers in the Palestinian occupied territories, but do not include the Palestinians themselves. This created the image of Israel as a developed country, in comparison to OECD countries, while in reality, if one takes into account the Palestinians, the “one economy” (as Hever and Leshem call it) of Israel-Palestine would rank much lower in international comparisons of per capita GDP. This practice of erasing Israeli economic apartheid – obfuscating the wealth gap between Jewish Israelis and noncitizen Palestinians – is reproduced by international economic analyses. Or, these usually treat Israel and Palestine as two independent economic entities, ignoring the racist, discriminatory bifurcation of what is essentially a single economy, if one takes into account Israeli control of Palestinian life.

It should be clear that, just like in the other examples of this kind of Israeli “Marxism,” the economy is only a medium here, a stage on which the reality of racism or segregation or apartheid is revealed. In a very precise sense, it is Israeli direct exertion of power that causes the economic gap between Israel and Palestine, which economists try to hide by treating the two as separate entities.

Thus, this text reproduces again the trait common to all texts of this kind of Israeli “Marxism,” which I have shown here to exist since the 1980s to the current moment. Many other recent texts belong to this to this variant, from Shir Hever’s own book on the privatization of the apparatus of the Israeli occupation itself (Hever 2018), and so are new books by Toufic Haddad and Andy Clarno (Clarno 2017; Haddad 2016).

I have already started comparing at least superficially the two kinds of Israeli “Marxism.” The initial distinction between the two was a matter of the dominant term. For the first kind, the economic and its contradictions are the determining instance in relation to the Israeli-Palestinian conflict; for the second, the conflict is the ordering term, and the economic is secondary. I have also tried to show that in the second kind, there is a qualitative difference between the economic and the Israeli-Palestinian conflict: they are of different orders, since the economic is usually thought of as a medium or a form, while the conflict is the substance displayed. Conversely, For the first kind of “Marxism,” both economic tensions and the Israeli-Palestinian conflict are of the same material or register of reality: both are ways in which capitalism appears.

And it is here that I want to develop this distinction dialectically, a process in which the initial distinction between the two kinds of “Marxism” will start paying off, finally, producing some new and interesting conclusion. Each approach’s relation to what we might call totality is one way of doing that. The first approach (arguing for the primacy of the economic) begins by asserting capitalism as the totalizing force: more and more parts of reality becoming structured by capitalism, either in the external limitations put on them, or in their very structure. The organization of the world in a totality here, as it is for Georg Lukács (Lukács 1971, 90), not some methodological first principle or belief, but the result of a historical development – the expansion of capitalism. That the Israeli-Palestinian conflict is, in the last analysis, of the same order as capitalism’s contradiction, is a way of articulating in thought this totalizing process in reality.

Meanwhile, the second approach (positing the primacy of the Israeli-Palestinian conflict) does not give up altogether on the unity of reality; but it asserts it not materially-historically, but rather

politically: it is the political goal of the liberation of Palestinians (once articulated by the two-state vision of the Peace Process) that orders all of reality, including of course its economic register. We might do well to call this political principle of unity “totality,” using the quotation marks to distinguish it from the first approach. This “totality” has the effect of immediately dividing all of reality according to the demands of the political project of Palestinian liberation. Not only the economic is understood as a stage for the Israeli-Palestinian conflict, but all other facets of society, too. The ethnic divisions in among Jewish Israelis, for example, particularly the division between Ashkenazim (Jews of European descent) and the Sephardim (of Middle Eastern and Asian descent), is no longer understood as a failure of ongoing nation-building project. Rather, it is to be understood as expressing a need to break away from the threatening Arabness of the Sephardim, which associates them with those that Zionists saw as their enemies (Shohat 1999). Another example comes from the realm of geography. If Zionist texts always urged Jews to imagine the landscape diachronically through the lens of the bible, or synchronically through transformative Zionist labor on the land, those for whom the Israeli-Palestinian conflict is the “totalizer” of reality, enact a dramatic interpretive shift: the landscape is now to be read for signs of past Palestinian villages and towns, from which Palestinians were deported in the wars of 1948 and 1967 (see for example Kadman 2015, originally published in Hebrew in 2008). To give another example, Eyal Weizman’s well-known *Hollow Land* urges us to read power relations into the very landscape of the West Bank (Weizman 2007). These three examples are only few among many texts taking on the process of discovery implied by this “totality.” Perhaps David Grossman’s *The Yellow Wind* from 1987 captures this “totality” in its purest form: tracing the ways in which the Israeli occupation of Palestinian territories infiltrates any realm of life (Grossman 2002, originally published in Hebrew in 1987). Thus, the economy is only one of these realms that bears the mark of the Israeli-Palestinian conflict.

One can thus say that the second Israeli “Marxism,” has a political principle of “totality,” disregarding for now the proliferation of quotation marks in my formulations, which I will address more substantively towards the conclusion of this essay. It is important to note that the political horizon that dominates

this approach exists beyond the Peace Process of the 1990s. If one considers the most recent text of this approach that I discussed, Hever and Leshem's "Political Annexation," one can find a political project nascent in the argument, beyond the mere rejection of statistics that work in the service of Israeli oppression of Palestinians. For, what is the "one economy," the economic measuring unit that includes both Israelis and Palestinians, of not a figure for a one-state solution? Even if unintentionally, Hever and Leshem recommend a kind of united polity, a single social body that encompasses both Israelis and Palestinians. That the right-wing agenda of annexation comes up in the essay, even though it is not directly related to the argument about the statistical hiding of Israeli apartheid, should be seen as a Freudian slip: is not annexation, at least potentially, a step forward towards this single social body, even if it is taken for completely different (and anti-emancipatory) purposes? Thus, the short piece is important for what it "acts out" – the one-state solution and land annexation as a possible road to it – just as much as for its overt argument. The one-state solution, as opposed to the two-state solution, has been slowly gathering steam in the last decade, even if it is still not widely acceptable in Israel. Interestingly, a majority of Israelis reject annexation of Palestinian territories, while many Palestinians feel that full Israeli citizenship would improve considerably their current situation, in which they have no citizenship rights, even if it comes at a price of annexation (Avraham 2020).

Conversely, a political project is precisely what is missing from the first kind of Israeli "Marxism," in the analyses of which the notion of totality in the more precise Marxist sense is active. Gutwein's plea for direct leftist class politics would not do: ignoring the central political antagonism – Israel-Palestine – is a sure way to remain ineffectual in Israeli politics. Nitzan and Bichler's sympathy for Anarchists against the Wall, a group that has also failed to become a significant political force – unsurprisingly – is another example for the political weakness of this variant of Israeli "Marxism." Among the examples I discussed above for this variant, perhaps the most successful in articulating a political project is Tamar Gozansky, who identifies class struggle with Palestinian struggle in her 1986 book, as I claimed before. But from our vantage point it can be said that Gozansky, and other Communist

Party members whose writing adopted the Palestinian cause in the 1980s and 90s, did not become important elements of the Peace Process, but were rather relegated to its margins. Reuven Kaminer has argued for the existence of a losers-win dialectic at work in the Peace Process years, in which mainstream politics adopts stances that were before only espoused in radical circles (Kaminer 1996, 126). But this marginalization of the communists might explain the ultimate failure of the Peace Process, which was already on the wane when Kaminer's book was published: had the communists led the Peace efforts, they would have actually had the courage to bring it to completion (which required, if we adopt Gutwein's analysis, a severe limiting of capitalism). Thus, those that in their critical practice take into account the totalizing status of capitalism, do not have a very clear political project in mind.

I would therefore like to offer the following simplified formulation: that the first variant of Israeli "Marxism" – the one positing the primacy of the economic over the Israeli-Palestinian conflict – has totality on its side, but no clear political agency. Conversely, the second type – asserting the primacy of the conflict over the economic – does not have a substantial notion of totality, but has a clear political agency, a viable political project that acts as a "totalizer" in dividing all of reality according to that project. It is in this way that both of these act as two poles of a contradiction, becoming what they are by negating each other.

It is important to note that this contradiction is by no means a new one: put in these terms, it defines a problematic inherent to Marxism (if not constituting its core problem), one whose "solutions" are always creative and temporary, uniquely adapted to the conditions in which They emerge. Think for example about the lineage of the Marxist usage of the notion of the totality. In Lukács' work we already find this tension or gap: on the one hand, in *History and Class Consciousness*, one finds the most explicit theorization of the objective totality of capitalism, expanding to govern ever greater parts of reality (Lukács 1971, 90). The proletariat, which should be taken as a figure for wage labor under capitalism in general, is for Lukács uniquely positioned as a class to perceive this totality, as it is necessarily involved in the making of ever greater part of the world (Lukács 1971, 20). Other writers surely find their place in writing about this kind of objective totality:

It is in this sense that one must understand Adorno's attacks on identity, as fueled by the identity or exchangeability imposed by the expansion of capitalism. Alfred Sohn-Rethel's analysis of "real abstraction" (Sohn Rethel 1977) is surely another expression of the same sense of existing totality and its emergence in thought, no matter how much the latter thinks itself autonomous from the world of commodities.

Is it not, on the other hand, true that we find the opposite number, the political (or subjective) "totality" operating at the heart of Lukács' writing about realist fiction? The basic coherence of reality is realist narrative (as opposed to the discontinuities and instabilities of Modernist worlds) is a result of some subjective operation, an act of gradual discovery or pursuit of desire which welds together the a seemingly heterogenous reality into a whole made up of antagonistic parts (Lukács 1962, 200-201; 1964, 89; 1970, 38-39). One can draw rich parallels between the Lukacsian "totality-effect" (as Jameson calls it (Jameson 2016, 64)) animating realist fiction, and a political project, as Bashir Abu-Manneh has done recently in his writing about Palestinian literature, and its relation to revolution (Abu Manneh 2016, 1-32).

Here, too, one can draw on a rich theoretical set of connection. Since this operation is tethered to subjective action, a psychoanalytical register might be helpful: Jacques Lacan's notion of fantasy-space, as Slavoj Žižek elaborated it, has bearing on this version of subjective totality: the presence of the *objet-a*, the object-cause of desire, is what creates according to Žižek the basic coherence of the world. Desire does not distort reality or "reduce" it, but rather creates it as reality in the first place (Žižek 1991, 7). Just in the same way, the political goal of Palestinian liberation structures, "totalizes," a whole reality, for the second kind of Israeli "Marxism." Desire here should not be understood as something alien to the social as such, but rather as its correlate, as all desire is the desire of the other, in the Lacanian schema. A lesser known example would be Sartre's notion of the totalization process of what he calls the "group-in-fusion" (a name for a group working together to achieving some political goal) in his *Critique of Dialectical Reason*. The group-in-fusion's goal and reasons for operation are defined wholly internally, by its members, with no necessary relation to external history. The notion of totalization offered by Sartre implies an event, an interaction of

the group-in-fusion with the world. The group totalizes the world – creates it as a coherent meaningful whole (the valence of art is definitely important here for Sartre) – through its actions (Sartre 1990, 1:45-46, 374-75). And after the action itself is gone, so is totalization, which makes Sartrean totalization particularly useful for postmodern “singularities,” as Jameson thinks them. At any rate, here, too, one can see an example of the “totality” of the second kind of Israeli Marxism, the one defined by some subjective goal’s division and ordering of the world.

Thus, the gap or confrontation between objective totality and subjective totalization, as we can call it following Sartre, is not unique to the two versions of Israeli “Marxism.” Rather, it is a defining problematic of Marxism in general. A fuller exploration of it is needed in order to do it justice, but it could be asserted that this gap can only be bridged by imagining a figure, such as the proletariat, for Lukacs, which is both an objective condition of the functioning of the system, but is also a standpoint from which the subjective process of totalization may begin. That this figure can itself change, depending on available languages and codes is of course not surprising. At any rate, that this tension defines the two versions of Israeli “Marxism,” is thus not surprising.

And it is this last point that makes it possible now to address one last issue, which seems initially to be only a minor point: the quotation marks that I put around every mention of Israeli “Marxism.” It should be clear by now that it is not the case that one of the two variants of thinking discussed in this article is the true Israeli Marxism, while the other is fake or misleading. For it can be asserted that a fully-fledged Marxism is precisely one that can somehow unite the two, in a specific context – the political project and the different understanding of all of reality that it implies coinciding in some original and productive way with the analysis of the objective system of capitalism and its contradictions. The invention of this unity – always ephemeral and stubbornly depending on sheer belief just as much as facts – is precisely the temporary solution for the gap between the two kinds of “Marxism.” And so the final point of this essay is the following: that, perhaps surprisingly, it is not the case that there is already in existence some correct position of Israeli Marxism, waiting to be taken up by parties, organizers, and the masses. No: this Marxist position is still waiting to be invented,

coinciding completely neither with the objective description of the system, nor with a subjective structuring of all reality in the name of achieving a goal; It is therefore not yet possible to lose the quotation marks, to move from Israeli “Marxism” to Israeli Marxism; this possibility is still waiting to be represented successfully.

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THE CONTINUING RELEVANCE OF MARX'S POLITICAL ECONOMY IN THE 21ST CENTURY

Abstract

This research is aimed at disclosing why Marx's value theory and his critique of classical political economy are still relevant for understanding the dynamics of modern capitalism. First, we argue that Marx's labor theory of value is a monetary theory of production that allows for a resolution of capital measurement problem and precedes Keynes's General Theory. We then turn to reveal that Marx's monetary theory is a general theory of money from which a monetary theory of credit and a theory of paper money arises, both integrated into the theories of value and surplus value. Lastly, we discuss how Marx's foreign trade theory is integrated into his competition theory, and is not based on the unequal exchange hypothesis.

Keywords: *value, labor, money, capital, competition*

Introduction

Recent works on inequality by Piketty (2014) and Milanovic (2016), the crisis of 2007, the great recession of 2008-2014, and the growing asymmetries of the world economy have led to renewed

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interest in Marx's work. In this vein, some Marxian categories, such as relative pauperization, unequal development, the industrial reserve army, fictitious capital, and the overproduction of capital have gained great importance among those economists disappointed with the doctrines of mainstream economics.

Nevertheless, it should be noted that heterodox economists dismiss Marx's labor theory of value, insofar as they consider it to be an artefact of a past marked by the brutal conditions of the working class during the English Victorian age. Among his critics, Robinson (1942) writes that there is a sharp contradiction in *Capital*: while the law of value is only valid under Volume I circumstances, in Volume III the law of price rules the capitalist mode of production. The antinomy between Volume I and Volume III, as Robinson (1942, 15-16) sees it, is an antinomy between mysticism and common sense. Conversely, Rosdolsky (1968) is careful to note that Marx built his theory of value within the framework of capital as such (or capital in general).

In order to reveal the secret of surplus value, Marx had to abstract the concrete characteristics of capitalism (*i.e.*, competition, profit rate equalization, and exchange value transformation into production prices). Once the secret of surplus value was discovered, Marx could escape from the framework of capital as such in Volume III, without implying a sharp contradiction between these two volumes. This misinterpretation of Marx's method led people to believe that his labor theory of value is a metaphysical vestige rooted in the most primitive Hegelianism, and, as such, that it had to be removed from the rest of *Capital's* theoretical *corpus*.

In this regard, it suffices to recall Marx's lamentations to Engels: "If only these people would at least take the trouble to read what I wrote properly!" (Rosdolsky 1968, 538). On the basis of what is set out above, this paper aims to disclose why Marx's value theory and his critique of classical political economy are still relevant in understanding the dynamics of modern capitalism.

The outline of this research is organized as follows. First, we show that Marx's labor theory of value is a monetary theory of production that anticipates Keynes's *General Theory* and allows for a resolution of the problem of the measurement of capital. The pertinence of Marx's theory of money is explained in the second

section. In the third section, we discuss how Marx's foreign trade theory is integrated into his competition theory, and is not based on the unequal exchange hypothesis.

1. Marx's theory of value as a monetary theory of production

In *A Contribution to the Critique of Political Economy* and in Volume I of his *magnum opus Capital*, Marx (2010 [1859]: Chapter I; 1976a [1867]: Chapter I) begins his exposition of the theory of value by stating that wealth in the capitalist mode of production appears as an immense collection of commodities, while the individual commodity represents its elemental form.

The philosopher from Trier highlights that the commodity contains a contradiction, inasmuch as it is an immediate unity of use value and exchange value. As a product of private labor whose social character is not such as can be apprehended automatically, immediately and directly by society, a commodity exists solely in relation to money (Mandel 1976, 31). Inasmuch as the circulation of commodities is inseparable from the circulation of money, the starting point of the immediate production process is money as such. In this vein, even though they are elementary forms of capital, commodity and money are only transformed into capital in certain specific circumstances.

Smith and Ricardo had made the blunder of confusing the elementary forms of capital, that is, commodity and money, with capital as such. The two greatest exponents of classical political economy reduced capital to merely a sum of use values or physical quantities of inputs – that is, to accumulated labor or, in the modern sense, to indirect labor.

As a social relation, capital represents a sum not only of commodities but also of exchange values, of social magnitudes. Accumulated labor, or indirect labor, becomes capital once it has materialized from living labor or direct labor. Direct labor is then subsumed into indirect labor to conserve and increase exchange value, because capital is a value in the process of being valorized. The confusion about capital in classical political economy that was exposed by Marx is relevant insofar as it can be extrapolated to a

critique of the Cobb–Douglas production function and the concept of the marginal productivity of capital.

The controversy on the nature of capital that led to a confrontation between Cambridge (England) and Cambridge (Massachusetts) revealed that the marginalist function of production was an incongruent and unsatisfactory doctrine (Harcourt 1973). Sraffa (1960) argues that the marginalist definition of capital as a physical quantity encounters the fundamental problem of its measurement. Since capital represents a constellation of different use values, increases or decreases in its quantity are immeasurable. Aristotle highlighted this problem over two thousand years ago when he questioned how it was feasible for two or more different use values to be commensurable with each other.

Marx (1976a [1867]: Chapter I) acclaims Aristotle’s insight that heterogeneous useful things cannot be related to each other through commensurable magnitudes without the existence of a standard substance. However, Aristotle could not find that common substance, which would represent one useful thing as equal in relation to another, because, Marx (1976a [1867], 152) writes, “Greek society was founded on the labor of slaves, hence had as its natural basis the inequality of men and of their labor-powers”.

The marginalist definition of capital is doomed by this Aristotelian impasse unless the increases and decreases in capital can be measured in money, given the heterogeneity of the means of production (Robinson 1953; Sraffa 1960). Shaikh (1974) highlights that it is a condition of the marginalist production function that the labor theory of value is operating at all times in the economy. From this, the enigma of capital measurement is deciphered once it is assumed that the substance common to all means of production is social labor.

In this vein, Marx (1973b [1865], 1976a [1867]) argues that the formal and juridical equality on which the order of capitalist society is based reveals that the relationship between individuals is a social relationship between the owners of commodities, whilst the exchange value of commodities is expressed as homogenous human labor. Consequently, the social substance common to all commodities is social labor, whereas the value of commodities is the amount of social labor (direct and indirect) contained or

crystallized in them. Given average technical conditions of production, average social intensity, and average skill of the labor employed by capital, the magnitude of the value will be determined by the amount of socially necessary labor time to produce a commodity (Marx 1973b [1865], 1976a [1867]).

Two commodities which have different use values would be commensurable with each other inasmuch as they are products of social labor, because they are valued. In this way, the bifacetic character of labor that Smith and Ricardo had ignored was discovered by Marx. On the one hand, labor is useful and concrete because it is a producer of use values (*i.e.*, wealth). On the other hand, it is abstract human labor insofar as it is the source of value. The contradiction that commodities are a simultaneous unity of use value and exchange value leads to them being split into a commodity and money. The value of commodities is expressed according to the general equivalent, money, allowing us to quantify heterogeneous useful things through a common unit of measure. *Prima facie*, Marx's labor theory of value solves the problem of measuring the quantity of capital, because, as Moseley (2016) notes, money is the way in which value appears. Nevertheless, the Marxian critique of the marginalist notion of capital could not exhaust this point.

Rubin (1973 [1929]) discloses that the basis of Marx's entire system (1976a [1867], 163-177) and his critique of classical political economy is contained in the last section of the first chapter of his magnum opus, entitled *The Fetishism of the Commodity, and its Secret*. Marx reveals that the mysterious character of the form of the commodity creates a prison that locks people into the false belief that they are facing mere relations between things when, *sensu stricto*, they are facing a social relation between people. Adam Smith and Ricardo were captives of this false consciousness by not penetrating beyond the appearance of capital as a useful thing. Capital is the social relation from which is derived the basis of capitalist society: the production of surplus value. This is Marx's criticism of classical political economy, which can be extended to marginalist economics because this has deprived capital of its social and historical character by thinking of it merely as a set of heterogeneous physical inputs. Despite his intricate subjective theory of value, marginalist's definition of capital is nothing more than the old doctrine of accumulated labor from classical political economy.

In *Grundrisse*, Marx (1973a [1939]) shows that the idea that capital is accumulated labor employed in the production of new labor considers only the simple matter of capital, and avoids its formal determination, without which it would cease to be capital. If capital is merely an instrument of production, then it would have existed in all forms of society, and would be fully ahistorical. The marginalists' explanation not only meets this ahistoricism but also ignores the fact that money is the first form of capital. The circulation of capital begins and ends with a sum of money:

$$M - C - M'; \text{ where } M' = M + \Delta M$$

When money circulates in the form of capital, the immediate aim of capitalist production is to increase value, not to satisfy consumption needs (which is what Böhm-Bawerk states). However, the circuit M-C-M' says nothing about the source of profit, because it only represents the ordinary process of buying in order to sell at a higher price. The problem thus is solving the secret of surplus value without breaking the law of value. Formulated in other terms, how is it possible for the owner of money to get a higher value than the value which he invested, if he must buy and sell commodities for their value? To solve this enigma, the owner of money must find in the market a specific commodity whose use value is a source of value, and that adds value by being consumed. This peculiar commodity is none other than the labor power that is freely purchased and sold in capitalist society. Like any other commodity, the value of labor power is determined by the socially necessary labor time to produce the set of wage-goods that enable the social reproduction of workers and their families.

Abstracting the deviations between values and prices inherent in the dynamics of the capitalist mode of production, labor power is bought by a monetary wage equivalent to the costs of social reproduction, whereas its buyer (the capitalist), even when it satisfies its exchange value, acquires it for its use value, which does not appear until it is put into the production process. The – productive – consumption of labor power represents, therefore, the process of the production of commodities and surplus value. Although there seems to be an exchange of equivalents freely and voluntarily accepted by the two parties, essentially there is an

unequal exchange between labor and capital. Insofar as the contract signed by the two parties establishes that the product generated by labor legally belongs to the capital owner, the working day could exceed the socially necessary labor time to reproduce labor power. Consequently, surplus value is a residue that stems from the difference between wages and labor productivity, and whose existence is rooted in certain social and historical relations which are specifically capitalist.

Once the secret of surplus value is understood, Marx (1978 [1885]) sums up the three forms of capital, being money-capital (M-C), productive capital (P) and commodity-capital (C'-M'), in order to express the whole process of the circulation of capital as follows:

$$M - C \left\{ \begin{array}{l} LP \\ MP \end{array} \right. \dots P \dots C' - M'$$

The capitalist invests an amount of money to buy labor power (LP) and means of production (MP), which in combination set in motion the process of the production of commodities (P), which contain in themselves a new value (C'), once that is realized in the sale (M'), allowing the accumulation of capital. The conditions for this process that would be perpetual and would permit the reproduction of capital on an extended scale are: 1) the reinvestment of surplus value in labor power and additional means of production; and 2) the existence of a permanent excess of labor power supply. According to Marx, economic growth will depend on whether the conditions of profitability are sufficiently attractive for capitalists to reinvest surplus value productively, and therefore saving is an endogenous variable that is dependent on investment. In addition, it is a *conditio sine qua non* that the maximum rate of profit corresponds to the upper limit for moderating the rising level of the real wage rate (in Sraffa's terms, corresponding to zero wages).

Grosso modo, Marx's theory of value is much more than a monetary theory of production, insofar as it is a monetary theory of the processes of producing value, producing surplus value, producing capital and producing and reproducing the whole relationship, which is specifically capitalist. In the following section we proceed to analyze Marx's monetary theory in order to reveal its topicality.

2. Relevance of Marx's monetary theory

Marx's monetary theory is organically integrated into his general explanation of value, value production, and autonomous value circulation (Mandel 1976, 74). Insofar as money is the necessary materialization of abstract social labor, commodity money should be the point of departure.

Marx begins his research with money in its general aspect, ignoring the specific forms that it takes in the capitalist mode of production, in order to obtain a full understanding of its role in capitalism (Brunhoff 1967). It is only in this way that Marx's monetary theory can intertwine, in an organic and hierarchical manner, the functions of money, namely, as a measure of values, a means of circulation, a means of payment and an instrument of hoarding, and world money.

Inasmuch as it is the embodiment of abstract social labor, the commodity money is a measure of values, because it possesses value. As a commodity, the value of money is determined by the amount of direct and indirect social labor necessary to produce one ounce of gold. For this reason, Marx must disagree with Ricardo, because monetary gold, as the incarnation of value, cannot be treated in the same way as any other commodity. Marx's objections (1976a [1867], 2010 [1859]) bring out the inconsistency between Ricardo's theory of money and his theory of value, given his adhesion to James Mill and Jean-Baptiste Say's law of markets, and David Hume's quantity theory of money.

In a somewhat obscure way, Ricardo (2010 [1817]: Chapter VII) abandons his theory of natural prices to show that, in international trade, the market price of commodities varies according to changes in the quantity of money in circulation. However, Marx (1976a [1867]: Chapter III, 220) points out that the quantity theory of money represents the absurd hypothesis that commodities enter into circulation without a price, and that money arrives without a value, and hence "an aliquot part of the medley of commodities is exchanged for an aliquot part of the heap of precious metals". Since commodities enter the sphere of circulation with a market price that tends to gravitate, in the long run, towards their price of production, the total sum of prices (P) will determine the amount of monetary gold (M) given the velocity of circulation (k).

What happens if the amount of monetary gold exceeds the needs of the circulation of commodities? Contravening the quantity theory of money, Marx replies that any excess monetary gold would be hoarded or converted into luxury goods, keeping the price of commodities constant. Nevertheless, the greatest interest in hoarding lies in its incompatibility with Mill and Say's law of markets. In his polemic against Malthus and Sismondi, Ricardo rejected the possibility that the economy could experiment with a general overproduction of commodities, because money is fated to circulate *ad eternum*, turning the circular flow into uninterrupted movement. Although he showed with his reproduction schemes that production creates an equivalent purchasing power, Marx (1976a [1867], 1978 [1885]) refuses to accept Ricardo's assumption, because the disjunction between purchasing power and purchasing desire implies that money becomes petrified, and the immediate results are the interruption of the circulation of commodities and the cessation of the circular flow.

After a sale, there is no reason that a purchase should take place. The seller could become a hoarder of money, opening up the possibility that general overproduction crises occur. Moreover, when money acts as a means of payment, the relationship between sellers and buyers becomes a relationship between creditors and debtors. A purchase being made on credit implies that the price of the commodity takes the form of an asset that legally gives the seller the right to claim his money. The debt contracted compels the debtor to sell in order to pay the creditor. As in the previous case, the circular flow is suspended and then a crisis is theoretically possible. Mill and Say's law of markets is definitively annulled by Marx's monetary theory, which can take a deserved place in modern economics for having anticipated Keynes's criticism of the classical theory of the market contained in his *General Theory* by over seventy years.

The range of the Marxian theory of money is further relevant insofar as Marx developed a monetary theory of credit. Mindful of the controversies between the currency school, the free banking school and the banking school, Marx assimilated Tooke's theory of endogenous money. Tooke's distinction between bank money and money *stricto sensu* allowed Marx to understand that bank money is rooted in the function of money as a means of payment.

During the expansion phases of the business cycle, profitability is extremely attractive, compelling capitalists to invest productively and increasing the demand for monetary capital.

For the purpose of financing investment expenditure in constant and variable capital, commercial banks grant credits to firms whose counterpart obligation is the creation of new deposits. The relationship between the creditor (commercial bank) and the debtor (firm) is extinguished once the commodities have been realized in the sphere of circulation, although surplus value that is appropriated by the firm in the form of profit must be strictly greater than the interest paid in order for the capital cycle to be perpetual. In this way, the banking capital cycle (M-M') is necessarily embedded in the industrial capital cycle:

$$M^* - M - C \left\{ \begin{array}{l} LP \\ MP \end{array} \right. \dots P \dots C' - M' - M^{**}$$

In this cycle M^* represents credit, whilst M^{**} denotes principal plus interest paid. This is the mechanism for the creation of endogenous money, which is derived from Marx's theories of value, surplus value, capital and money, preceding the various post-Keynesian schools by more than a century. Nevertheless, Bougrine and Seccareccia (2002) state that Marx's capital cycle contradicts his theory of commodity money, insofar as the sum of money anticipated to acquire the means of production and cover the remuneration of labor power is *ab ovo* credit money. It should be mentioned that both authors belong to the tradition based on the hypothesis that money is, *per definitionem*, debt. In such a framework, government spending is not financed via taxes, but is covered by the central bank. Astarita (2008) rejects this idea inasmuch as individuals trust that their deposits are capable of becoming a monetary base. In other words, individuals expect bank money to be converted into paper money or fiat money.

It should be emphasized that paper money ultimately refers to commodity money (*i.e.* gold) (Astarita 2008, 154). On this subject, it must be pointed out that Marx follows the tradition of classical political economy, which defines paper money as a symbol of value that stems from the function of money as a means of circulation. Consequently, the central bank's monetary policy is not a source of purchasing power, as Bougrine and Seccareccia suggest, because

the existence of the state – political society – depends on its ability to extract enough surplus value, in the form of taxes, from the sphere of production.

Through Marx's theories of value and money, we could develop a criticism of chartalism's foundations (Knapp 1924 [1905]; Keynes 1930) and the Keynesian multiplier based on government net spending (Keynes 1936: Chapter X). Influenced by German idealism (Roll 1939, 199-208), Georg Friedrich Knapp (1924 [1905]: Chapter I) described money as a creature of the state, and its ideal form as non-convertible paper money. According to Knapp, the state is capable of decreeing the value of money and thence fixing the price of commodities. Thus, taxes are collected once all the money created by the state (or central bank) has been spent. Because of the state's monopoly on the issuing of money, government spending could be financed *sine die* without worrying about public bankruptcy. In this framework, inflation would be not a problem inasmuch as the state was able to assign the value of money. Knapp's state theory of money was popularized three decades later by Keynes (1930: Chapter I) in his remarkable work entitled *A Treatise on Money*, inspiring Minsky's (1986) solution to the so-called problem of financial instability as an endogenous phenomenon.

Based on Michał Kalecki's (1954: Chapter III, 46) hypothesis that capitalists' consumption and investment decisions are what determine their income (profits), Minsky postulates that government spending financed by the central bank could increase national output. Similarly, Minsky states that it is feasible to reach full employment if the state acts as an employer of last resort and the central bank serves as a lender of last resort. Although in *General Theory* Keynes abandoned the theory of endogenous money that he had developed in *A Treatise on Money*, because he assumed that money supply is determined exogenously by the central bank, the mechanism proposed by the multiplier of net government spending is fully compatible with Minsky's proposal. According to Keynes, given a marginal propensity to consume and under the condition that unemployment is involuntary, government spending defrayed by the central bank creates *ex post* wealth and increases the level of employment.

Even though chartalism is right in its criticism of Adam Smith's hypothesis that money arises from the difficulties involved

in barter, it fails when separating the genesis of money from the exchange of commodities. According to Marx, money emerges from the social process of exchange, from the contradiction arising from regarding a commodity as an immediate unit of use value and as having an exchange value, and then it is not a creature of the state. When Knapp asserts that the value of money is determined by the state, he is ignoring the social nature of money, which is rooted in capitalist production relationships.

Conversely, Marx points out that the value of paper money is limited by its relationship with world money (currencies and gold). Thus, if the central bank increases the monetary base faster than the growth in international reserves, *ceteris paribus*, this will provoke a loss in the value of national paper money (depreciation) because the reaction of the circulation process will be to match the strength of the national symbols of value to the amount of currencies and gold, and finally the level of prices will rise (Marx 1973a [1939], 2010 [1859]).

In this way, both Minsky's solution to financial instability and the Keynesian multiplier collide with Marx's theories of value and money. Insofar as money that intercedes between sellers and buyers is a symbol of a value that has been generated in the sphere of production, it is a *conditio sine qua non* that commodities are produced ahead of being sold. This means that the issuing of money does not add a new purchasing power to society, because what has not yet been produced cannot be purchased. In respect of the latter, Carchedi (1991) reveals the fallacious nature of the Keynesian multiplier, arguing that government net spending only permits the realization of commodities that did not enter into the sphere of circulation as a result of hoarding. Besides, Carchedi and Roberts (2013) point out that Marx was right to state that profits lead investment, and thus that the general rate of profit is the true multiplier that impels economic growth. If investment decisions ultimately depend on profitability, the Kaleckian hypothesis would be wrong because the causal relationship goes from profits to investment, and not the opposite, as Keynes, Kalecki or Minsky assume. In the next section, our subject will be Marx's theory of competition and his agreement with the absolute cost advantage theory developed by Anwar Shaikh.

3. On competition and international trade

In *Grundrisse*, Marx (1973a [1939], 579) contends that the fundamental law of competition is that value is determined by the labor time necessary for reproduction. Only in this way can individual capital be placed within the conditions of capital as such, given that competition is the mechanism through which the laws of accumulation manifest. As a process, competition between capitals is rooted in the social relations of the capitalist mode of production. In other words, the basis of competition underlies the source of the profit: the sale of the labor power.

In the sphere of production, the competition between the capitalist and the workers to control the labor process becomes the subsumption of labor under capital. As an immediate unit of the labor process and the valorization process, the general form of the capitalist commodity production process stems from the formal subsumption of labor under capital. Marx (1976b [1933], 1019-1023) argues that the labor process is enshrined in the instrument of the processes of capital valorization and self-valorization. After the formal subsumption of the labor process under capital, the capitalist becomes master and lord.

However, the real subsumption arises from the specific character of the capitalist mode of production, whose material expression is the relative surplus value. The development of the productive force of capital allows a relative surplus value extraction as the result of mechanization, continuous technical change, expansion of the scale of production, the prolongation or increased intensity of the normal working day, and the cheapening of wage-goods. From the above, competition drives capital to increase labor productivity and to produce an extraordinary surplus value.

In the sphere of circulation, competition induces capital to expand its market share to create the best conditions for the realization of surplus value. In this way, Marx (1981 [1894]) was able to specify two dimensions in his analysis of competition, namely, intra-sectoral competition and inter-sectoral competition. Within an industry, firms are fighting to attract customers, with their weapon being price and their propaganda being advertising (Shaikh 2016, 261). In the long run, the fight to produce at a lower cost involves the tendency for homogenous commodities to be sold at

the same price (the law of correlated prices, in Shaikh's sense), so that the firms that produce the cheapest commodities will obtain extraordinary profits in relation to the social average. Hence, the heterogeneous structures of costs within an industry provoke a dissimilar constellation of profit rates (Shaikh 2016).

Regarding this, it should be noted that two positions on the origin of extraordinary profit, which are *prima facie* contradictory, are found in the literature. The most widespread is rooted in the theory of unequal exchange, which states that firms with the least advanced and most labor-intensive techniques generate more value per unit of product. According to this view, a fraction of the value thus created is transferred through market prices to those firms with the best technology in the sector. The second position corresponds to Marx's (1976a [1867]: Chapter XII, 429-438) explanation of extraordinary surplus value: the labor employed by the firm with the best technology in the sector acts as intensified labor *vis-à-vis* the average social labor value of the same class, insofar as it requires less time than social labor time to produce the same number of commodities.

Therefore, in the same period, intensified labor generates more value than the social average; in other words, the capital with the best technique in the sector claims an extraordinary surplus value. Once the best production method becomes generally applied, both the extraordinary surplus value and the extraordinary profit disappear. We are in agreement with the second position, insofar as it represents a criticism of the old notion based on dependency theory that underdeveloped states are exploited by wealthy states through international trade. This matter will be approached again later when we examine Marx's criticism of Ricardo's foreign trade theory.

By contrast, inter-sectoral competition implies the tendency of the equalization of the profit rates of individual industries through the inter-sectoral movement of capital. Looking for the highest profit rate, capital moves out from those sectors in which the profitability conditions are worse than the social average, and arrives at those sectors in which the profit rates are extraordinarily higher than the social average. In these latter sectors, the excess of supply derived from the rapid investment growth leads to an abatement of market prices until they reach the level of production prices. In those sectors in which the rate of profit is lower

than the social average, the process is reversed. Ultimately, this redistribution of surplus value as such between industries through inter-sectoral competition tends to lead to the equalization of profit rates until a general rate of profit is found. In addition, this tendency explains why values are transformed into prices of production, and why commodities are not sold at their value (see Marx 1981 [1894]: Chapters IX and X).

How do these two contradictory trends coexist? Shaikh (2016, 265) states that: “The answer lies in the fact that only the profit rates of specific capitals within an industry will be ‘targets of opportunity’ for new investment”. Insofar as intra-sectoral competition differentiates the profit rates of individual capitals, inter-sectoral competition equalizes the profit rate of those capitals whose technical conditions of production are the best that are generally reproducible in each sector. Shaikh calls these capitals regulating capitals, because their profit rates and their prices of production are the long-run centers of gravity for new investment and market prices, respectively.

Although both classical economists and Marx were completely in agreement in this regard, as we indicated previously, Ricardo (2010 [1817], 136-137) abandoned his theories of value and natural prices in Chapter VII of his *magnum opus*, and stated that: “The same rule which regulates the relative value of commodities in one country, does not regulate the relative value of the commodities exchanged between two or more countries”. In order to prove this affirmation, Ricardo began by asserting that international prices of commodities are not regulated by the law of value but by Hume’s quantity theory of money. Therefore, those countries with a trade deficit will be more competitive, because their outflows of monetary gold will reduce the amount of currency in circulation and their prices will decrease. For those countries with a trade surplus the opposite occurs.

However, Ricardo (2010 [1817], 137-138) was careful to remark that, in his time, international capital flows were not feasible because of a multitude of impediments. Even though Ricardo regrets this circumstance, if capital freely moved towards those nations whose rates of profit were higher than the worldwide average, those countries with the worst profitability conditions would not

be able to benefit from foreign trade. Consequently, it is a *conditio sine qua non* that capital outflows and inflows do not occur among nations to make trade balances level. It is only in this way that an absolute advantage would become an inter-sectoral comparative advantage that regulates foreign trade in the long term.

Nonetheless, Marx (1973a [1939], 252) reproaches Ricardo for confusing “the multiplication of values on any basis other than the investment of additional objectified labor time in the same product, in other words, on any basis other than when production becomes more difficult. Hence [...] his erroneous theory of international trade, which is supposed to produce only use value (which he calls wealth), not exchange value”. Moreover, as Shaikh (2016) rightly points out, the role of money as an instrument of hoarding that Marx demonstrates in his theory of money prevents the first mechanism proposed by Ricardo.

As we noted previously, any excess of monetary gold in relation to circulation needs will be hoarded, increasing commercial bank reserves and decreasing bank interest rates. In this regard, Shaikh (2016, 28) argues that “Ricardo proceeds as if commodity trade flows are completely separated from financial flows, so that a trade balance is synonymous with a payments balance. Money appears in his story as a medium of circulation, but never as financial capital”. In this way, Marx’s criticism of Ricardo’s foreign trade theory is connected to Harrod’s (1957) argument that trade deficits are offset by financial capital inflows (Shaikh 2016). What, then, are the factors explaining the real terms of trade among nations? In order to answer this question, it is worth pointing out that Marx was careful to state that:

The average intensity of labor changes from country to country; here it is greater, there less. These national averages form a scale whose unit of measurement is the average unit of universal labor. The more intense national labor, therefore, as compared with the less intense, produces in the same time more value, which expresses itself in more money. But the law of value is yet more modified in its international application by the fact that, on the world market, national labor which is more productive also counts as more intensive, as long as the more productive nation is not compelled by

competition to lower the selling price of its commodities to the level of their value. In proportion as capitalist production is developed in a country, so, in the same proportion, do the national intensity and productivity of labor there rise above the international level. The different quantities of commodities of the same kind, produced in different countries in the same working time, have, therefore, unequal international values, which are expressed in different prices, i.e. in sums of money varying according to international values. (Marx 1976a [1867]: Chapter XXII, 702)

From our point of view, this latter quotation reflects the fact that Marx was not a theorist of unequal exchange, considering that he wrote in his *magnum opus* that in nations with a more developed capitalist mode of production the price of labor, having regard to both surplus value and the value of the product, is lower than in countries with a less developed form of capitalism. The most competitive countries are those whose labor acts as intensified labor in the international marketplace, and hence whose firms are capable of producing and appropriating more value and surplus value than their foreign competitors.

Likewise, in his criticism of the dogma according to which the prices of commodities are determined or regulated by wages, Marx (1973b [1865]: Chapter V, 11-12) demonstrated that the English factory workers, miners, shipbuilders, and so on, even though their wages were higher than the wages of their foreign competitors, were beating their competitors because their commodities were sold at the lowest price as a result of their technical conditions of production being the best in the world market. In other words, during the nineteenth century some English manufacturing sectors had an absolute cost advantage insofar as their price of labor *vis-à-vis* their value of product was lower than in the manufacturing sectors of foreign competitors. It is worth noting that the relationship between the price of labor and the value of the product that Marx set forth is, in the modern sense, the real vertically integrated ULC.

For this reason, we notice that Marx's argument is strongly linked to Shaikh's absolute cost advantage theory, which postulates that, in the long run, real exchange rates are governed by the real

vertically integrated ULC of regulating capitals and the ratio of tradable to non-tradable commodities.

Conclusions

Throughout this essay certain elements have been developed that show the relevance and topicality of Marx's labor theory of value, with the most important aspect being the fact that it is a monetary theory of production, where the form of value, that is the exchange value, serves to give a better understanding of the laws that govern the movement of capitalist society. However, Marx's critics, eager to see a supposed duality in *Capital* on the basis that the coexistence of two unconnected systems, one expressed in labor values and the other based on production prices, make out the transition from Volume I to Volume III as wholly inconsistent.

Rosdolsky (1968) responds to Marx's detractors by arguing that they overlook a crucial point of *Capital*: production prices are nothing more than the transfigured forms of commodity value that stem from inter-sectoral competition. *Capital* is a work that must be understood for what it is: a general theory of capital that begins with its elementary forms, commodity and money. The labor theory of value is the key to decoding the mystery of capital that still torments marginalist economics, which is unable to measure the physical quantities of a mass of heterogeneous intermediate inputs without breaking its subjective theory of value.

Capital appears as a relationship between equals, between holders of commodities who freely and voluntarily sign a contract to exchange their equivalents. But, in essence, it is a social relationship, based on the supremacy of one class over another, whose immediate result is an unequal exchange that occurs in the sphere of production, whereby surplus value is the basis of capitalist society. The theory of surplus value joins the general law of capitalist accumulation and the schemes of reproduction in order to explain another of the secrets that marginalist economics has not yet satisfactorily resolved: economic growth.

Marx's capital anticipates growth models by nearly a century by demonstrating that savings and technical change are endogenous variables determined by productive investment, competition and

increasing returns. The theories of value and surplus value are harmoniously linked with Marx's theory of money, throwing into the pool of the history of economic thought the criticisms of Mill and Say's law of markets and the quantity theory of money that were picked up by Keynes seventy years later.

Still misunderstood by its modern critics, Marx's monetary theory is not an obsolete commodity money doctrine, insofar as it is a general theory of money from which a monetary theory of credit and a theory of paper money arise, both integrated into the theories of value and surplus value. Marx's explanation of value, surplus value, capital, money and competition leads to the theory of absolute cost advantage, according to which asymmetries between countries and trade imbalances observable in the real world are a product of the accumulation and international movement of capital. For all these reasons, Marx's theory of value and his criticism of classical political economy remain relevant for the analysis and explanation of the current economic problems of financial turbulence, rampant unemployment, cycles of instability and productive, banking, ecological and civilizational crises.

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ECONOMIC DEVELOPMENT, POLITICAL-ECONOMIC SYSTEM, AND THE PHYSICAL QUALITY OF LIFE*

Abstract

This study compares capitalist and socialist countries in measures of the physical quality of life (PQL), taking into account the level of economic development. The World Bank was the principal source of statistical data for 123 countries (97 per cent of the world's population). PQL variables included: 1) indicators of health, health services, and nutrition (infant mortality rate, child death rate, life expectancy, population per physician, population per nursing person, and daily per capita calories supply); 2) measures of education (adult literacy rate, enrollment in secondary education, and enrollment in higher education); and 3) a composite PQL index. Capitalist countries fell across the entire range of economic development (measured by gross national product per capita), while the socialist countries appeared at the low-income, lower-middle-income, and upper-middle-income levels. All PQL measures improved as economic development increased. In 28 of 30 comparisons between

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countries at similar levels of economic development, socialist countries showed more favorable PQL outcomes.

Keywords: *economic development, political-economic system, physical quality of life, socialism, capitalism, World Bank*

Introduction

Economic development is a widely studied historical process that exerts profound effects on the physical quality of life (PQL) (Morris 1979; McKeown 1979). The effects of different political-economic systems, specifically socialism versus capitalism, have received much less attention. Whether a country adopts one system or another exerts a profound influence on social policy in general and on development of strategies in particular.

Despite the importance of this issue, there is very little published research that addresses the relationship of PQL and political-economic system at different levels of economic development. Large cross-national studies, such as those conducted by the World Health Organization, have assessed the relationship of economic development to PQL without taking political-economic system into account (Fulop, Reinke 1981). In the analysis that follows, we have compared PQL in capitalist and socialist countries, grouped by level of economic development.

1. Methods

1.1. Sources of Data

Our major statistical source for this research was *The World Development Report, 1983*, of the World Bank (World Bank 1983). Although the World Bank's raw data provide a rich source for secondary data analysis, to our knowledge these data have not been used previously in published reports to compare the capitalist and socialist countries systematically (World Bank 1983; Ahluwalia 1976; Streeten, Burki, ul Haw, Hicks, Stewart 1981; Brundenius, Lundahl 1982). There are several advantages in using these data

from the World Bank. The Bank's extensive efforts in data collection around the world make this probably the most comprehensive set of data available for scholarly research. The data published by the World Bank and analyzed in this article pertain to 123 countries and approximately 97 per cent of the world's population. (The World Bank omits those nations with populations less than one million.) Technical staff members of the World Bank introduce corrections and re-estimations when they determine that problems have arisen in the statistics for specific countries. Procedures used in these adjustments are included in the published data. The World Bank's statistical reporting tends to be conservative, in the sense that overly enthusiastic statistics reported from specific countries are appraised and adjusted to obtain more accurate figures. Most importantly, the data are readily available for inspection and reanalysis by other scholars.

For a small number of countries, the World Bank's data on some of the variables studied were incomplete. In these instances, we used data from two reports: *The State of the World's Children, 1984*, of the United Nations Children's Fund (UNICEF), and *Worldly Military and Social Expenditures, 1983*, compiled by R. L. Sivard (UNICEF 1984; Sivard 1983). Appendix A specifies the countries and variables that were studied and the data sources that were used in each case. A prior study employed published by the World Bank in 1978 (World Bank 1978). The results reported here confirmed all the findings of the study that used these earlier data (Cereseto 1979; Cereseto 1982).

1.2. Independent Variables

Two independent variables were examined: level of economic development, and political-economic system. The measure of level of economic development was the gross national product per capita (GNP/c). We also explored the use of several additional measures of economic development: average annual growth rate of GNP/c, energy consumption per capita, percentage of the population in urban areas, and percentage of the labor force in agriculture. The additional measures of economic development all were highly correlated with GNP/c and, in the multivariate analysis, did not add to the explanatory importance of GNP/c alone (Cereseto 1979; Cereseto 1982).

The designation of each country's political-economic system as capitalist or socialist corresponded to the United Nation's classification of countries as market economies or as centrally planned economies. The World Bank has used a somewhat similar scheme in the reporting of data in *The World Tables*, which contrasts the "East European nonmarket economies" to the market economies (World Bank 1983; Ahluwalia 1976).

It should be noted that some of the capitalist countries have maintained a public sector that is centrally planned, although the private ownership and accumulation of capital have predominated. Likewise, certain socialist countries have permitted limited market-oriented economic activities within and overall centrally planned economy. We have chosen not to introduce a separate category of "mixed economy" for several reasons, however. There are very few countries that genuinely incorporate both substantial market principles and central planning of the economy. Those countries commonly considered to represent mixed economies in Western Europe and Scandinavia are almost exclusively high-income countries. Their categorization as mixed systems would not affect the comparison of the capitalist and socialist countries at the low-income, lower-middle-income, or upper-middle-income levels of economic development. Most importantly, the dichotomized classification does not convey the current reality that the socialist countries, as listed above, coordinate the bulk of their economic activities through a centrally planned approach, while the capitalist countries rely to a much larger extent on market mechanisms.

A third category of political-economic system was added to this classification. There were 10 countries in the World Bank's data set that changed political-economic systems within the last 20 years. That is, through a process of social revolution, these countries reoriented their political-economic systems to a more centrally planned approach. In these countries, however, a socialist political-economic system generally has not been consolidated to the same degree that it has in countries that changed their systems more than 20 years ago. Predictably, the impact of change in political-economic system could not be fully realized within such a brief period of time. In the data analysis, these countries were categorized as "recent postrevolutionary countries," rather than capitalist or socialist (Appendix A).

1.3. Dependent Variables

The measures of health, health services, and nutrition were: infant mortality rate (ages 0-1), child death rate¹ (ages 1-4), life expectancy at birth, population per physician, population per nursing person, and daily per capita calorie supply as a percentage of requirement. Measures of education included: adult literacy rate, number enrolled in secondary schools as a percentage of age group, and number enrolled in higher education as a percentage of population aged 20-24.

The Physical Quality of Life Index (PQLI) is a composite index, calculated from the infant mortality rate, life expectancy, and literacy rate. Appendix B gives the formula for its computation, as employed in this study. The PQLI is a measure which was originated and developed by the Overseas Development Council (ODC) (Morris 1979). Since its inception and refinement, it has been used extensively in cross-national research. As a summary index, the PQLI provides an important view of how countries differ in some of the most crucial aspects of PQL.

1.4. Comparing the Countries

The countries were grouped by the GNP/c into categories of low-income, lower-middle-income, upper-middle-income, high-income, and high-income oil-exporting countries. The latter category included four capitalist nations that the World Bank classified separately (Appendix A). Although they have high incomes, these four countries are developing, nonindustrial societies which have manifested many of the problems of underdevelopment. Because they have fared poorly in indicators of the PQL, their inclusion with other capitalist countries would present an inaccurately negative picture of PQL outcomes within industrial capitalism.

Table 1 presents the classification of countries by level of economic development and political-economic system, in addition to the income range, average income, and number of countries within each category. As can be seen, capitalist countries fell across the entire spectrum of economic development, while socialist countries

¹ This term is used by the World Bank rather than the more familiar term, preschool mortality.

appeared in the low-income, lower-middle-income, and upper-middle-income categories. The recent postrevolutionary countries all appeared in the low-income range of economic development.

Table 1. Classification of Countries by Level of Economic Development and Political-Economic System

Classification of Countries	Number of Countries	GNP/c Range (\$), 1981	GNP/c Mean (\$), 1981
Low-Income Countries			
Recent Postrevolutionary	10	70-870	347
Capitalist	33	80-530	299
Socialist	1	300	300
Lower-Middle-Income Countries			
Capitalist	28	540-1700	1080
Socialist	4	780-1410	1040
Upper-Middle-Income Countries			
Capitalist	20	2140-7700	4018
Socialist	8	2100-7180	4129
High-Income Countries			
Capitalist	15	9110-17430	12281
High-Income Oil-Exporting Countries			
Capitalist	4	8450-24660	16653

In this classification scheme, there were 100 capitalist countries, 13 socialist countries, and 10 recent postrevolutionary countries. Taken together, the capitalist countries in the study included approximately 62 per cent of the world's population; the socialist countries, approximately 32 per cent; and the recent postrevolutionary countries, about 3 per cent. It should be noted that only one socialist country (China) fell in the low-income category. Therefore, comparison of PQL outcomes between this country and capitalist countries in the low-income category remained tentative.

The statistical techniques that were used to study the interrelationships among PQL, level of economic development, and political-economic system included cross-tabulations, analysis of variance, and multiple regression.

2. Results

2.1. Measures of Health, Health Services, and Nutrition

Table 2 presents the mean values of these PQL variables for each group of countries. All the measures revealed marked improvements as level of economic development increased. However, at the same level of economic development, the socialist countries showed more favorable outcomes than the capitalist countries in all these measures. The more favorable performance of the socialist countries was evident in each of the 18 comparisons that could be made. Differences between capitalist and socialist countries in PQL were greatest at lower levels of economic development and tended to narrow at the higher levels of development.

Table 2. Physical Quality of Life Variables, Economic Development, and Political-Economic System: Mean Values²

Variables	Recent Post-Revolutionary Countries	Capitalist Countries	Socialist Countries
Infant mortality rate (per 1000), 1981			
Low-income	133	131	71
Lower-middle-income	–	81	38
Upper-middle-income	–	42	22
High-income	–	10	–
High-income oil-exporting	–	73	–
Child death rate (per 1000), 1981			
Low-income	22.3	25.7	7.0
Lower-middle-income	–	11.0	2.3
Upper-middle-income	–	4.0	1.1
High-income	–	(.)3	–
High-income oil-exporting	–	8.2	–
Life expectancy (years), 1981			
Low-income	48	48	67
Lower-middle-income	–	60	68
Upper-middle-income	–	69	72
High-income	–	75	–
High-income oil-exporting	–	61	–
Population per physician, 1980			
Low-income	18873	19100	1920
Lower-middle-income	–	5832	638
Upper-middle-income	–	1154	488
High-income	–	524	–
High-income oil-exporting	–	965	–
Population per nursing person, 1980			
Low-income	5699	4763	1890
Lower-middle-income	–	1646	303
Upper-middle-income	–	692	210
High-income	–	142	–
High-income oil-exporting	–	518	–

2 For further discussion of the statistical analysis and significance testing, see Appendix A. Table 1 presents the number of countries in each category.

3 Less than one, as reported by World Bank (World Bank 1983).

NEW UNDERSTANDING OF CAPITAL IN THE TWENTY-FIRST CENTURY

Daily per capita calorie supply (% requirement), 1980			
Low-income	85	94	107
Lower-middle-income	–	106	117
Upper-middle-income	–	122	137
High-income	–	131	–
High-income oil-exporting	–	134	–
Adult literacy rate (%), 1980			
Low-income	46	34	69
Lower-middle-income	–	63	87
Upper-middle-income	–	81	97
High-income	–	99	–
High-income oil-exporting	–	50	–
Secondary education (% age group), 1980			
Low-income	22	15	34
Lower-middle-income	–	38	74
Upper-middle-income	–	59	74
High-income	–	86	–
High-income oil-exporting	–	56	–
Higher education (% age group), 1979			
Low-income	1.9	1.7	1.0
Lower-middle-income	–	12.1	11.7
Upper-middle-income	–	15.7	18.6
High-income	–	28.3	–
High-income oil-exporting	–	7.0	–
PQLI, 1980-1981			
Low-income	38	35	76
Lower-middle-income	–	62	83
Upper-middle-income	–	81	92
High-income	–	98	–
High-income oil-exporting	–	60	–

Within each level of economic development, the socialist countries had infant mortality and child death rates approximately two to three times lower than the capitalist countries. Similar, though less striking, relationships emerged for life expectancy. Differences

were again largest for the low-income and lower-middle-income countries, and narrowed for the upper-middle-income countries.

Countries at higher levels of economic development provided more favorable ratios of medical and nursing personnel for their populations. Socialist countries consistently showed higher numbers of health professionals per population than capitalist countries at equivalent levels of economic development. These differences were again sharpest at the low-income and lower-middle income levels. The ratio of population per physician in lower-middle-income and upper-middle income socialist societies was comparable to that of high-income capitalist societies.

Socialist countries provided a higher daily per capita calorie supply as a percentage of requirement than did the capitalist countries at a similar level of development. The difference between capitalist and socialist countries averaged 12 to 15 per cent. Nutritional supply of all socialist countries exceeded the 100 per cent requirement.

The recent postrevolutionary low-income societies showed PQL outcomes roughly similar to those of the low-income capitalist countries. PQL in the high-income oil-exporting countries was less consistent. These countries were similar to the lower-middle-income capitalist countries in infant mortality, child death rate, and life expectancy. They resembled the upper-middle-income capitalist countries in number of health professionals, and the high-income capitalist countries in nutritional supply.

2.2. Measures of Education

Table 2 also presents mean values for the three measures of education. With the exception of one tie (there was no difference between the lower-middle-income and upper-middle-income socialist countries in secondary education), all measures of education improved with the level of economic development. Within each level of economic development, socialist countries showed favorable adult literacy rates and numbers enrolled in secondary schools as a percentage of age group. Regarding participation in higher education, the socialist countries at the upper-middle-income level showed a greater degree of participation, although the difference was not large. Low-income and lower-middle-income

capitalist countries showed a fraction of a per cent greater participation in higher education than the socialist countries.

The recent postrevolutionary societies manifested slightly better outcomes than the low-income capitalist countries on all three measures of education. High-income oil-exporting countries were midway between low-income and lower-middle-income capitalist countries in adult literacy and enrollment in higher education but were similar to upper-middle-income capitalist countries regarding participation in secondary education.

2.3. Physical Quality of Life Index

As a composite and derived measure, the PQLI closely paralleled the other findings, increasing with level of economic development. In all three comparisons within given levels of development, socialist countries achieved markedly higher PQLIs. The PQLIs of the recent postrevolutionary countries resembled those of the low-income capitalist countries. The high-income oil-exporting countries were similar in PQLI to the lower-middle-income capitalist nations.

Table 3. Physical Quality of Life Variables, Economic Development, and Political-Economic System: Multiple Regression⁴

Variables	Beta _{ed}	Beta _{pe}	Constant	R ²
Infant mortality	-.60 (-.01)	-.34 (-55.97)	(214.92)	.45
Child death rate	-.52 (-.001)	-.28 (-11.77)	(41.18)	.33
Life expectancy	.61 (.001)	-.33 (11.56)	(31.78)	.47

4 Standardized beta coefficients were computed from stepwise multiple regression. Beta_{ed} is the standardized beta coefficient for level of economic development expressed as GNP/c. Beta_{pe} is the standardized beta coefficient for political-economic system, treated as a dummy variable. Unstandardized regression coefficients and constants are indicated in parentheses. R² is an estimate of the variance in each PQL variable accounted for by the multiple regression equation. The regression procedure included 113 countries, excluding the recent postrevolutionary countries. For further discussion of the statistical analysis and significance testing, see Appendix A.

Population per physician	-.42 (-.93)	-.25 (-8332.49)	(28310.82)	.23
Population per nursing person	-.28 (-.23)	-.16 (b)5	(2892.71)	.08
Calorie supply	.65 (.003)	-.35 (20.75)	(57.84)	.53
Adult literacy	.50 (.003)	.35 (31.73)	(-12.38)	.35
Secondary education	.63 (.004)	.33 (31.29)	(-34.61)	.49
Higher education	.55 (.001)	.14 (b)	(7.46)	.30
PQLI	.58 (.003)	.35 (28.68)	(-6.75)	.44

2.4. Multivariate Analysis

To assess the relative importance of political-economic system and level of economic development, we performed analysis of variance and multiple regression procedures, whose results were consistent with one another. Because of space limitations, we present only the regression analysis here. In the regression, GNP/c was treated as a continuous variable and political-economic system was treated as a dummy variable. Table 3 gives the standardized and unstandardized coefficients, constants, and R^2 calculations from the regression. As expected, the regression showed that level of economic development was a strong predictor of all PQL variables. Political-economic system also was a strong predictor, though less so than GNP/c, of all PQL variables except population per nursing person and enrollment in higher education. In summary, the multiple regression procedure confirmed the importance of both level of economic development and political-economic system as correlates of PQL.

5 Unstandardized regression coefficient is not given because insignificant additional variance was explained by entry of variable into the regression equation.

3. Discussion

Our analysis of the World Bank's data supports a conclusion that, in the aggregate, the socialist countries have achieved more favorable PQL outcomes than capitalist countries at equivalent levels of economic development. Are there problems in the data or the analysis that might contradict this conclusion?

Statistical information published by the World Bank represents probably the most comprehensive and accurate body of data on PQL that is available from Western sources. The primary tabulations are readily available in published form for scholarly inspection and reanalysis. Data collection and reporting from the socialist countries are likely to be at least as accurate as in the capitalist countries. All the socialist countries maintain statistical bureaus that gather and publish these data as one phase of planning and policy formulation. These efforts periodically lead to findings that are not necessarily favorable. For example, infant mortality, crude death rate, and cardiovascular mortality in the Soviet Union worsened during the 1970s (Davis, Feshbach 1980; Szymanski 1981; Cooper 1981; Cooper, Schatzkin 1982; Cooper, Schatzkin 1982). In Cuba, reported mortality rates rose during the early 1960s and later improved rapidly; the temporary increase in mortality reflected improved data gathering, as the Ministry of Public Health expanded its efforts after the Cuban Revolution (Pan American Health Organization 1974; Danielson 1979). Underreporting morbidity and mortality statistics frequently occurs in the low-income and lower-middle-income countries. However, better reporting would tend to increase morbidity and mortality rates and would strengthen the finding of more favorable outcomes in the socialist countries.

Other causal or intervening variables could be important in predicting PQL. Such variables might include climate, environmental hazards, genetic heritage, cultural tradition, and additional political and social factors. We have not tried to control for all such factors, but we doubt that they would reduce the importance of economic development and political-economic system to any significant degree. Regarding political-economic system, for example, the socialist countries span three continents, generic mixes, cultures, and forms of social organization. Despite this great diversity,

the fact that superior rates persist for socialist countries on all PQL variables except one at the lower three levels of economic development strengthens the probability that political-economic system is indeed a major determining factor.

Historically, there is some evidence that the discrepancies between capitalist and socialist nations have reflected varying social policies. All the socialist countries have initiated major public health efforts. These initiatives have aimed toward improved sanitation, immunization, maternal and child care, nutrition, and housing. In every case, the socialist countries also have reorganized their health care systems, to create national health services based on the principle of universal entitlement to care. These policies have led to greater accessibility of preventive and curative services, for previously deprived groups. Expanded educational opportunity also has been a major priority of the socialist nations, as publicly subsidized education has become more widely available. Literacy campaigns in these countries have brought educational benefits to sectors of the population who earlier had not gone to school.

Nevertheless, national health policies, including national health insurance and/or a national health service, have not been enacted solely by socialist countries. In fact, all the high-income capitalist countries except the United States have enacted such national health policies. While capitalist countries at higher levels of economic development have enjoyed the fruits of public health and educational improvements, poorer capitalist countries seldom have succeeded in implementing such drastic changes in policy, although there are some notable exceptions to this pattern. For example, among low-income and lower-middle-income countries, Sri Lanka and Costa Rica have achieved substantial improvements in health-care services and PQL indicators (Streeten, Burki, ul Haq, Hicks, Stewart 1981). The experiences of such countries show that adequate budgeting, planning, and commitment can lead to important advances, even in the context of underdeveloped capitalist economies. These exceptions, however, do not detract from the generally unfavorable record of the capitalist countries at lower levels of economic development. Moreover, even in the wealthier capitalist countries, public health and educational policies have not achieved equitable access for low-income groups, racial minorities, and geographically isolated communities (Waitzkin 1983; Black 1980).

Cross-national differences in income inequality and the distribution of wealth may contribute to the socialist countries' favorable PQL outcomes. The socialist countries manifest a higher proportion of income received by the lowest 20 per cent of the population, a lower proportion of income received by the highest 5 per cent of the population, and a markedly lower Gini index of inequality (Cereseto 1979; Cereseto 1982). Inequality continues to exist in all the socialist societies, but the range of inequality tends to be much narrower than in the capitalist countries.

In the less developed countries, the differences in PQL between the capitalist and socialist systems are profound. There, the options in public health and education that a socialist political-economic system provides seem to overcome some of the grueling deprivations of poverty. Many of the recent postrevolutionary societies (which we treated as a separate category in the data analysis) have adopted socialist systems. Predictably, these countries may witness improvements in PQL during the next decade that will differentiate them from other countries at their level of economic development.

Meanwhile, the relationships between PQL and political-economic system deserve more serious attention than they have received in the past. Our findings indicate that countries with socialist political-economic systems can make great strides toward meeting basic human needs, even without extensive economic resources. When much of the world's population suffers from disease, early death, malnutrition, and illiteracy, these observations take on a meaning that goes beyond cold statistics.

Appendix A

Classification of Countries, Sources of Data, and Comments on Data Analysis

I. Classification of Countries

The following list presents the classification of countries that was used in the study. Within each category, the ordering of countries corresponds to that of the World Bank.

Capitalist Countries

Low-income – Bhutan, Chad, Bangladesh, Nepal, Burma, Mali, Malawi, Zaire, Uganda, Burundi, Upper Volta, Rwanda, India, Somalia, Tanzania, Guinea, Haiti, Sri Lanka, Benin, Central African Republic, Sierra Leone, Madagascar, Niger, Pakistan, Sudan, Togo, Ghana, Kenya, Senegal, Mauritania, Yemen (Arab Republic), Liberia, Indonesia.

Lower-middle-income – Lesotho, Bolivia, Honduras, Zambia, Egypt, El Salvador, Thailand, Philippines, Papua New Guinea, Morocco, Nigeria, Cameroon, Congo, Guatemala, Peru, Ecuador, Jamaica, Ivory Coast, Dominican Republic, Colombia, Tunisia, Costa Rica, Turkey, Syria, Jordan, Paraguay, South Korea, Lebanon.

Upper-middle-income – Iran, Iraq, Algeria, Brazil, Mexico, Portugal, Argentina, Chile, South Africa, Uruguay, Venezuela, Greece, Hong Kong, Israel, Singapore, Trinidad and Tobago, Ireland, Spain, Italy, New Zealand.

High-income – United Kingdom, Japan, Austria, Finland, Australia, Canada, Netherlands, Belgium, France, United States, Denmark, West Germany, Norway, Sweden, Switzerland.

High-income oil-exporting – Libya, Saudi Arabia, Kuwait, United Arab Emirates.

Socialist Countries

Low income – China.

Lower-middle-income – Cuba, Mongolia, North Korea, Albania.

Upper-middle-income – Yugoslavia, Hungary, Romania, Bulgaria, Poland, USSR, Czechoslovakia, East Germany.

Recent Postrevolutionary Countries

Low-income – Kampuchea, Laos, Ethiopia, Afghanistan, Vietnam, Mozambique, Yemen (People's Democratic Republic), Angola, Nicaragua, Zimbabwe.

II. Sources of Data for Items Not Available from World Bank
(World Bank 1983)

From *The State of the World's Children, 1984*, by the United Nations Children's Fund (UNICEF) (UNICEF, 1984), the fikkiwubg data were obtained: *GNP/c* for Kampuchea, Afghanistan, Vietnam, Mozambique, Angola, Cuba, Mongolia, North Korea, Iran, Iraq, Lebanon, Albania, Bulgaria, Poland, USSR, Czechoslovakia, and East Germany; *infant mortality* for Kampuchea, Albania, and USSR; *life expectancy* for Kampuchea and Mozambique; *crude death rate* for Kampuchea and Mozambique; and *crude birth rate* for Kampuchea and Mozambique. From *World Military and Social Expenditures, 1983*, compiled by R. L. Sivard (Sivard 1983), the following data were obtained: adult literacy rate for Kampuchea, Ghana, Angola, Cameroon, Congo, Guatemala, Mongolia, North Korea, Iraq, Lebanon, Chile, South Africa, Greece, Israel, Libya, Spain, Albania, Bulgaria, Czechoslovakia, and East Germany; and *population per physician* for Angola and South Africa.

Appendix B

Calculation of Physical Quality of Life Index

The Physical Quality of Life Index was calculated by the Overseas Development Council's (ODC's) formula:

$$PQLI = (im + e + l)/3,$$

where

$$im = (229 - [\text{infant mortality rate}])/2.22,$$

$$e = ([\text{life expectancy at birth}] - 38)/0.39, \text{ and}$$

$$l = \text{literacy rate.}$$

In its calculations of PQLI, the ODC generally uses life expectancy at age one, rather than at birth. The former statistic was unavailable for many of the countries in this study. We elected to use life expectancy at birth, which was readily available for most countries from data of the World Bank. The ODC notes that this decision has a fairly uniform

effect of lowering PQLI slightly from that calculated with life expectancy at age one: "If a figure for life expectancy at age one is not available, life expectancy at birth may be used, although this will result in a slightly lower PQLI." (Greentree, Phillips 1979)

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CAPITAL AND COERCIVE NEOLIBERAL ACCUMULATION BY DISPOSSESSION (ABD): CANADIAN MINING IN ROȘIA MONTANĂ, ROMANIA

Abstract

Utilizing the case of contemporary mining extractivism in Romania, we advance the proposition that coercive neoliberal capital enables processes of ABD in rural regions, enacted by an emergent nexus between post/socialist states with a history and public culture of centralized control and international capital which leverages this state control for the neoimperial accumulation project, leading to inequitable differentiations in the concentration of land, rural classes and relations between different modes of production and existential (peasant or țărani) realities. The analytical perspectives of peasants and allied organizations resisting mining shed light on the real politik of this post/socialist state-international capitalist nexus by tracing the anatomy of tactics and strategies of dispossession deployed in the context of the Roșia Montană Canadian gold mining project of Gabriel Resources, stalled by Rosieni peasant and allied resistance for over two decades.

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Introduction

The economic restructuring of socialist relations of production in Eastern Europe are becoming embedded in and increasingly dependent on globalizing capitalist social relations of production. Euro-American imperialism consistently reproduces these relations, requiring “something outside of itself in order to accumulate” to sustain capital; a process identified as “neoimperialism” (Harvey 2003, 141). Countries like Romania, and other emergent post-socialist regions, provide capital with expanded opportunities for accumulation resulting in pauperization (land-dispossessed unemployed superfluous populations) and/or exploitation (expanded reproduction via the wage relation). Post/socialist sites also proffer insights for socio-political theory and counter-hegemonic praxis (Choudry and Kapoor 2010) concerning 21st century neoliberal capitalism (Fine & Saad-Filho 2017; Cahill et al. 2018; Vukov 2013) and its context-specific variations.

This chapter briefly elaborates on the morphology of mining/extractive neoliberal capitalism in rural Romania, advancing the proposition that a coercive (extra/legal) theft and redistribution of land characterized by an emergent nexus between a post-socialist state (owners of the direct means of coercion and production in local contexts, now in search of capital) and international capital (owners of the in/direct means of coercion, extraction and finance capital), leading to dispossession and inequitable differentiations in the concentration of land, rural classes and relations between different modes of production and existential (*Țărani* or peasant in Romania) realities. These processes are globally characteristic, despite local specificities, of capitalist development in peasant societies (Araghi 2009; McMichael 2016) and especially in neocolonial South contexts (Kapoor 2017; Moyo & Yeros 2013). The insights advanced here are based on a review of the related literature on Romania and the lead author’s recent exploratory case study research (including 16 semi-structured interviews and

participant observation over a 3 month period in 2019) addressing heterogenous grassroots organizing (peasants – *țărani* – and villagers) and local allied non-governmental organizations (NGOs), and their analytical perspectives on the hegemonic propensities of state-international extractive capitalist (Veltmeyer and Petras 2014) coercive neoliberal dispossession pertaining to a proposed Canadian gold mining project (Gabriel Resources) which has resulted in a protracted stand-off for some two decades in Roșia Montană.

1. Capitalism, Coercive Neoliberal Accumulation by Dispossession (ABD) and the State-Capital Nexus: Theoretical Perspectives

According to David Harvey (2003) neoliberal policies offer a political-economic framework for ABD. Both policy and process are geared to address crises of capital and in particular, crises beginning in the late 1970s arising from overaccumulation, “a condition where surpluses of capital (perhaps accompanied by surpluses of labour) lie idle with no profitable outlets in sight” (149). This phenomenon causes economic engines to seize up and devalue, thus generating capitalist crises like market crashes, depressions, and debt saturation. The application of spatiotemporal fixes, theorized by Rosa Luxemburg (2003) as geographic fixes, offer capital a short-term solution to the decay of its closed systems “through temporal deferral and geographical expansion” (Harvey 2003, 115).

Ne imperialism (Ibid., 141) subsequently addresses capital’s limitations via recurrent processes of ABD, including commodification, privatization, the imposition of property rights, colonization, monetization, and suppression of other modes of production and existential realities. ABD releases “a set of assets (including labour power) at very low (and in some instances zero) cost” (149) and enables over-accumulated capital to acquire resources like water, housing, “new land, labor, and natural resources in order to keep itself going” (West 2016, 19).

Ne imperialism differs from past imperialisms in terms of the predominance of the logic of capital over territorial logic. Hegemony is primarily established and maintained through privatization, strengthened “neo-liberal ground rules of open financial

markets and relatively free access” (68), values of competition, and the contradictory pursuit of calculable stability via monopoly. Global institutions, including the International Monetary Fund (IMF), World Trade Organization, the Organization for Economic Cooperation and Development (OECD), the European Union (EU), the United Nations (UN) and big international non-governmental organizations (BINGOs) enable the reproduction of capitalist social relations and new spaces for ABD via, for example, laws and policies advancing trade, investment, and liberalization including microfinance for poverty alleviation, wherein capital logics supersede territorial logic (Cammack 2006; Caradaică 2013; Harvey 2003; Kapoor 2013; Petras and Velmeyer 2000; Vukov 2013).

At the same time, nation-states continue to act as enforcers of neoliberal policy. “The neo-liberal state typically sought to enclose the commons, privatize, and build a framework of open commodity and capital markets. It had to maintain labor discipline and foster ‘a good business climate’. If a particular state failed or refused to do so it risked classification as a ‘failed’ or ‘rogue’ state” (Harvey 2003, 184). Oliver-Smith (2010) concurs in that “the current trend toward privatization of infrastructural projects, capital still looks to the state for institutional support and frequently for financial guarantees” (7). Thus, for extractive industries, states lubricate processes and mitigate risks. Ban (2016) also notes that neoliberal policies often exist in tandem with protectionist approaches to local and transnational industry.

National governments reinterpret and reproduce preeminent neoliberal doctrines and Structural Adjustment Programs in their own policies (Oliver-Smith 2010). Global governance structures such as the UN General Assembly Declaration on the Right to Development are re-interpreted by nation-states so that the “right and duty to expand its capacity to serve the needs of its population” (Oliver-Smith, 17), for example, is used as an impetus to dispossess populations for the good of an amorphous economy. The national scale of projects involving development-forced displacement and resettlement (DFDR) necessitates such state collaboration – and often initiation – with the private sector. Mine projects inevitably require DFDR of local populations because extractive processes require destruction of land while local labor is seldom employed (Gürel 2019; Leech 2012). With this in mind and thereby augmenting

Harvey's (2003) predominantly economic rationale for ABD, Gürel describes ABD as "the transfer of small-scale private property or common property (over land and natural resources) from lower-class people to capital for various productive or speculative purposes through the state's deployment of extra-economic and/or economic coercion" (10). The role of the state is to influence discourse and action on development, projecting "state ambitions into the local context, restructuring it toward government priorities and goals" (Oliver-Smith, 204).

Liberal governments and application of "the rule of law" serve to create and protect the neoliberal conditions that favor capitalism. "In other words, according to the logic of capital, society exists to serve the economy, rather than the reverse" (Leech, 26). ABD thus produces shakedowns that make resources available to over-accumulated capital from the imperial centers, often involving environmental degradation and social dislocation which are rarely if ever factored into capital logics, especially in the case of extractive industries (Hilary 2013; Leech 2012; Oliver-Smith 2010). Central and Eastern European (CEE) states of the former Soviet Union undergoing processes of transition from socialism toward integration into globalized neoliberalism provide stark examples of ABD (Ban 2016; Caradaică 2013; Daub 2012; Harvey 2003). Through mechanisms established by international organizations, financial institutions, and bilateral trade agreements, formerly nationalized resources and means of production are auctioned off by complicit neoliberal post/socialist government authorities to wealthy foreign investors.

2. International Capital-State Nexus and Coercive Neoliberal Dispossession in Romania

Cornel Ban (2016) argues that when neoliberal doctrines find "new homes" in nations as governing ideologies, they are translated, innovated upon, and reinvented by local policy elites. Neoliberal meanings and implementations are recalibrated by the host state, in its image and influence the social redistribution of resources. In Romania, the communist government fell during a critical expansion of neoliberal ideology (Ban 2016; Gürel 2019). As the entire CEE socialist block crumbled, capital picked-up (and

accumulated) the pieces (Vincze 2015). In 1989, CEE countries were emerging from decades under Stalinist regimes and eager for the “market-maximizing” effects that neoliberal doctrines promised (Ban 2016). Romania was in the middle of a debt crisis enabling the World Bank (WB) and the IMF to create networks of training institutes and programs for bureaucrats while funding local policy advocacy, think tanks, foreign aid agencies, and political party networks to control emergent post/socialist economic institutions and the related neoliberal ideological discourse. Neoliberal doctrine was not introduced to CEE alongside commensurate alternatives, nor did it come by way of the context of decades of debate and negotiation for state-mediated social protections. Caradaică (2013) argues that aggressive neoliberal restructuring and globalization after the 1980s was also assisted in Europe. CEE nations were drawn from the socialist vacuum into the orbit of established Euro-Atlantic powers, thus becoming new asset targets/opportunities for seizure. The result was swift deregulation and liberalization of CEE in the mid-1990s via bilateral agreements.

The neoliberalization of CEE is also accelerated by European transnational corporations, who easily bypass states via lobby groups like the European Round Table of Industrialists (ERT). European economic policies are supranational but social and equality protections are state delivered, indicating the power of TNCs to externalize social and ecological costs on to post/socialist states. In 1997, the ERT urged the EU to reform its institutional structure to allow even greater ‘cooperation’ with applicant countries – like Romania – and consistently advises Europe to become more integrated into the global economy (Caradaică 2013). In alignment, the European Commission’s (EC) Europe 2020 Strategy calls for greater labour market flexibility, welfare state retrenchment, austerity, and neoliberal restructuring via developing the economy’s knowledge bases, green resource-efficiency, and territory/social cohesiveness within the neoliberal frame. For Caradaică, “globalisation itself, even if it is an independent process, should not be understood as a distinct process from European integration, but a complementary one” (26). Thus, he suggests the EU is aligned with the transnationalism of production and finance and the global dissemination neoliberalism.

Romania acquiesced to the good-governance guidance of International Financial Institutions (IFIs) and Euro-Atlantic powers by grafting an intensified version of neoliberalism into their market (Ban 2016). Ban describes this as “disembedded neoliberalism” where the “main implication is not to moderate markets and their effects, but to ‘set them free’ or radicalize them while redistributing resources toward the higher socioeconomic” (4). Harvey (2003), however, notes that such bilateral “trade relations, clientelism, patronage, and covert coercion” (54) are weapons of control. Concurrently, the EU created protectionist instruments against industries that CEE was competitive in, like production of steel, textiles, clothing, chemicals, and agriculture (Caradaică 2013). The EU also provided CEE irregular and unequal financial support to aid their transition compared to other nations (e.g. Czech Republic’s €29 per person to Ireland’s €418). Subsequently, industry devaluation in CEE in combination with the sudden inability – fabricated by tilted capital logics – to produce competitively for local markets left the region conveniently situated to provide the struggling global market with a spatiotemporal fix for the 1970s-1980s recession (Harvey 2003). Land and resources in CEE were ripe for seizure/investment and stalled production compelled the population to absorb surplus commodities from established capitalist states. Vincze (2015) notes that, in particular, “Romania seemed to be a desirable target for foreign investments attracted by land and natural resources that could be privatized, and by cheap and ‘disciplined’ labour force” (127). By 2013, 6% of Romanian farmland had been grabbed by foreign investors for “agricultural, mining, energy, tourism, water resources, [and] speculation” (Bouniol 2013); a conservative estimate obscured by joint-ownerships and transnational investment schemes.

3. Implementing Neoliberal Capitalism in Romania

On a national level, a foothold for neoliberal ideology in Romania began to form as Stalinism weakened, before communism fell (Ban 2016). The Ford Foundation enabled this shift in 1962 by funding study trips for Romanian economists to the United States, albeit seemingly to limited effect. Nonetheless, the transitional government of Romania, like many CEE states, initially sought a neo-developmental compromise favoring both industrial

recovery and entry to the market economy. Top Romanian policymakers produced *The Blueprint for Romania's Transition to a Market Economy* in early 1990. This neo-developmental document reflected a paradigm of calculated policies for “engagement with the world economy via the state-led stimulation of foreign direct investment and export-led strategies, as well as increasing the share of medium and high-value-added, domestically produced products and services” (126). However, these policies did not offer a strong position on the degree to which price liberalization should be selective or gradual. This was a weakness that IFIs exploited. IFIs stood alone as willing financiers of Romania's transitional deficit, conflating democracy and capital.

Between 1990 and 1996 the WB and IMF, in concert with the Romanian national bank, used loan programs, technical assistance conditionalities, and increased preferential credit rates to increase privatization and prioritize economic overhang issues, instead of the national economic depression, by devaluing the currency (Ban 2016). These approaches resulted in excess liquidity, blockages in monetary flows, and prevented follow-through on neo-developmental policies. This neoliberalization correlates with the first land grabs in the 1990s by Romanian firms supported by state authorities, opening the door to foreign investment by way of legal mechanisms that allowed for foreign-Romanian partnerships (Bouniol 2013). While the rest of the world experienced disenchantment with neoliberal policies between 1990 and the early 2000s, Romanian commitment galvanized, so much so, that in 1997 the Romanian president handed state economic policy design to the IMF (Ban 2016; Gürel 2019).

Romanian politicians continued to work contrary to global abandonment of orthodox neoliberalism and even the IMF's (rhetorical) reversal of position on “trickle down” economics (Ban 2016; Gürel 2019). State authorities propped up a second large-scale land grab in the 2000s by foreign firms to massive effect (Bouniol 2013). The 1996 Romanian government inherited a state-owned economy but by the early 2000s, the private sector dominated an economy characterized by labor disputes, violent miner protests, and factory sit-ins. Romanian policy reformation for accession to the EU, guided by the EC, IMF, and WB, was fulfilled by 2006 and brought even deeper market-radical neoliberalism to Romania (Ban 2016;

Bouniol 2013). Veteran Romanian-grown policymakers were replaced by Bretton Woods trained technocrats thanks in part to the support of Western resources and new CEE political and civil elites. Meteorically, Western credentialed economists and former Bretton Woods employees came to dominate Romanian economic policymaking. Initiatives led by the IMF, WB, OECD, Bank for International Settlements, European Bank for Reconstruction and Development, and the Austrian government, as well as the establishment of Western business institutions, think tanks, and NGOs by USAID, the Mellon Foundation, and George Soros's Open Society Institute saw amateur economists take the helm of Romanian economic policy development. Ban (2016) describes these processes as "international coercion generating national reforms".

4. Pauperization and Exploitation

Radical neoliberal reforms produced significant foreign direct investment and export complexity at dramatic expense to the Romanian population: public service spending was halved; unemployment benefits tightened; public utilities privatized; a flat tax imposed; wages devalued; corporate tax cuts made; and 40% of government industry was sold for a small sum of 2.1 billion dollars (Ban 2016). These are hallmarks of neoimperialism (Harvey 2003). Four years after the 1996 neoliberal shift, industrial output fell by 20% (Ban 2016). From the 1990s onward, over a third of the Romanian labor force migrated, both internally and externally, in search of employment and began to generate significant remittances, thereby keeping the country on life support (Ban 2016; Biscione and Pace 2013; Bunea 2012). Many Romanians believed economic migration would improve their lives but research suggests that it may have had the opposite impact on happiness (Bartram 2013). Meanwhile, failure of state farms, mass impoverishment and unemployment, and the reduction in public services also contributed to the first modern European urban to rural internal migration, with many returning to pre-socialist means of reproduction as subsistence farmers (Ban 2016).

The government then hit smallholders with increased small farm taxes, attempting to reallocate labor (Ban 2016). Government, think tanks and banks blamed smallholders for low agricultural

production and forwarded the development of agro-industry to large scale private production while ignoring smallholders (Bouniol 2013). EU subsidies for farms was also unevenly distributed in favour of large scale agro-industry. This is significant given the number of smallholders in Romania. Bouniol reported that “99.2% of farms have no legal status as they are individual or family subsistence plots” (134), and “the average size of such farms was 2.5 ha.” In 2017, the Romanian țărani organization Eco Ruralis, associated with the international peasant organization La Via Campesina (www.viacampesina.org), reported that there were 4 million active țărani in the country, accounting for 50% of all peasants in the EU and approximately 20% of Romania’s population (Drepturile taranilor).

To make matters even more dire for Romanian peasants, by 2007 Romania was the lowest spender on social protection per person in the EU at 13%, despite having the lowest public debt in the EU by a high margin (Ban 2016; Vincze 2015). 40% of Romanians were reported at risk of poverty and 29% severely materially deprived – much above the EU average. In the late 2000s, Romania ranked lowest with Eurostat given its minimum wage and number of working poor. In 2008, however, President Băsescu ascribed Romanian impoverishment to sloth and welfare abuse. In only a decade, consumer credit was deregulated, and private debt increased from 5 to 200 billion euros by 2009 (Ban 2016). By the same year, the government responded to a currency attack by “hiking the VAT from 19 to 24 percent, cutting public sector wages by 25 percent across all income categories, and slashing 15 percent from all social assistance payments (handicap benefits, unemployment benefits, child allowances, etc.)” (213), which was considered socially regressive even by IMF standards. Simultaneously, firms from wealthier EU nations profited from Romania, accounting for two-thirds of Romanian exports, as well as multinational “Romanian” firms, which recorded 86% of firm profits. Labour’s share of the national GDP decreased, while capital’s share increased and the nation experienced a significant ‘brain drain’ of physicians, engineers, and researchers.

Land and resource grabs, and the creation of a reserve labour force demonstrate how neoliberal policy reforms strengthen neo-imperial projects (<https://www.farmlandgrab.org/post/view/19636>;

Harvey 2003; Miszczynski 2017). Strengthening the position of foreign and transnational interests is commensurate with weakening the positions of wage laborers and smallholders. Policy shifts significantly amplify the power difference that already exists between laborers or smallholders and wealthy firms that enjoy the support of governments and financial institutions alike.

Interlaced with neoliberal policy reforms and the drive toward development, were presidentially expressed and concomitant values of economic racism demonstrated by Bănescu's description of the poor as inferior if not 'non-persons,' and calls for 'modernization of the state' through economic investment and technological development (Vincze 2015). Gürel (2019) describes capitalist Modernization Theory as a denial of uneven capital relations that promises the poor development equal to the wealthy if they catch up on the same linear, capitalist historic processes pioneered by the wealthy. Accusations of laziness, corruption, rigidity, and improper processes deflect from the systematic issues related to capitalism and ties impoverishment to lagging modernity. Thus, alternative means of production and related social mobilities, such as Romania's urban to rural wage-work migration, are construed as regressive and their adherents (e.g. subsistence farmers, rural villagers, pastoralists, and țărani) inferior. After all, populations and resources exiting capital systems represent lost profit.

Marx (1904) originally argued that pre-capitalist reproduction and common lands, which benefit țărani, are the antithesis of private property. To validate processes of ABD, capital logic espouses an ideology where such forms of reproduction – those outside of capital – are considered: "outside of the natural order of things – with the assumption that the natural order of things is a kind of linear progression fantasy in which everyone, globally, has come to live, or should have come to live, in urban, cosmopolitan ways" (West 2016, 21). For this reason, it is not surprising to note that laws established in 1990 and 1997 by neo-developmental and neoliberal regimes respectively, prevented villages from reclaiming traditional common lands, known as Obște and compossessorates, first nationalized under communism (Diaconu 2017). When villages regained this right in 2000 via the communal villages' law, it was derided by a member of parliament as being "crazy" and "obsolete."

Over the past 30 years an emergent nexus of the Romanian post/socialist state and international capital formed to fill a vacuum of power and legitimacy left by the crumbling socialist block. Through the implementation of neoliberal policies this nexus created a politico-economic climate of pauperization and exploitation in rural Romania. Ongoing processes of ABD in Romania and the concentration of land in the hands of capital set the stage for localized policy implantation, extraction, and contestation.

5. Coercive Neoliberal ABD and Canadian mining in Roșia Montană

Roșia Montană is one location where 21st century capitalism as ABD is being identified and contested with context-specific implications. In 1997, less than a decade after the transition from socialism/communism, the Romanian government granted Roșia Montană Gold Corporation (RMGC) – which is now owned 80% by the Canadian-registered company Gabriel Resources and 20% by the Romanian government – rights to explore for minerals in Roșia Montană (Velicu 2014). RMGC promoted the mining project with written material that cited benefit of mining employment. The corporation also began exploratory drilling near Roșieni homes. Cattle became sick, calves died, and some Roșieni began throwing up or reporting a loss of their sense of taste. As a result, Roșieni started to seek clarification about the mining project and met with Frank Timis, the leader of the project, in 2000. Roșieni learned:

...the project would mean relocation of households, displacement of people, destruction of four mountains, a lake of cyanide and toxic waste, demolished patrimony buildings (such as the unique Roman galleries)... ancestors' exhumation through the destruction of nine cemeteries and eight churches... destruction of... natural monuments as well as a decantation pond for the processed sterile deposits (on the territory of the present-day village of Corna) with a one hundred and eighty-five-metre high dam. (224)

For these reasons, approximately 300 families or 1200 Roșieni refused to sell and formed the organization Alburnus Maior (AM) in 2000 (Buțiu and Pascaru 2011). This group articulated

that their rejection of RMGC was based on social and environmental concerns, that mineral exhaustion would leave nothing for traditional mining, and mining would prevent alternative forms of development (Velicu; Velicu and Kaika 2017).

In response, RMGC increased pressure on inhabitants to sell their property and an estimated 80% of the Roșieni, including former members of AM, sold their homes to RMGC between 2002 and 2010 (Velicu). Approximately 1,000 of the 3,290 residents left by 2012, resulting in an increased average age of the residents and decreased ethnic and religious diversity (Vesalon and Crețan 2012).

6. The Anatomy of State-capital ABD in Roșia Montană: Local Anti-mining Analyses and Perspectives

RMGC's mining project required the acquisition of critical Roșieni-owned properties for their large-scale mining project and worked toward expedient DFDR. Methods employed by RMGC and their networks of allies to enact ABD shifted over time due to Roșieni resistance and changing political climates; tactics are characterized by both textbook dispossession and context-specific actions, demonstrating the heavily context dependant nature of 21st century capitalism. Therefore, it is important to understand RMGC's tactics with reference to globally characteristic patterns of capitalist ABD, as well as the unique context of Roșia Montană, Romania.

6.1. Leveraging historical post/socialist state authority and control for international capital via extra/economic means at multiple levels of the state

ABD tends to follow the path of least resistance towards profit. As a result, many corporate tactics fall into well-worn patterns that are globally characteristic. A legal NGO member working with AM noted:

...you know very well their strategies, because it's more-or-less the same. They never do real public consultation, because they are afraid of that, and they always do some sort of fake public consultation procedures... They never do real environmental impact assessment studies. We even found, in

all these battles, studies that were copy pasted from a case to another. It's mind blowing how they were, but there is a lot of money involved and they don't really care about that... Also, all these fake [government] authorities, because I can't call them otherwise, they also work the same. These people never read the documentation, for example. They are not involved in, they are not interested in wide consultation procedures, analyzing public petitions and giving them answers. They are just like machines to print out permits. (NGO Member, Interview, Oct. 16, 2019)

Tactics like fast-tracking and use of state authority are shared by many independent development projects; such trends are tied to the logic of ABD. However, Frederiksen and Himley (2020) argue critical extractive discourse should turn to “the diverse ways that power is employed to secure dispossession, and to sustain reworked relations of land and resource access over time” (3), since ABD itself is too narrowly focused on the role of state power and legitimacy.

Nodding to work like Harvey's (2003), Frederiksen and Himley (2020) note that historically, extractive industries leverage or even subsume state authority – legitimacy that achieves compliance by consent – to produce industry expansion. Extractive companies also use non-state authorities to help create local legitimacy, and thereby a compliant environment for extraction. Authoritarian tactics are designed to be inconspicuous and alien or unfamiliar to populations targeted for DFDR, thus minimizing resistance and lubricating procedural action which is fundamental groundwork for ABD.

Authoritarian tactics are also employed more broadly by globalized capital to enable acquisition of community land and resources in support of project development (Promise, divide, intimidate, coerce 2019). These approvals and acquisitions often occur as soon as the decision to invest has been made but before a project is presented to potentially affected villages. Palm oil companies sometimes set up community committees where meetings are firmly controlled or invite locals and officials to see plantations the company has established in other countries. These tactics aim to inculcate compliance for the project top-down, thus reducing start-up time or monetary resources.

In the case of Roşia Montană, initial legitimacy or authoritarian tactics hinged on the emergent nexus of the post/socialist state and international capital. Roşieni opposing the mine echo the importance of state authority in affecting ABD. State complicity is seen as playing an essential role in thrusting the project forward: “I condemn the Romanian state, because the company, without the involvement of the Romanian state, can’t do anything to me, absolutely nothing... the company, without the filth of the Romanian state, they can’t do anything. If the laws are respected, and we are a state, as we claim, democratic” (AM Member, Interview, Nov. 29, 2019). Roşieni are skeptical that the company could impact their livelihoods or assert any authority without the government and argue that the company took advantage of the tumultuous political-economic circumstances precipitated by the Romanian transition from socialism in 1989 (AM Member, Interview, Nov. 18, 2019). RMGC had its pick of collaborators in Romania, including businessman Frank Timis, then-President Ion Iliescu, and many ministers. According to Roşieni, the post/socialist government was embedded with opportunists looking to benefit from their position and the cover of political chaos:

After ‘89, we’ve had only garbage as leaders of our country. Do you understand? Garbage. These weren’t ministers, they were garbage. People who weren’t interested in the citizen’s issues, they were interested in their personal issues... They’re *gogleazuri*. You know what that is? It’s garbage, finely, finely chopped garbage. Because if they were big pieces of garbage you could take them away, but it’s hard to get rid of *gogleazuri*. (RMCF Member, Interview, Nov. 5, 2019)

The political-economic context in Romania meant that it was difficult for mining opposition or anti-corruption agents to identify and counteract mining collaborators within the government.

AM members state that government collaborators – from the local council to the federal government – were acquired primarily through bribes. Essentially, the company was purchasing authority as though it were any other resource for the project start-up according to several Roşieni:

So they broke the laws in Romania gravely, gravely they broke them. Why did they break them? Because they were

allowed to. Because corruption was at a high level in Romania, after '89 corruption reached a very high level. And all state authorities were supporting them, because this company was bribing anything that could be bribed. (RMCF Member, Interview, Nov. 5, 2019)

The Romanian state fulfilled all of their [RMGC's] conveniences. They broke laws. They did very grave things. They humiliated us as Romanian citizens. They pushed us aside. They disregarded us. Because they had taken bribes from this company. (RMCF Member, Interview, Oct. 24, 2019)

...we changed the one mayor because we thought that we'll put another mayor who is going to be on our side and be correct. Then he joined their [RMGC's] side too. They would go around and bribe everyone. That's why I say they had a lot of money... If they managed to buy [then Prime Minister] Adrian Năstase, they bought them all. We stressed out. May fire strike them. (AM Member, Interview, Nov. 11, 2019)

One conspicuous method of bribery involved RMGC hiring voting members of the town council who were in a clear conflict of interest but continued to vote in relation to the mining project (AM Member, Guided Tour, Oct. 13, 2019). Once identified, this example became a sticking point for AM opposition:

...we challenged in court this urban planning made by the mining company in Roşia Montană, freezing the area as a mono-industrial area exclusively reserved for their mining project. In this court case AM, had from the very beginning, from when there were the very first consultations for this plan – fake consultations – their main argument was that the local councillors who voted for this plan were in a conflict of interest because they were also employees of the mining company, and the law forbids you to vote when you are in a conflict of interest. (NGO Member, Interview, Oct. 16, 2019)

Yet despite the crucial role of the state, Roşieni indicated that Romanian collaborators played second fiddle to the company and did not direct the development or stand to benefit in equal measure with the foreign investors (AM Member, Interview, Nov. 18, 2019). This is in keeping with Harvey's (2003) contention that capital logics supersede territorial logics in processes of ABD.

Over 20 years ago RMGC not only acquired mineral rights through the government but also received validation and commitment from public figures. These seminal first plays enabled RMGC to enjoy a long-lasting, invasive support system within the Romanian state:

So the project started during the Democratic Convention in 1996, when Radu Vasile was Prime Minister, who died. Those who signed then are still public persons now, Calin Popescu Tariceanu and Radu Berceanu. They were the ones who signed, who sealed that project. But throughout the years, all of the parties that were in power, supported more or less this project. (SRM Coordinator, Interview, Oct. 15, 2019)

Critically, RMGC was able to leverage this relationship into a strangle-hold on Roșia Montană, by influencing the government to label it a disadvantaged, mono-industrial zone of (Community 2013; Velicu 2014). This status reserved the area for mining, thereby stifling alternative development, investment and activities. The Roșia Montană Cultural Foundation (RMCF) describes the resulting situation as ‘hopeless.’ Furthermore, these laws made RMGC exempt from both income taxes and customs duties and aided in establishing a monopoly for RMGC:

They went to local council, and they put on their table an urban planning act, and they said, “RM is a mono-industrial area and this is it. No other construction or development can take place here.” They wanted to secure the area... if they [locals] wanted to build on their own lands, for example to do an extension of their house, they were not allowed to because according to the plan the area was mono-industrial, exclusively reserved for RMGC and the population had to be resettled from there. So that’s why no other construction permits were issued. The area was simply frozen. They did that already since 2002. That was their very first move. (NGO Member, Interview, Oct. 16, 2019)

Additionally, the RosiaMin state factory that many Roșieni depended upon for work was closed (Velicu 2015). Maximizing time use, RMGC began simultaneously processing leftover waste rock and capitalizing on the hardship created for the Roșieni: “They first came for the sterile [tailings]. Then they came, they closed

the mine ... the Romanian state closed it, the government. And then people didn't have a place to work in anymore, they came and did registrations for the lands, the houses, they registered people and gave them their price and then they left" (AM Member, Interview, Nov. 27, 2019). Oliver-Smith (2010) describes similar factory closures resulting in massive unemployment as a blatant displacement strategy.

RMGC further held exclusive meetings with town mayors and local authorities in order to sway them in favour of the company. Through cajoling the company was able to gain a monopoly over local political power:

First, they come, they sent the mayor... Timiș took Gruber from Rosia Montana, they informed him of everything that was here, and they said "Hey, we can buy the Roșieni with a liter of vinars [or țuică, a Romanian spirit]." They drank here, they had a party here at the headquarters for the exploitation, Gruber, the former director for the exploitation – he said to Timiș "Rosieni are from 'my tool' down" [insignificant]. (RMCF Member, Interview, Nov. 5, 2019)

...there were all our local authorities from all the cities and villages around. When they were having meetings and so on, I saw all our mayors coming and making lobby for the company... Basically, for all our authorities. They were making huge dinners, meetings, workshops and so on – the company – in order to attract them, and to tell them how good is the project. (AM Member, Interview, Oct. 25, 2019)

AM members also related that in all the years of struggle, no single mayor opposed the project and in later years, support for the RMGC became the only viable election platform.

Impacts on both Roșieni who were not materially self-sufficient (e.g. not subsistence farmers) and Roșieni who remained can only be described as structural violence (Oliver-Smith; Leech 2012). 80% of remaining Roșieni primarily survive through the subsistence economy and face decreasing availability of services; pharmacists, bakers, food shops, and cultural centers closed (Community 2013; Vesalon and Crețan 2012). A Roșieni organization, the Roșia Montană Cultural Foundation (RMCF), reports challenges

like the abandonment of road maintenance; declining quality of education due to fewer students and teachers; and violations of the right to public health, such as when Roşia Montană's local practitioner was bribed 840 000 000 ROL (approximately 20 000 USD) to simply leave the town for a year.

6.2. There is no alternative to mining: coercion, duplicity, state-capital mining propaganda and the mobilization of civil society (Corporate NGOs)

In 2013 Victor Ponta's social-democratic government declared intention to remake Romania into an extractive country, promote shale-gas industry, and made Roşia Montană a national interest (Velicu 2014). Support for foreign investment in extractive industries by successive governments demonstrated the depth of the Romanian politico-economic elite's commitment to neoliberal policies. These plays reopened the legal possibility of forcibly relocating the Roşieni and imposed the "transfer of two hundred and fifty-five hectares of public forests to the benefit of the mining investors" (226).

Following the lead of the national government, Roşia Montană's local authorities also contributed to, and made use of the freshly minted crisis. The local council refused to engage with locals and instead evangelized in favour of RMGC's monopoly: "... local authorities, they are not interested and they are not supporting... they are not active doing something, they were just promising this mining project and that's it. So they were just supporting one idea. "Nothing else," they said, "this is the only solution." They are not working for the community, just for this mining company" (SRM Activist, Interview, Nov. 9, 2019). Further, the local council sold RMGC public land and resources in Roşia Montană, reprising palm oil tactics and Gürel's (2019) description of ABD as small-scale and common land transfers. These actions further strained the already hard-pressed Roşieni:

Roşian: And these people were affected enormously, because the local councilors came, those who are the local government, and they made some conveniences for the company. They approved some lands that were public domain, public

domain, they were under everyone's ownership, they came and passed them under the townhall, and they were sold to the company...

Roşianca: It belongs to everyone.

Roşian: It belongs to everyone. But, to be able to make a concession for a piece of land, you have to pass it from the public domain to the private domain of the townhall. And this can't be done without the approval of the government of... the local council... the company corrupted everything that could be corrupted. From the local council in Roşia Montană to the President Bănescu... The whole ladder was corrupted, from the bottom up, or the top down. Corruption was a virtue. (RMCF Member, Interview, Nov. 5, 2019)

These processes of ABD, much like commons enclosures, created greater pressure on Roşieni to accept the "one solution" and represented critical land acquisitions for the project. As a result of land acquisitions from Roşieni and the council, common land use declined: "...now we can't use it anymore, because they conceded it and they took their part there, parcels, and now the forest grew there because they've been here for a long time... we don't have access anymore" (AM Member, Interview, Nov. 11, 2019). Further, some AM members reported that exploratory drilling effected the water tables of common pasturelands, making it more difficult for animals to find water (AM Member, Interview, Nov. 18, 2019). Roşieni even reported that local agriculture was impacted by the forest clearing. Additionally, the mayor's office sold RMGC the local commercial complex, which included grocery and textile shops, despite that it was built by Roşieni funds.

One AM member also noted that the company gained access to Romanian surveying and research for the development of the project, as well as ownership data from the land registry in nearby Campeni to use against families for property acquisition; he ruminated that in the past turning over such historical resources would have constituted treason (AM Member, Interview, Nov. 18, 2019). For the company, however, this meant acquiring significant data for the prospecting and exploration phases of the mining project at zero cost, reducing project timelines and initial investments (Kuyek 2019).

One of the critical elements of RMGC's 'blitzkrieg' from authority establishment into purchasing, processing tailings, and demolishing housing was inculcating Roşieni with a sense that the mining project was inevitable. This was a particularly effective method for pressuring Roşieni to sell given their experience with the previous socialist state. As one RMCF member put it, "Unfortunately, what happened in Rosia is the remnants of communism. Meaning, people accepted very easily to leave in exchange for a promise" (RMCF Member, Interview, Oct. 24, 2019). For example, the Roşieni contextual-historical experience of the state includes nationalization under a socialist government that employed physical beatings and other force to extract private gold stores from locals and the forcible relocation of persons living in the nearby village of Geamana, who were unfairly compensated and underpaid when the government established the Roşia Poieni copper mine (AM Member, Guided Tour, Oct. 8, 2019; AM Member, Interview, Nov. 18, 2019). As a result, Roşieni living near Orlea and its planned pit sold quickly for fear that blasting would launch debris and shatter their homes. This was one of the first areas in the village almost entirely abandoned.

Taking this reality further, one AM member described his family's initial experience with RMGC before they were aware of AM's opposition to the project:

At the beginning, when the company came, they made the offers, everything sounds good, they meet the great community here with the communist mentality, where during communism you learn just to stay and listen to your superior. You can't say nothing. You can't be creative. No entrepreneurial. No nothing. So at first, my father, when he heard, he came in the house and he said, "well look, a company has come, there are important people there, they want to make a new project, a mining project, so where will we move?" So that was the thing, we didn't think, "well we don't have to sell, we don't have to leave." We don't have, that wasn't our... the thing was, for sure, if they said we have to move, then we have to move. (AM Member, Interview, Oct. 25, 2019)

Clearly, authoritarian ABD tactics can have incredible psychological influence in post/socialist contexts. NGO members working to support grassroots opposition in Romania further note

how effective authority can be, especially given the speed at which it is enacted making it difficult to respond to:

NGO Member: So there is a lot of propaganda and false information that the company uses in order to convince people to sell, and because people don't have this kind of knowledge they are easily convinced. Like in Romania, in no way a company can get your land if you don't want to sell, but a lot of people that lived during the communists, and got their lands stolen by the state, they still believe that one day this could return and it would be possible for the mining company to get their land. And then they say "okay, I'm gonna sell it to you now, because otherwise you'll get it for free."

Researcher: So this is kind of part of being...

NGO Member: Post-communist country.

Researcher: It means that these tactics are particularly...

NGO Member: Efficient.

Researcher: Because these people have experience, somebody's done this to them in the past.

NGO Member: Experienced. Yeah. And usually the people in these communities are quite old and less educated. They are very easy to mislead... And the most horrifying part, like rural communities don't stand a chance in front of this approach... at this level there is no efficient countermeasure. Not really. They are very successful, yeah companies, in doing this. (NGO Member, Interview, Oct. 3, 2019)

When the grassroots property ownership group AM formed in opposition to RMGC, the company attempted to swarm local civil society and co-opt various forms of non-state authority to as mechanisms for corporate indoctrination to secure compliance. One AM member described his initial experiences with the company while he was a teenager at school in nearby Abrud:

...they also have workshops in schools to tell us, like look what will happen, what the project will be, and you are so lucky of being here, and you will be able to work and stuff like this. I remember they were quite... our teachers, our directors, they were quite making lobby for the company...

They got all the children in the schoolyard and we had, I think it was once or twice... and they came with all their presentation, and telling us how great will be the project, and how you need it and so on... It wasn't even Roşia. In Roşia, they were even more. (AM Member, Interview, Oct. 25, 2019)

Here, RMGC is leaning on the authority of local schools to influence children in favour of the project. The tactic extended to the formation of after school groups and was meant to influence not just children, but the families they went home to:

CERT [the Youth Resource Centre] was the name of the organization. They were also making, to present the project and so on, and propaganda for the project, but it was also like a scouts organization to make action with the youths and so on, beside the lobby that was made there for the company, in order for the children to see and tell to the parents and so on... They were making all kinds of trips. They were having all kind of fancy games, board games, and we didn't saw back then. They were bringing new things and, of course, everything was for free, so, of course, everyone wanted to get involved. In Abrud, it's a small city, there was nothing happening for the kids.

RMGC might as well have been a toy commercial between Saturday morning cartoons. Using the authority of civil society groups like youth groups allowed the organization to insert its' agenda in the local imagination.

In nearby villages, the company paid for opportunities to advertise their logo with local businesses or speak at events (AM Member, Interview, Oct. 25, 2019). The company even sponsored a "Women's Fitness Day" on March 8th, 2003 (NGO Member, Interview, Sept. 25, 2019). Other important community institutions were also co-opted to support the company:

... Everything was sponsored, even the priest in the church, at the end of each ceremony, from the Catholic service, was saying "thanks God, to the Canadian company, that they bought us the lights, they put us the lights, to illuminate the road to the church." They were making small things to everything they could find in the area, in order to get involved and to make their name to be heard. (AM Member, Interview, Oct. 25, 2019)

According to AM members, only the priest of the Unitarian Church remained staunchly against the company, while other churches in the Roșia Montană commune “lobbied” for RMGC. In Corna, villagers were even denied burial at the local churchyard and families required to exhume and transport their dead to other locations (Community 2013).

RMGC also attempted to dominate the local “NGO discourse” by founding/supporting local pro-mining NGOs including “Pro-Dreapta” (or Pro-Justice which was founded by the town’s bribed medical practitioner), “Pro Roșia Montană,” and “The Roșia Montană Environmental Partnership,” and even set up a pro-mining museum “Aurul Apusenilor” (AM Member, Guided Tour, Oct. 8, 2019). Each of these headquarters is visible from the town square, and during the peak of the struggle their members would rush out to evangelize on behalf of RMGC to visitors. However, when the researcher visited in 2019 the headquarters were inactive, their evangelization stifled by the lack of movement on the project and the staunch resistance of opposed Roșieni. At the same time, the many properties owned by the company bore marks of state authority and the threat of coercive force in the form of national historic monument plaques and warnings messaged via signs of surveillance; the overt markings characteristic of contested spaces.

Even the authority of local state mine leadership was leveraged to pressure Roșieni into making way for the project by selling, before its closure in 2006:

...the director had called me, said “...it would be good to come to an agreement, so you’re not putting your life in danger” and I said “Mr. Director, my life is in danger since I was born and until I die. You know what, my property wasn’t made by the company or you, I made it. I make the decisions related to that. You make the decisions here, where I work. If you think you still need me I’ll go to work, but for you to take me to a work where I’m going to lose my rights, I won’t waste my time. I’ll go to agriculture” and I said “tell me, because from this moment... if you don’t think you need me, I’ll go file [for retirement] and I’ll put up a cross [it will have reached the end or is dead].” “Well, no... you’re not someone who I couldn’t get along with, but you know, there

are pressures being put on me from the company as well...”
(AM Member, Interview, Nov. 29, 2019)

Furthermore, this Roșieni indicated that the company also put pressure on his wife, moving her to a different location and arranging their shifts so it was difficult to manage work, the *gospodarie* (the homestead: gardens, animals, home, and family) and their children.

Perhaps most influential of all was RMGC’s use of and control over the media. Activists within the Save Roșia Montană campaign, as well as members of AM recall how media was controlled and used to dominate messaging and public suasion during the struggle:

They paid a lot of media... pfff I mean, so much media. They had the most ridiculous TV ads and print ads and radio ads that you can imagine. With these children from RM who want a new job for daddy. Claiming that they’re going to create a golf course on the cyanide tailing pond. I mean... they were so bad that they were good you know? It worked against them. They created a media blockade against criticism against their project. There were terrible years. On the market, who was investing in the media the most, it was Orange and Vodaphone who are two mobile phone companies who were actually selling something, and that’s why they were buying a lot of publicity ads. But the third was RMGC and they weren’t selling anything, they were just trying to buy the public opinion.
(NGO Member, Interview, Sept. 25, 2019)

So networks were sponsored by, not bought, “sponsored by” [quotation marks per interviewee] the company so they would advertise them. That there’s honey and milk here. Of course, they would say whatever, they would wire them money into their accounts, and they would buy them. I remember that we would go, we went to protests in Bucharest and stuff, and I remember that they would turn us around, the networks would turn their backs to us, they wouldn’t broadcast anything. (AM Member, Interview, Nov. 29, 2019)

By purchasing a media monopoly, RMGC gained crucial, one-sided access to the “information authority” on every television in Roșia Montană, and more broadly in Romania. Thus, through a non-state authority, RMGC was able to control discourse and manufacture coerced or willing consent for the project.

7. Current State of Resistance in Roșia Montană

At present AM, RMCF, and the network of NGOs supporting them through the Save Roșia Montană campaign continue their 20+ year struggle against the project and the aftereffects of massive DFDR. By wrestling the extractive project to a standstill, Roșieni opposed to the mine forced Gabriel Resources and the Romanian state into an awkward conflict. Gabriel Resources, following the logic of ABD toward the most likely source of profit, has temporarily shifted their strategy toward legal mechanisms for generating revenue and away from actual mining extraction. The 80% owner of RMGC is moving to sue their co-owner, the Romanian government, for \$4.4 billion dollars in lost profits. Once again, Gabriel Resources is attempting to remove affected Roșieni from the equation by pursuing revenue through an international investor-state settlement dispute court case in Washington, via Romania's bilateral investment treaty with Canada (Canadian Center for Policy 2017). However, AM's website also notes that this mechanism is not yet refined; less than 10% of disputes are settled in favor of Canadian investors (Rosia Montana: How to blackmail 2015). Through their support networks and NGOs, Roșieni from AM and RMCF managed to wedge testimonies into the court case and participate in protests in Washington.

8. Capital and Coercive Neoliberal ABD in Post/Socialist States

This chapter sought to elaborate on the morphology of mining/extractive neoliberal capitalism in rural Romania, advancing the proposition that a coercive (extra/legalized) theft and redistribution of land is being orchestrated by an emergent nexus between a national post/socialist state and international capital, leading to dispossession and inequitable differentiations in the concentration of land, rural classes and relations between different modes of production and existential (*Țărani* or peasant in Romania) realities. Based on the lead author's recent exploratory case study research addressing heterogenous grassroots organizing (peasants – *țărani* – and villagers) and local allied non-governmental organizations (NGOs), analytical perspectives gleaned from these actors regarding

state-corporate strategies and tactics provide a sense of the anatomy of coercive neoliberal dispossession in Roșia Montană. Roșieni described how the emergent nexus between the post/socialist state and international capital enact dispossession and concentrate land in the hands of a Canadian mining company via several conduits of state-international capitalist power including state institutions and national/local governance structures and civil society organizations like the church and mining corporate-organized NGOs (CONGOs). As an RMCF member observed, “The local council, the mayors, the county council, prefecture, government, and president... Including the Romanian Parliament, even they are guilty” (RMCF Member, Interview, Nov. 5, 2019). Extractive imperialism (Petras and Veltmeyer 2014, 4-5) and neoimperialism (Harvey 2003) are after all, defined by the role of the imperial state in leveraging resource access for its multinational corporations in peripheral states, while the later helps multinational corporations secure access to land, minerals and other resources in a context of resistance and the claims of peasant farmers, indigenous communities and other groups in occupation of resources...including deployment of the state’s repressive apparatus.

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ACTUALITY OF SELF- CONCEALED TECHNOLOGICAL AND IDEOLOGICAL CONTROL OF CAPITAL RULE**

Abstract

As all sciences are in the service of technology, the notion of technology is no longer a means of some other purpose, but the very “essence” of the modern age. The transition from technique to technology means the transition from the analogue to the digital paradigm of the historical development of thought and being. Technology connects the fields of science and culture, nature and man, information and communication. As capitalism has encouraged the progress of science and technology, the neoliberalism of today considers such development an unquestionable and positive political-economic orientation. The capitalist mode of production hides its own essence; it is a system-ideology of self-concealment.

Keywords: *Capitalism, ideology, technique, technology, control*

Introduction

Technology is a condition for the possibility of human freedom in the modern world, not just a tool that facilitates human life. Yet,

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how can technology that contributes to the dehumanization of man be a condition of the possibility of his freedom? Does technology work for us in the world of life when important decisions need to be made? In many places, Marx sees capital itself as a subject in a critical situation of subjectivity in the context of capitalist mechanisms of coercion: forms of subjectivity are not treated as forms of explanation, but as forms that must be explained. Marx understood capitalist society as a totality (Marx 1971, 233-241). Capital, as an unlimited and infinite movement of profit and “a substance having its own life process” and an extremely unusual subject with extraordinary abilities: “value here becomes the subject of a process in which constantly changing forms of money and goods, it also changes its very size. It has acquired the occult property (*occult Qualität*) of creating value, because it is value.” (Marks 1971, 143-144).

The area of social reproduction is part of the shaping of subjectivity, and thus of power relations. There is one dominant factor in the capitalist society, one Subject that permeates, organizes and orients all reality, but also articulates and binds this reality according to its needs (Arthur 2002). Capital as a “self-valorizing value” is a total subject of modernity, which has as its goal only its own infinite growth.

1. Technique and Technology

Who is the true “subject” of capitalism? According to Marx, this answer is tautological because it arises from the very “essence” of capital. The “subject” is capital itself as the “substance” of the entire world order of productive forces (science as technology is being) and the relations of production (modern society is being). The subject-substance manifests itself in its highest form of capitalism without labor, at the moment of the emergence of total nihilism of the world of labor. In it, nothing is reduced to “nature” (physical work that creates surplus value), but everything becomes “technology” (cognitive work that creates artificial life as a new value) (Sutlić 1994). Capital-produced goods provide insight into the essence of capitalism and provide access to the dynamics of capitalism. That independent capital that strives for infinity and

throws back light on the commodity is the beginning of Capital (Lošonc 2017, 134).

In order to be able to get out of the ontological trap of the so-called techno-determinism according to which technology creates history, on the one hand, and the so-called socio-indeterminism according to which man as a set of social relations uses technology for his own purposes, on the other hand, it is worth considering what is the condition of community possibility beyond “human nature” which capitalism reduces to seducing desire by marketing things/objects (Deleuze 1992, 3-7). In the first case, technique determines the limits of man’s freedom, and in the second, technique is a means of realizing human freedom, which can be found in Marx’s historical materialism. The first view is post humanistic and is visible in the texts after 1845 (*Grundrisse* and *Capital*), and the second is humanistic and such a perspective is represented by Marx in his first works.

In modern philosophy, this question is viewed from two perspectives, one by Heidegger, the other by Deleuze. Heidegger deals with the question of the “essence” of technique, while Deleuze and Gutari seek to open up the possibility of thinking of difference and multitude in a machine-set set of worlds. For Heidegger, technique is not something that man rules over, but something that rules over man – something that predetermines both the way of his life and actions, and the way in which he thinks about the world and about himself. (Heidegger 1999, 18-19) Capital produces fluid codes of object production. Everything adapts to the mobility of companies without “subjects”. Control is no longer external supervision as in the disciplinary society of Pantoptikon in the institution of labor (factory), education (school), physical and mental health (hospital-asylum), of punishment (prison) (Foucault, 1998). The technical machine – as it occurs in capitalist production – is created and functions for the social configuration of capital, the machining of people and tools that contain the potential to maximize surplus value (Deleuze and Guattari 1977, 131).

Deleuze has analyzed the abstract machine of capitalism, and is not of the opinion that technology is the monstrous thing that in its essence submits everything to its post human power. Technology is an assembly (*assemblage*) with which societies historically develop

in their economic, political and cultural configuration (Deleuze and Guattari 1987, 187). Deleuze follows Marx, who for him is a radical thinker of the epochal revolution within capitalism itself, because he strives to overcome the illusions and deceptions of the transcendence of metaphysics in the immediate life of becoming real. The primacy of the power of the idea over reality, the other side over the one side, disappears with Marx's understanding that the world of scientific and technical reality of capitalism is a product of the relationship of difference and otherness, and not a relationship between structures and their social actors.

Marx clearly distinguishes between the concepts of "creative power" and productive force. Creative power consists of natural, technical, organizational and spiritual resources (Marx 1960). Ellul explains creative power by the totality of methods rationally developed in order to achieve absolute efficiency (Ellul 2010, 19). The productive forces are the means of production and man with his abilities (Despot 1976, 44-51). In this way, "creative power" is equal to the notion of "material power." If creative power consists of all natural, technical, organizational and spiritual resources, technology is the system for its materialization. In a capitalist society, creative power and productive forces are inextricably linked. Machines are not only the product of the division of labor or the production of human knowledge and material wealth, but are developed historically, but also under the influence of market forces. Machines are always directly related to class struggle and are always inherent in a certain economic system and a certain class (Wendling 2009, 68).

According to Marx, technology is shown as a share in the productive forces, as a moment in the means of production, but also technology is shown through the specific skills of humans. Technology reveals man's active relation to nature, the immediate production process of his life, and thus his social conditions of life and the spiritual ideas attributed to them (Marx 1971, I). Technology is "a clear reflection on production and creation", that is, technology is the opinion of technology, and technology is the productive transformation of being (Axelos 1969, 174). Technology as a transformation of being begins with the creation of the first tools, based on the coercion of the natural burdens of primitive human existence, while technology is a system that thinks, regulates,

accumulates and produces technique. Technology has evolved from our need to conquer and manage external living conditions, in order to control the forces of nature and expand the power and technical efficiency of human natural origin in the direction of practical and operational benefit (Mumford 1952, 32).

Marx shows a structure that is reproduced through changes, creating a dialectical unity between structural immutability and immanent dynamics. This assessment remains valid despite the penetration of the tertiary sector and the escalation of cognitive commodity of late capitalism because they reproduce them at another level, and the structure remains invariant (Starosta 2012, 376). By understanding the transcendental categories of capitalism as a social system in which commodities money and capital have a double meaning in abstract and concrete work as a source of reality, the world shows itself as a scene of “necessity” and “rationality”. Appearance and essence coincide when it comes to the realization of an idea and concept in an essential phenomenon. Marx’s philosophy itself represents an epistemological cut in the perception of technology as a wheel of change, and the science he sees as the broader framework of his philosophy (Althusser 2001). Marx emphasizes that economic processes shape non-economic – natural, cultural, political (Wolff and Resnik 1987, 130).

Nature, culture and politics, as well as society as a whole, do not change with the development of ideas, but change at a certain level of production, and in the capitalism with certain production technologies. The relevance of Marx’s thought is also evident from his reflection that “the owners of capital will encourage and stimulate the need of workers to buy their expensive commodities: apartments, houses and technology, obliging them to enter into expensive mortgages to the level of unsustainability... Finally, these unpaid debts will cause the bankruptcy of banks, which will have to be nationalized ...” (Marx 1971).

A man is free if he can choose, and he can choose if he knows enough to be able to compare. Marx points out as early as 1856 that “man is enslaved by other people or his own inferiority at the same rate at which humanity gains power over nature. Even the clear light of science seems to be able to shine only on the dark background of ignorance. All our inventions and all our progress

seem to end with material forces being endowed with intellectual life, and human life being reduced to the degree of dull material power. This antagonism between modern industry and science, on the one hand, and misery and decay on the other, that is, between the productive forces and social relations of our epoch, is a fact, tangible, predominant and indisputable.” (Marx 1956, 550)

“Natural science has entered human life and transformed it practically through the medium of industry; and prepared human emancipation. Industry is the real historical relationship of nature, and therefore of natural science, to man. Nature that occurs in human history – in the genesis of human society – is man’s true nature, hence nature, as it occurs through industry, though in an alienated form it is a true anthropological nature.” (Marx 1977)

What Marx interprets as “human science” is the science of concrete synthesis, integrated with real life. Its foundation is the ideal of the non-alienated man whose real human needs – as opposed to the speculatively distorted and practically dehumanized “abstract material” – determine the direction of research in each individual field. The achievements of individual fields – guided correctly from the beginning by a common frame of reference of non-fragmented “human science” – merge into a higher synthesis which in turn determines further directions of research in different fields.

Capital is not a thing (Ding). In capital, certain social production relations of persons are shown as relations of things to persons, or certain social relations as social natural properties of things (Marks 1977a, 50).

Capital becomes a very mystical being, because the social productive forces of labor manifest as if they belong to it, not labor as such, and as if they originate from its own wing (Marx 1971, 688).

In the age of “real subsumption” of labor, “automation” in which the method of production of workers is replaced by a machine, and labor itself is transformed into a creative operation of machinery, the question of machine is not a technical question, and the “essence” of technology is nothing technical (Heidegger 2000, 23).

Capital through the imposition of machines on the structure and control of workers (Marx 1976, 563) leads to increased socialization (actual subsumption) to the extent that each stage

of development has a rejection, unproductive entropy that forces capital to new technological paradigms in “decomposition” of each new “class composition” (Lošonc 2017, 134). Workers in third world countries work for very low wages even up to 16 hours a day, working with 20th century technology, but with the income and conditions of the 19th century. The biggest losers will be the low-skilled workforce, while the narrow elite of the highly skilled in science and technology sector will be the biggest winners.

There are predictions that 3.5 million jobs will be suffocated by 2025 due to the informatization of the economy, i.e. due to the uberization of business (Teboul and Picard 2015). The “uberization” of the economy threatens the traditional way of employment, especially in the service sector. All these forms did not release workers, shorten working hours or introduce better working conditions, but took workers back one step. That is why capitalism is more similar to that in the 19th century, since the worker works more than 10 hours (Hedddges 2018).

Marx argued that the material conditions of existence determine our consciousness. Although Uber drivers who sleep in cars think they are ‘free’ because they determine working hours themselves, they are materially determined because being is irreducible to knowledge, and the material conditions of existence are what determines that existence, although capitalism to this day tries to prove otherwise. Whatever we think of ourselves, our “identities” are rooted in material life relationships.

Real subsumption is the transformation of production techniques and technologies themselves in a way adapted to capital (Krašovec 2013, 62). The real subsumption of production begins with the industrial revolution. The machine initially compensates and disciplines manual, reversible action, while the real subsumption of intellectual action begins much later in the second half of the 20th century, with the invention of the computer. With this process, machines become competitors to intellectual capital.

The new industrial proletariat means the arrival of the figure of the mass worker, working in conditions of real subsumption and highly developed industrial technology, and no longer derives its social power from a monopoly on its skills than from its mass and concentration, for the modern industrial system itself

concentrates a huge number of workers in one place, which also facilitates anti-capitalist organization. From such a perspective, capital constantly imposes new reorganizations on the working class until capital itself autonomously organizes social production, and organizes it in a way that suits it and is radically different from the way of capitalist production.

2. Capitalism of capital

Corporate capitalism has established neo-feudal slavery in many occupations because it does not respect the laws of labor, the minimum wage, rewards, and job security. Corporate elites, who have control over governing institutions and destroy labor unions, are reintroducing inhumane working conditions that are characteristic of the 19th and early 20th centuries. The dominance of technology and science associated with a mass culture of consumption has made society become a dehumanized drive of productivity. The reality of neoliberal global capitalism is visible in the contemporary politics of events without a subject. By 2025, 42 to 47 percent of current jobs will not be done by humans – but by robots. First of all, bankers, notaries, and accountants will be endangered (Teboul and Picard 2015).

Capitalism did not create our world: it was created by a machine. The machine has taken its place in the social milieu in which we live. Therefore, capitalism is only one aspect of the profound disruption of the 19th century (Ellul 2010, 22-23). It is typical for capitalism to encourage scientific and technological progress through which capitalism regenerates in order to develop productive forces, so that in production, additional value is less dependent on human labor. Capital is a “walking contradiction” because although it aims to reduce working time, at the same time it sets working time as a measure of all things (Marx 1973, 145).

A revolution is happening right now because of the collective appropriation of knowledge that has occurred by changing the mode of production, that is, the transition from analogue to digital transmission of knowledge. Technology reveals man’s active relationship to nature, the immediate production process of his life, and thus his social living conditions and the spiritual ideas attributed to them (Marx 1978). According to Marx, every advance

of technology is not for the benefit of society and progress in the existing political and economic framework, it serves as a tool for creating surplus value. In other words, progress in capitalism is equated with profit.

Progress and the improvement of living conditions are not synonymous. As Marx showed, in capitalist market societies, human goals, the welfare of mankind and prosperity are subordinate to the goals, the benefit, and the flourishing of capital (Smith 2017).

Marx predicted the concentration of capital, as evidenced today by the fact that capitalism is not simply a trade and economic power, but contains a trend towards consolidation and the creation of ever-increasing corporations. He pointed out that this would ultimately destroy productivity, which we still see in many areas today. Several large companies dominate the market driven by their interests and there is no innovation in the current economic system. Capitalism simultaneously generates enormous wealth and new forms of impoverishment. There is a very interesting dichotomy in the societies of liberal capitalism according to which the political area is democratized, and the economic sector is completely hierarchical and feudal. According to Marx's theory, there can be no democracy if those two areas are separated. While technological innovation creates an economic scale, there is always a tendency for the owners of these technologies to use it to monopolize power over all of us and deny the benefit of these achievements. This happened in the Second Industrial Revolution, and now more because Google, Facebook and artificial intelligence are based on the internet. Today, we are witnessing the transformation of production conditions in which the boundaries between productivity and everyday activities are blurred. We create values that we "hand over" to Google later in our free time and make a profit for it. The socialization of production takes on a totally different form from what Marx could have imagined.

According to Marx, the difference between capitalism and feudalism lies in the fact that it is directed towards phenomenal productivity and dynamics. Marx believed that the realization of surplus value through human labor gave capitalism its revolutionary strength, which enabled it to reinvest and expand the use of new technologies of the Industrial Age, thus suppressing the old

ways of organizing society, separating people from agriculture and redirecting them to new forms of factory production. Technology reveals the active relation of man to nature, the process of direct production of his life, and thus he also assesses the process of creating social relations and mental conceptions that originate from those relations (Marx 1971, 493).

The capitalist mode of production not only transforms the situations of the various agents of production, but also revolutionizes their actual mode of operation and the true nature of the labor process as a whole (Marx 1971, 102). What for Foucault and Deleuze is a diagram and an abstract machine, for Marx is a “specific capitalist mode of production.” In this “automaton” or “machine” relationship, if technical, human and social relations function as an integrated or machine whole – the ruling force or unity ceases to be the rhythm of labor, and becomes the rhythm of capital itself, under a temporary imagination that technically embodies cooperation and socialization of labor. And thus “represents the power of the master” (Deleuze and Guattari 1983).

In the conditions of Anti-Oedipus, the “Body without Organs” (Deleuze and Guattari), capital sets its disjunctions through technical machines and becomes a quasi-cause of production, and the production desires of the machine circulate limited within them. With the development of social production of “productive power” and the social connection of labor in the direct labor process is transferred from labor to capital. Thus, capital becomes a very mystical being, since all the social productive forces of labor manifest themselves as belonging to it, and not to labor as such, and as if they originated from its own wing (Marx 1971, 688).

According to Panzieri, technical forces are not developed in the logic of neutral scientific progress, but are a means of consolidating a certain form of value extraction. The technological rationality, or the “machine” (and all present organizational methods and techniques) is a direct manifestation, and naturalization, of capitalist power and control. The forces of production have capitalist relations and are immanent to the “unity” of technical “and” despotic “moments” (Panzieri 1980, 57). The capitalist social relations are disguised within the technical requirements of machines and the division of labor so that they act completely independently

of the will of the capitalists (Panzieri 1976, 9). The relations of production within the productive forces are “shaped” by capital. This is what allows capitalist development to extend itself, even after the expansion of the productive forces it has reached the highest level (Panzieri 1976, 12).

The capitalist abstract social machine is fundamentally different from the “primitive” and “despotic” abstract social machines in that they do not function on codes (coding and excessive material flows), but precisely on decoding and deterritorialization – which is its most important tendency (Deleuze and Guattari 1983, 34). The two main flows brought into conjunction are deterritorialized and unskilled workers, “free”, who sell their labor capacity (no longer coded as a slave), and decoded and unskilled money (no longer designated as trade or similar wealth) capable of buying labor power. Marx and Engels pointed out that “all fixed relations, with their ancient and respected prejudices and opinions removed, all newly formed become obsolete before they can be modified. Everything has become firmly fluid, everything that is sacred is cursed, and man is finally forced to face the sober faces of his real living conditions and his relationship and his kind” (Marx and Engels 1973, 36-37).

The capitalism has a special character: its escape lines are not just difficulties that arise “like those in other social machines”, they are conditions of their own production (Deleuze, in Guattari 1995, 66-67) since there is no special structural regime, authority or the configuration of life for maintenance, but the unique goal of “production for production.” “The essence of wealth” is no longer a concrete thing, but “activity of production in general” (Deleuze and Guattari 1983, 270). There is a reconfiguration of the process of reterritorialization and decoding, for “production in general” which has a purpose – the self-expansion of capital, maximization of “surplus value” from the expansive potential of life.

In *Capital* Marx analyzes the real reason for the twofold movement: on the one hand, capitalism can only continue by constantly developing the subjective essence of abstract wealth or production for production, that is, “production as a goal in itself is the absolute development of social labor productivity”; but on the other hand and at the same time, it can do so only within its

limited purpose, as a particular mode of production, the “production of capital,” the “self-expansion” of existing capital (Deleuze and Guattari 1983). The capitalist social machine, unlike other abstract social machines, is constituted generalized as the decoding of all fluxes, the fluctuation of wealth, labor, language, art, and has not created any code, or some kind of responsibility, axiomatically decoded fluxes as the basis of its economy. Although capitalism supports and satisfies desires, it itself produces desires. Its nature is a repressive system that produces a “schizophrenic as a subject of desire.” Capitalism, in the very process of production produces a schizophrenic charge to which it directs its repression (Deleuze and Gattari 1990, 29). Psychic reality is the reality of an object produced by desire (Deleuze and Guattari 1995, 22). All important things are created and happen “under consciousness” (Fourquet 2007, 555).

Deleuze and Guattari distinguish two subjective forms, both of which function simultaneously in the capitalist axiom – machine enslavement and social subordination. Machine enslavement produces an integrated human machine subordinated to greater unity (a despotic state form is the first example, but Marx’s productive “automaton” could be second), while social subjugation isolates man from the machine to become more unity on its own. The human being is no longer a component of the machine, but a worker, a user. He is subordinate to the machine, and no longer enslaved by the machine (Deleuze and Guattari 1988, 457). Deleuze sees the forces of repression in society as a “body without organs”, which is sterile and unproductive. Capital is the “organ less body” of the capitalist that appropriates the production of individual desire machines for its own purposes (Deleuze 2010, 56). A body without organs causes the existence of desire (Deleuze 2009, 133), but there are also bodies without organs as empty, hardened envelopes, as organic components of people (Deleuze 2009, 180).

3. Control society

When the economy takes over the power of establishing post human relations in the scientific and technical world of the absolute reproducibility of life as bio capital, then the world itself is left without the ethical and political assumptions of its existence. This is exactly what Derrida, in Schmidt’s footsteps, calls the “dehumanized

desert” (Derrida 1997, 130). Cybernetics in the information age significantly changes all previous metaphysical categories and concepts of theories, practices and poesies (Capurro 1981, 341).

Practice has the meaning of theoretical-poetic action and through it the scientific history of intangible work itself comes to self-realization. Marx therefore postulates the coming of what necessarily and inevitably follows from the immanent “essence” of capitalism in a Hegelian manner (Derrida 1997; Capurro 1981, 333–343).

According to Negri’s perspective of the “communication society” (Negri 1992, 105) or Deleuze’s “society of control” sophisticated technocratic forms of population surveillance and control are increasing as a “testing-ground”, progressing technologies that are the prototype of these new forms of power (Guattari 1984, 48, 50). Although in the realm of control they appear in an obviously central place, control is reminiscent of the category of “Empire”, which itself becomes all “empty”. One can also talk about the return of the “empire”, which is immanent to the most complex control. (Deleuze and Guattari 1988, 460) Deleuze and Guattari present a worldview through a Marxist structure, transformed and adapted to new conditions. Capitalism is not outside of us, it is us (Fourquet 2007, 555).

As the masses strive for autonomy, exploitation becomes increasingly “external” and “empty”: “capitalist power drastically controls new configurations of living labor, but only externally because it is not allowed attacking them in a disciplinary manner.” (Negri 1994, 235, 238)

This control can be linked to some pervasive characteristics of post-war capitalism: the end of the gold standard and the emergence of floating exchange rates (Deleuze 2010, 180), and a form of capital not based on production and ownership but on jobs, services, administrators and computers. Deleuze sees in Marx his closest interlocutor and predecessor in what is called the ontology of the social machine.

The capitalism in its current form is dispersed because the family, the school, the army and the factory are no longer so analogous. A factory is the body of a man whose inner forces have reached a balance between possible production and the lowest

possible earnings; but in the controlling company, companies take over factories, and business is the “soul of the movement” (Deleuze 2010). In the techno-scientific modulation of the “society of control”, this can be posed as a problem of the impossibility of any renewal of practice and ethics of action without a radical change of the “essence” of futurological thinking. In the era of the absolute triumph of capitalism, all values are sacrificed at the altar of capital. The complete social dominance of capital needs to be “hidden” behind democratic propaganda, which gives us messages that the introduction of democracy is necessarily related to the privatization of state-owned enterprises and the removal of all obstacles that stop the penetration of foreign capital (Stanković Pejnović 2016, 12).

Prominent individuals influence the worldviews of the masses. According to Le Bon’s vocabulary, the “small intellectual aristocracy” is a skillful force in the application of mass psychology. (crowd) This artificial bourgeoisie is not capable of accumulating capital, but only of consuming and destroying the surplus value it collects from local labor and the subsidies obtained from mentor states and international monopolies. Although the foreign imperialists are the true masters of “conquered, self-colonizing” countries, their domestic actors are rewarded for selling local products by “gaining” a state independent from the local masses, but not from imperialism. The age we are about to enter will in truth be the Era of crowd (Le Bon 1986, 4).

Production for production’s sake becomes consumption for consumption’s sake. In itself, the process by which capitalism appears in the form of the scientific practice of labor no longer affects only the formal and material conditions of production, but the efficient and final causes of consumption. In modern times this is the case with semiocapitalism. The logic of the media representation of the spectacle transcends the difference between the object and the sign of the commodity. Everything becomes the intangible work of the technosphere. From its logic, “nature” is constructed by artificial life and simulation of the real (Paić 2012, 25).

The late capitalism of information societies is based on the idea of sustainable development because the system is subject to “internal control.” The very change of concept from supervision to control indicates a fundamental change in the meaning of practice

in the scientific and technical world. Supervision has the human characteristics of a top-down view. Control has the character of a posthuman state of the biotechnical code of machines. Supervision corresponds to the analogue age of the media, and control to the digital age of (technical) new media (Foucault 1998).

Technology shapes life according to the biotechnical code, so the control of production-consumption of life in the new order of global capitalism is shifting from the living (human) to the machine (non-human) time of freedom and the living world. The development/progress of capital in the form of intangible work to techno-science prove to be a mode of understanding the general history of the world. Techno-sciences construct all social life as a machine-without-desire. Desires have not disappeared, but have been materialized by designing aesthetic objects. When desire becomes an object of itself, it becomes a mere sign of the reproduction of capital at an ever-higher level of abstraction. The pure immanence of the inhuman, which henceforth controls human affects, processes of interaction and communication, unites technology, machines and society (Savat 2009, 56).

When the world is in danger of becoming a total mobilization of labor in the cyber rule of a machine-organized order, the differences between be-being and being in the “society of control” disappear. Global networks of modern information technologies form a new set. In it, the “society of control” appears in a new way of production and at the same time modulation of social relations. The difference (being) and repetition (time) in the event of the new becoming for Deleuze marks a step outside the matrix of the history of metaphysics (Deleuze and Guattari 1987, 185-211).

The progressive growth of the power of the masses took place at first by the propagation of certain ideas, which have slowly implanted themselves in men’s minds (Le Bon 1986, 5).

With the new digital technology, instead of the vertical human power over people, we find ourselves in a post human state of total control over life. The process of production and the enjoyment of consumption take place in the process of optimal control regulated by marketing and management as a technology for the realization of desires. “Surveillance capitalists’ acts of digital dispossession impose a new kind of control upon individuals, populations, and

whole societies.” (Zuboff 2018, 185). Under surveillance capitalism, the “means of production” serve the “means of behavioral modification.” (Ibid., 330)

However, if there is nothing technical in the “essence” of a machine, then what is the relationship between the technology (machine) and the human practice (work)? The practice of work in the age of cybernetics as a scientific history abolishes the social relations of human obsolescence in work-technology, and puts the position of man in the post human state on the level of the question of how to produce the worldliness of the world from the realm of freedom. Instead of thinking “about” history as an event of practice, we think of the event itself.

Work and technology are not binary oppositions, but biotechnology is the new power of life production in the age of complexity and entropy of the modern world. We do not live in a new society based on the immaterial work of techno-science, but it is necessary to understand that society is disappearing as an instance of rationalizing needs (Paić 2013, 628).

When, according to Heidegger, society disappears as a result of modern subjectivity, we are faced with the emptiness of any further self-determination of man from the “essence” of practice. With the disappearance of the dichotomy of work and freedom, practice and events, the relationship that was metaphysically marked by the hierarchical structure of power (disciplinary society) also disappears. Instead, there is an age of networked societies of control in which stability arises from the absolute control of change/becoming a being.

4. The ideology of neoliberalism as an ideology of the rule of capital

The thoughts of the ruling class in every epoch are the ruling thoughts, i.e. the class that is the ruling material force of society is at the same time its ruling spiritual force. The class at the disposal of the means of material production thus has at its disposal the means of spiritual production, and the thoughts of those who are deprived of the means of spiritual production are subordinated to it. The ruling thoughts are nothing but the ideal expression of the

ruling material relations, i.e. the ruling material relations expressed in the form of thoughts; hence the ideal expression of the relations which make exactly one class ruling, hence the thoughts of its rule (Marx and Engels 1961, 393).

Deleuze redirects the critique of ideology to a completely different field of action. The practice is shifting from the “ideological-political” sphere of the struggle for identity of (new) social groups in the formation of neoliberal capitalism to the field of politics of differences and affirmation of otherness (micro politics). Instead of “false consciousness”, we encounter the problem of the impossibility of radical politics in neoliberal global capitalism. Action lost its meaning the moment politics became a post-politics of collective identities (Deleuze 1992, 4).

Is the change from a disciplinary society to a society of control (Foucault – Deleuze) only an inevitable consequence of a change in the “mode of production” by which “productive forces” (science and technology) determine “relations in production” (society-politics-culture), or is it something that conditions this “necessity”? This question becomes fundamental to understanding the modern complex of techno-science and what remains of society as understood from Marx to Deleuze.

As capitalism encourages the progress of science and technology, the neoliberalism of today considers such development as an unquestionable and positive political-economic orientation. Yet can progress contribute to the liberation of workers from work or is it exclusively a tool in the hands of capital? Due to the development of technology, “rule over the people” has become simpler and many theoreticians claim that the world has become a “global village” and a media/virtual reality.

Nearly 100 years ago, Bernays found that the main organizers of manipulation are groups and organizations that covertly act on behalf of clients from corporate and political circles, creating public opinion. Conscious and intelligent manipulation of the habits and opinions of the masses have under their control the mechanisms that make up the invisible government, which is the real ruling force (Bernays 2005).

The capital owners set ideologies and dictate media behavior, that is, they create news and influence the shaping and projecting of credible interpretations of reality. It is naive to believe that societies that claim to be democratic and free do not have a certain degree of media control. Only the degree of directness of the control is unknown. Yet increasingly the liberal democracy is beginning to be realized precisely through its own opposite; through police globalization of increasing control and protective terror (Bodrijar 2007).

The capital and media control combined with the “shock doctrine” are excellent weapons in the implementation of the “art of politics”. Politics is not based on the rational appeals based on facts, but consists of creating opinions by deliberately exploiting subconscious and irrational reasoning (Wallas 1908).

Another important foundation of manipulation is the “problem-response-solution” method. A problem is created violently in order for the public to get used to it. Neoliberalism is the only total ideology of late capitalism. Combining the nihilism of production-consumption within the development of techno-science, what remains unquestioned since Hegel is the form of corporation as a kind of supranational/suprasocial absolute of the “end of history”. A corporation is not just a bureaucratic machine of managing the economy, but a matrix according to which the entire social mode of production is organized. With corporations, the contradictions and differences of society and the state disappear. As there is no fixed territory because capital is in constant motion and transformations of world governance, it is no wonder that the term corporation denotes a substitute for the empty place of God/Law.

Neoliberalism as a new spirit of the capitalism, a much broader concept than the dogma of the privatization of the public/common good, contributes to the disappearance of nation-state sovereignty and the destruction of the institutions of civil society. Neoliberalism is an ideological-political project of establishing a new form of government, which Foucault calls governmentality (*la gouvernementalité*). Replacing the notion of discourse of knowledge/power with the notion of dispositive means, a transformation that Deleuze determines by the transition from disciplinary to control societies (Deleuze 1992). It is a form of connection between the apparatus of political power in discursive practices of government

and the very technology of government in modern capitalism. The ideology becomes a question of cultural identity, while politics directly serves the interests of corporations. The signs of right and left in this are almost irrelevant. Two models of political rule, two different and programmatically opposite ideologies, correspond to the two ruling economic schools and doctrines of the 20th century, the Chicago School as the pioneers of neoliberalism in the 1970s and 1980s, and the Freiburg School as a model of the social-market economy and political order close to the ideas of social democracy of 1920s (Foucault 2008; Lemke 2008).

The liberal idea of freedom corresponds perfectly to the non-political way of creating a new community. The notion of the non-political refers to the perversion of the ontological rank of politics in the modern age. Purpose becomes means, and means purpose. Politics today serves the interests of corporations. From an instrument of protection to the liberal idea of society, politics is irresistibly sliding into a totally oligarchic rule of the world. Civil society is no longer a social formation of identity. Leading life as a contingency and emergence of the individual within the networked spaces of the corporation replaces the class solidarity of the workers.

Digital technologies and new media have reversed the traditional metaphysical understanding of the means and purpose of a historical event. In order to maintain the system in its complexity, these rules follow the principles of cybernetics. In modern times, ethics becomes bioethics; politics becomes the technology of governance in the global order of control societies; and the economy becomes an absolute power that shapes social relations by transforming the world into a network of fluid flows of capital, services and objects (Paić 2013, 612).

The purposefulness of the action of practice-in-the-world is disappearing because now the fundamental problem of the non-purposefulness is the world, itself without practice. We are in a posthuman state in which science connects the separate spheres of nature and man, the creation of artificial intelligence and artificial life. In the information society, man becomes a biogenetic code and an experiment aimed at improving the cognitive-physical possibilities for performing complex work operations. In such a society, culture is both a world of life and an ideological justification for the

performance event of the power of capital and capitalism with no alternative. This “sacred trinity” of the posthuman state in social practice is a reflection of the labyrinth of cognitive capitalism (Stiegler 2010).

Conclusion

The main feature of the present has the features of total mobilization of information and communication technologies, with the purpose of mastering the territory of resistance and subversion in the very desire for freedom. Instead of the delirium of consumption in the constant outplay between hedonism and asceticism, we are entering an era of experimental accumulation of capital. All the secret understandings of the spectacle society from Debord to Agamben boil down to the fetishism of commodities in the form of an image from production to consumption of visual capital. Capitalism survives all epochs of social change because it responds to the demands of the irrational rationality of freedom and desire. The struggle for the promotion of pure capitalism with the aim of maintaining the regime of certain powerful corporations is closely connected with the psychological destruction of one’s own nation (Debord 2002, 29) or the colonization of one’s own nation (Kara-Marza 2011, 179).

Heidegger’s view that the essence of technology is nothing technically corresponds to Marx’s position that the essence of capital lies beyond capitalism as a social formation that in the West has its correlation in the idea of free citizen, private property and the market.

With the research of artificial intelligence and artificial life (A-intelligence and A-life) comes the greatest possible turn in the understanding of the “being” of capital. If it is no longer physical labor, then in its place comes the techno sphere. It appears in the form of a cybernetic living machine (Paić 2012). It does not matter “what” or “who” is the subject of this monstrous process of total mobilization of capital, but how in this inhuman state of runaway techno-science with its constructions of artificial life in robotics, nanotechnology, genetic engineering, computer intelligence can still maintain the concept “substance”, “subject”, “being”, “time” and their respective spheres of economy, politics and culture if everything becomes fluid and unstable, and the very cognitive

activity of observing (visual) events accumulates in the cultural capital of the spectacle? Totalitarianism is always accompanied by a spectacle, as a constant speech of the ruling order about itself, its uninterrupted monologue of self-exaltation, a self-portrait of that order in the phase of its complete domination over all aspects of life. The goal of the spectacle is to make people unaware of the changes in the conditions of their practical existence and to introduce them slowly and imperceptibly into the world of invisible totalitarianism (Stanković Pejnović 2018, 46-47).

The loss of society is a consequence of the transfer of capital from industry to information. The technology is not neutral because it acts in such a way that modern society as a subject becomes the object of its own determination by industrial production. With the advent of cybernetics and informatics, we are entering the field of biotechnical control of the processes of living subjects, which is the realized reality of corporate capitalism.

The paper has reshaped the post human form of new information technologies. New forms of social communication arise from the transition of man from the subject to the project, that is, from the transition of the actor of real action into the interactive actor of the cybernetic network (Terranova 2004). Capital has created a globalized consumer, a post-entity focused only on satisfying its needs, a one-dimensional man (Marcuse), an atomized individual focused on fulfilling its interests and benefits, fulfilling the aspirations of the ego and current needs. As the victory of totalitarianism, so the victory of the supremacy of capital can coincide with the destruction of humanity, because wherever it rules, the human essence is destroyed (Stanković Pejnović 2015, 530).

Industrial technology is not neutral, but represents the material embodiment of the logic of the capitalist mode of production, which reduces the worker to the service of the machine and constantly strives for greater productivity and thus profits regardless of the human cost (Marx 1978a). Political economy is an immanent part of that practice which spontaneously arises daily from capitalist forms of socialization; it is not only a mental conceptualization of the created capitalist world but a theoretical expression of social practice. For Marx, this is a turning point in his critical thinking about the capitalist mode of production. The social process with its technical

consolidation in machines develops into what Marx called the “specifically capitalist mode of production” or “real subordination” where labor and social life itself are entangled or “subordinated” and thus transformed, in complex processes of machinery in large industry. In its genetic origins, since coming to power, capital is, according to Marx, “completely covered in blood and dirt” and transfers its “energy that pushes it forward” to personal and political ties through new forms of rule and subordination in unprecedented forms of violence. It now manifests itself in the invisible form of an economy conducted by an open market with the complete but covert rule of multinational companies. Capital destroys every form of humanity and shatters all ideal distinctions between true and false, good and bad (Stanković Pejnović 2016, 14).

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MARXISM, DEGROWTH AND THE STRUGGLE AGAINST ECOLOGICAL DISASTER CAPITALISM

Abstract

Today's largely market-based economies seem incapable of finding an adequate response to the threat of a climate catastrophe in the wake of advancing global warming. Against this background, more radical criticisms of the market-based economic system are once again receiving attention. In addition to the Marxist critique, with Degrowth a – comparatively – new radical critique of the dominant economic system has entered the scene. Despite the sometimes difficult relationship between the two lines of criticism, common ground is increasingly being sought as the basis for a possible alliance. This article discusses the question of whether there are indeed compelling reasons for an alliance. On the one hand, it examines the accusation made by some Degrowth advocates that Marx was not an ecologically minded theorist and Marxist approaches should be avoided. On the other hand, two of Degrowth's core contents – growth criticism and consumer criticism – are examined for their compatibility with Marxist approaches.

Keywords: *Climate Catastrophe, Marxism, Ecomarxism, Degrowth, Ecomodernism, Growth Criticism, Consumer Criticism, Red-Green-Alliance*

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Introduction

In a recent study it was shown that climate projections carried out in the 1970s, which from today's perspective used rather simple methods, were able to predict with great accuracy the increase in the global mean surface temperatures that has been observed since then in the course of global warming (Hausfather et al. 2020). On the one hand, this points to an already solid scientific basis of climate research back then. On the other hand – and far less encouraging – this result can serve as evidence that nothing noticeable has happened in the last 50 years to slow down the emission of greenhouse gases into the atmosphere responsible for climate change. Obviously, at no point in time have economies on a global scale – most of which have been organised as market economies since the 1990s – succeeded in counteracting the certainty about the disastrous consequences of global warming with effective mitigation strategies. This is particularly alarming because not only have the predictions of climatologists been proven to be correct time and again. In addition, even the often-scolded economic mainstream is overwhelmingly in favour of a stringent climate policy and the associated regulatory measures (Howard and Sylvan 2015). If even the proposals of liberal economists are not able to change the course of market economies, it seems as if a kind of self-destruction mechanism is anchored in the capitalist economic system. Against this background, it is no surprise that a radical criticism of the prevailing economic system and its consequences is receiving increasing attention. Alongside the old (albeit constantly renewed) Marxist critique of the capitalist economic system, with Degrowth a *comparatively* new radical variant of critique has emerged, which is more heterogeneous in content and whose critique includes a much larger circle of recipients. Comparing and contrasting these two strands of criticism is an interesting endeavour for a number of reasons.

Firstly, if one considers the roots of many Degrowth ideas and theories in the approaches of Ecological Economics and Deep Ecology, Marxism and Degrowth have a long history of discourse that began with the sharpened perception of ecological problems and the emergence of the environmental movement in the 1970s. The rifts between parts of the environmental movement and Marxists

were deep right from the start. In Anna Bramwell's (1989, 32) account of the history of "Ecology in the 20th Century", for example, Marx comes off rather badly:

"Marx's argument against nature on the grounds of historical development is, indeed, overwhelmingly subsumed in his resentment of unaltered nature (...) For when it comes to the question of man's survival on earth, Marx explains that given a choice between nature and man, of course man would come first."

Secondly, this negative Marx-reception can also be observed among current advocates of Degrowth. A text by the most famous German Degrowth theorist Niko Paech may serve as an example (Paech 2017). He accuses Marx of being concerned only with overcoming capitalism and not with turning away from the inherently destructive potentials of industrialization (Paech 2017, 42):

"But in many other places (note: in Marx's writings) a productivism shines through that accentuates the domination of nature in the sense of Bacon. There is hardly any doubt that Marx was not interested in overcoming the technical, but rather the institutional and structural features of capitalist production relations. No value is attached to nature itself."

Of course, Paech does not represent the mainstream of Degrowth theory if one looks beyond Germany's borders. But there are also examples elsewhere that illustrate how advocates of Degrowth find it very difficult to deal with Marxism. In the anthology "Degrowth – A Vocabulary for a New Era", published in 2015, in which many of the internationally most prominent advocates of Degrowth have contributed thematic articles, Marxism or even socialism do not appear as independent chapters, but capitalism does. The authors of this article (Andreucci and McDonough 2015, 62) explain in captivating honesty why Degrowth advocates tend to distance themselves from Marxist theory. It is by no means because they misjudge the probable incompatibility of Degrowth and its proposed policies with a capitalist economic system, for (Ibid.):

"in some form or other most degrowth advocates would concede that there is a fundamental incompatibility between capitalism and degrowth but are reluctant to explicitly position themselves against capitalism."

Three reasons are given why an aggressive confrontation with capitalism is not sought. First, from the point of view of Degrowth, the consumerist and productivist “imagination” of society are the main targets of attack for they ultimately form the basis of capitalism. This can only be understood in the sense that these imaginations have produced capitalism, not vice versa, as Marxists assume. Secondly, the heterogeneous approach of Degrowth, in which many diverse approaches are to find their equal place, prohibits the preference for a specific (Marxist) approach. And thirdly, many advocates of Degrowth are interested in increasing the acceptance of their ideas in society or in finding links to the scientific mainstream, and a decidedly anti-capitalist attitude is not helpful to this interest. As little as this last justification can be reconciled with the pronounced aversion of many Degrowth advocates to the scientific “mainstream”, it expresses a tendency to pursue strategies that involve the most nonthreatening confrontation possible with the prevailing power relations – an approach that must be strictly rejected from a Marxist point of view, especially if it is associated with an openly opportunistic motivation.

But despite the thorny common history of Marxism and Degrowth – and Degrowth’s predecessors – there is a *third* point that makes a comparison of the two approaches interesting. Increasingly, prominent representatives of both schools of thought are trying to convince the other side of the similarities between the two approaches – and this discussion is being conducted with the aim of forming an alliance in the fight against the ruling economic system (Foster 2011, Kallis 2019).

What questions do the three above-mentioned aspects raise? First, there is an argument, beginning with the environmental movement and continued by some advocates of Degrowth, that Marx had been thinking anything but ecologically and that it would lead in a completely wrong direction to follow his theories. It must therefore be examined whether this argument is valid or whether counter-arguments can be found. But even if ecological insights can be found in Marx’s work, the second question that necessarily arises is whether Marx’s thinking (and its interpretation in ecomarxism) is compatible with the core contents of Degrowth or whether there are contradictions that are difficult to overcome so that an allied

struggle against the ruling economic system should be avoided. These questions will be examined in the next three chapters.

1. Marx: Relentless productivist or far-sighted ecological thinker?

1.1. Marx as a productivist

Marx has never hidden his admiration for the dynamics of capitalism and the technological achievements that accompany it. In the *Manifesto of the Communist Party* (Marx and Engels 1977, 467), this attitude is expressed very clearly:

“The bourgeoisie has created more massive and colossal productive forces than all past generations put together in its barely hundred years of class rule. The subjugation of the forces of nature, machinery, the application of chemistry to industry and agriculture, steam navigation, railways, electric telegraphs, the cultivation of entire parts of the world, the navigability of rivers, entire populations stamped out of the ground - what earlier century could have imagined that such forces of production slumbered in the lap of social work?”

As is well known, Marx saw the development of productive forces in capitalism as a precondition for its downfall and the transition to the rule of freely associated workers. Every form of society and therefore also capitalism develops the productive forces under the respective conditions or limitations up to their highest expression and then breaks down because of the generated contradictions or – in other words – because of the increasing incompatibility of the relations of production with the conditions of existence of the respective form of society, which is then followed by a higher form of production in a new form of society (Marx and Engels 1983, 445-446). Capitalism is therefore necessary as a condition for the development of the hitherto highest form of productive forces. The “development of the productive forces of social work (...) is the historical task and justification of capital” (Marx and Engels 1964, 269).

The fact that Marx regarded man’s mastery of nature as both necessary and fundamentally positive is also echoed in Marx’ “Grundrisse” (Marx and Engels 1983, 602):

“Nature does not build machines, locomotives, railways, telegraphs, spinning machines. They are products of human industry; natural material, transformed into organs of human will over nature (...). They are organs of the human brain created by the human hand; representational power of knowledge.”

Against the background of these statements it becomes understandable why Marx is criticized by some ecologists and Degrowth advocates as a progress-affirming productivist. But Marx's views on the relationship between technology, productive forces and nature are not unambiguous. Two different approaches can be distinguished to reconcile Marx's thinking with ecological insights. Characteristic of the first line is a relativization of Marx's productivism. Characteristic of the second line is an affirmation, but ecomodernistic interpretation of Marx's ambivalent views.

1.2. The relativization of Marx' productivism by the ecomarxist “Rift School”

In the first volume of *Das Kapital*, Marx defines work this way (Marx and Engels 1962, 192):

“Work is initially a process between man and nature, a process in which man mediates, regulates and controls his metabolism with nature through his own actions.”

Metabolism with nature means dependence on nature and therefore requires a structuring of the metabolic relationship that is not detrimental to nature's conditions of existence. This close relationship is also expressed in a passage from Marx's *Economic-Philosophical Manuscripts* (Marx and Engels 1968, 516):

“Nature is the man's inorganic body (...) Man lives from nature, meaning that nature is his body, with which he must remain in a constant process in order not to die. That man's physical and spiritual life is connected with nature has no other meaning than that nature is connected with itself, for man is a part of nature.”

One could already draw the conclusion that Marx by no means spoke in favour of an irresponsible approach to nature. The following quotation from the first volume of *Das Kapital* (Marx and Engels 1962, 57-58) makes it clear that Marx also ascribes

nature an independent value in the production process, contrary to a frequent ecological criticism of Marx's theory of labour value:

“Man can only proceed in his production like nature itself, i.e. only change the forms of the substances. Even more. In this work of forming man is constantly supported by the forces of nature. So work is not the only source of the use value it produces, of material wealth. Work is its father (...) and the earth its mother.”

It is obvious, however, that it is only a use value that Marx attributes to nature, not an intrinsic value. The metabolic relationship with nature is transhistorical: it is necessary in every form of society (Saito 2017, 109). Since every form of society differs in the development of productive forces, it also differs in the form of regulation of the metabolism between man and nature. This is where the argumentation of the ecomarxist “Rift School” comes into play. In their view, the specific capitalist production conditions are not compatible with the necessity of a sustainable regulation of the human-nature metabolism; rather, they undermine it (Foster 2000, 155ff.). The point of reference for this argumentation is Marx's criticism of capitalist agriculture, which in its short-sighted quest for profit fails to secure the long-term fertility of the soil.

Marx's explanation of the “metabolic rift” is, let me say this much for a preliminary warning, somewhat unsavoury. The context is the urban-rural antagonism problematized by Marx. In order to sustainably secure the fertility of the soil, it is necessary to continuously supply the soil with the organic nutrients and minerals that are extracted from it in the course of the cultivation and harvesting of agricultural products. In pre-capitalist times, this supply was secured because most of the agricultural products were consumed by the land dwellers and their livestock, excreted and returned to the fields as natural fertiliser. According to Marx, the combination of urbanization and rural exodus in the context of the mechanization of agriculture and the industrialization of cities has destroyed this natural human-nature metabolism. For the products produced in the countryside are now increasingly consumed in the cities and excreted and disposed of in the cesspools. The result of this process is a “waste of soil fertility, in that the components taken from the soil in the foodstuffs are not returned to it, and in the form of excrements and waste pollute the cities instead of

fertilizing the land (...) Thus, the capitalist application of machinery simultaneously with the overexploitation of human labour develops the overexploitation of the land” (Kautsky 1903, 102).

From the point of view of the Rift School, the emphasis on the capitalist application of machinery is important. Marx’s productivism can thus be relativized to the extent that Marx did not unconditionally regard technological progress and the expansion of productive forces as “good”, but only a “rational” application, which is not given in the capitalist system. In fact, Marx has in various places stressed the ambivalences of production under capitalist conditions, which might suggest such an interpretation. For example, in the Communist Manifesto it is stated (Marx and Engels 1977, 467):

“The bourgeois production and commerce relations, the bourgeois property relations, the modern bourgeois society, which has conjured up such enormous means of production and commerce, resembles the sorcerer who is no longer able to control the underground forces he conjured up.”

When Marx speaks of uncontrollable forces, however, he does not speak of natural forces, but of capitalism’s susceptibility to economic crisis on the one hand, and of the proletariat on the other, which, like the other Marx citations quoted, points to a weakness in the argumentation of the Rift School: The relativization of Marx’s productivism is achieved solely by analogies. Can Marx’s critique of ecologically unsustainable capitalist agriculture in the 19th century be transferred one-to-one to the entire capitalist system or to the complex production conditions of the modern age? Of course, it is possible to assume that Marx would also have associated other ecological problems that did not exist at his time with short-sighted profit maximization in capitalism, but that ultimately remains speculation.

But the argumentation of the Rift School basically boils down to the assumption that Marx’s insights into the short-sighted mode of production of capitalist agriculture can be applied to any economic field in which the capitalist mode of production is used. And because a rational use of technology is possible under different production relations, the representatives of the Rift School are in principle – just as Marx – not hostile to modern technology, as Foster (2000, 135) makes clear in a critique of certain forms

of an antimodernist “green theory”, which is also widespread in Degrowth theory.

But this version of ecomarxism does not dare to take another step and thus comes into a certain contradiction with its own relativization of Marx’ productivism. As much as the representatives of the Rift School want to prove that Marx approved the productive forces developed in capitalism, but not their application under capitalist production conditions, they are not willing to extend this relativization unreservedly to the present (and future) and the technologies developed in the meantime. And here we see a connection to Degrowth theory: merely technological solutions to current environmental problems are rejected (Foster 2012). It goes without saying that the representatives of the Rift School do not mean, like Degrowth theorists, that a solution can only consist in a shrinkage of the economy – they refer to the necessity of an end to capitalism as a precondition of a rational economic system. But after abolishing capitalism, economic shrinkage is still likely to be necessary – not, however, the “unleashing” of productive forces through rational application of existing technologies (Foster 2013). References to the fact that technologies to prevent catastrophic climate change have existed for years (Global Commission on the Economy and Climate 2014; Sustainable Development Solution Institution/Institute for Sustainable Development and International Relations 2015), but are used only insufficiently due to capitalist interests, are interpreted by advocates of the Rift School as unwelcome attempts to secure the status quo or “to exclude the possibility of a society of sustainable human development in line with Marx’s conception of socialism” (Foster 2016, 399).

Why? Perhaps it is the not completely unfounded fear that technological progress, despite all resistance, could in fact lead to capitalism once again tricking its own death and the world revolution having to be postponed into the future for another indefinite period. A similar fear can also be identified in Degrowth theory, whose vehement rejection of so-called “techno-fixes” is probably also due to the fact that the functionality of these technologies would make Degrowth largely obsolete. But while for Degrowth advocates the belief in the impossibility of reconciling economic growth – supplemented by a techno-fix – with the solution of the most catastrophic environmental problems is not only a creed,

but a survival necessity of the entire theory, this does not apply in principle to ecomarxism. For a consistent economic reorientation on the basis of already developed technologies would in any case end capitalism as we know it. Andreas Malm (2016, 359) describes this excellently:

“We might want to dismantle the fossil fuel landscape as quickly as science tells us we should. For the involved capital, that would be tantamount to an asteroid impact obliterating a whole planet of value, still awaiting its first harvest or ripe for a second or third (...) Capital has been destroyed before in history, of course – in wars, crises, waves of deindustrialization – but this time it would, rather uniquely, be publicly sentenced to an untimely death.”

However, to set technological solutions before the overcoming of capitalism and then wait for its possible demise is out of question for representatives of the Rift School. Nor would it correspond to the orthodox Marxist idea that capitalism has to break down because of its inherent crises. But the consequences of an out-of-control global warming are not a crisis to wait for. For, unlike economic depressions, it may bring about the end of any organized form of society. Are there alternatives?

1.3. Marx’s productivism and ecomodernism

Let’s assume that “techno fixes” could indeed work and that capitalist interests in a continuation of the fossil economy stand in the way of their application. Then another ecomarxist interpretation of Marx’s productivism and his statements on the domination of nature emerges. The sociologist Reiner Grundmann has already worked them out in his almost forgotten book “Marxism and Ecology” (Grundmann 1991a) as well as in a further publication (Grundmann 1991b). For Grundmann, as for Marx, there is no question that people as “tool-making animals” have always changed the environment for their own purposes – in capitalism as in any other form of society (Grundmann 1991b, 116):

“How are human beings able to survive in an ‘insecure environment’? The answer is: by constructing a second ‘nature’ around themselves. This artificial, human-made nature is the embodiment of their necessity to fight against nature; it is the solution of the apparent contradiction that they are in and against nature.”

In pre-modern times, the “first” or largely original nature could torment people with veritable catastrophes. For thousands of years, people were powerless against these threats. Grundmann argues that Marx was as opposed to human powerlessness in the face of these catastrophes as he was to workers’ powerlessness in the face of capitalist production relations. Marx, with Kant, was concerned with leading man out of his self-inflicted immaturity, the precondition of which is overcoming any form of oppression – be it by nature or by a social class (Grundmann 1991b, 117). Overcoming the “oppression by nature” can only be achieved through rational mastery of nature. It goes without saying that this goal can only be achieved by applying all scientific knowledge. Grundmann (1991b, 114) attributes the fact that “rational mastery of nature” must sound horrifying to ecological thinkers to a wrong understanding of rationality:

“My suspicion is that the discourse of ecology has shaped its arguments in a counter-position to economics, and also has taken over a basic flaw of that theory, namely the identification of short-term rationality (as expressed in economic behaviour) with rationality as such.”

For this reason the interpretation of “mastery of nature” is also wrong. To explain this, he chooses a convincing comparison: when we speak of someone mastering his musical instrument, we mean that he can play it virtuously and not that he hits it with a hammer. The mastery of nature is to be understood in the same way (Grundmann 1991b, 109):

“Likewise, a society that does not take into account the repercussions of its transformation of nature can hardly be said to dominate nature at all. In this version, the usual meaning is reversed. In the usual meaning, ecological crises are perceived to be a result of this very domination of nature. But here they are seen as its absence.”

From this point of view, it should be clear that a socialist society cannot be one that says goodbye to modernity and its technologies and once again surrenders to a domination by the forces of nature. But it should also be clear that overcoming capitalism alone does not automatically lead to a rational mastery of nature, as some ecomarxists assume, who want to replace “techno-fixes”

with “social-fixes”. White et al. (2017, 36) are therefore absolutely right when they criticize the Rift School as follows:

“Socialism is thus evoked as the solution to the planetary crisis, but the concrete contours of an Ecosocialism to come tend to overlook careful analysis of the material potentialities of the present in its insistence of what ought to be done. The real danger that hovers here is that ecosocialists will end up embracing the kind of misanthropic fatalism and end-times ecology that is increasingly influential in many currents of affluent world environmentalisms.”

Ecomarxists should therefore, if technological solutions to the most pressing environmental problems are considered possible, instead of relativizing Marx’s productivism, adopt it in its true meaning. Moreover, since the limited time left to avert catastrophic climate change forbids waiting for the collapse of capitalism and then unleashing the existing technologies for the rational mastery of nature, the only way to a communism that averts a climate catastrophe is to fight now in every conceivable form for an exit from the fossil economy and against the beneficiaries of fossil capital. The rest has to wait.

1.4. Interim conclusion

There is only one thing in common between ecomodernist ecomarxism and Degrowth theory: fighting against the windmills of the entire capitalist system should be secondary, given the scarcity of time left to avert catastrophic climate change. From an ecomodernist ecomarxist perspective, there are more important and realistic goals that must be achieved beforehand and that, if achieved, will at least end fossil capitalism. Malm (2016, 383) put it perfectly:

“Any argument along the lines of “one solution – revolution” (...) is now untenable. The experiences of the past two centuries indicate that socialism is an excruciatingly condition to achieve; any proposal to build it on a world scale before 2020 and then start cutting emissions would be not only laughable but reckless (...) If the temporality of climate change compels revolutionaries to be a little pragmatic, it obliges others to start pondering revolutionary measures.”

What can be said about Degrowth in this respect? The aim of Degrowth is not to convince people of the necessity of unleashing existing technologies as a prerequisite for shaping a rational human-nature metabolism, because its advocates consider this to be impossible. Perhaps surprisingly, it is not a correctly understood Marxist productivism that is better avoided from an ecological point of view, but the inherent fatalism of Degrowth theory. Degrowth is therefore part of the problem, not the solution, since the insistence of its advocates on the necessity of a shrinking economy distracts from more realistic possibilities.

2. Marx and growth-criticism

2.1. Marx as a growth-optimist

The fact that Marx is not suitable as a role model for a growth critic has already been shown by the study of Marx's productivism. Marx's future society should not be one of regression, as he clearly expresses in the third volume of *Das Kapital* (Marx and Engels 1964, 828):

“As the savage must wrestle with nature to satisfy his needs, to preserve and reproduce his life, so must the civilized, and he must in all forms of society and under all possible modes of production. As it evolves, this realm of natural necessity expands because needs expand; but at the same time, the productive forces that satisfy them expand. Freedom in this area can only consist in the socialized man, the associated producers, rationally regulating his metabolism with nature, bringing it under their communal control, instead of being dominated by it as a blind power; carrying it out with the least effort and under the most worthy and adequate conditions of their human nature. But their always remains a realm of necessity. Beyond it begins the development of human power, which is considered an end in itself, the true realm of freedom, but which can flourish only on that realm of necessity as its basis. The shortening of the working day is the basic condition.”

Marx's remarks are particularly interesting in direct comparison with Degrowth. While the latter is about reducing human needs to a socially and environmentally acceptable level – on a voluntary basis or simply through coercion (Paech 2017, 46) – Marx sees

the growth of human needs in the context of increasing human emancipation as natural. These needs are met by the expansion of productive forces, so they are not just – as one might argue – cultural, aesthetic or social needs.

The second interesting point is that work in the “realm of necessity” is to be done with the least human effort, which ultimately means that Marx was not a critic of automation unless it is used to force workers into unworthy and disqualifying work or undermines union power. His demand for a shortening of the working day must be seen in this context and is therefore not identical with the demand for a radical reduction of working hours in the formal sector (Kallis et al. 2013), which is also often voiced in Degrowth theory. In Degrowth theory, the shortening of regular working hours is usually associated with an expansion of “home-working” and social work, e.g. agricultural activity in one’s own garden or in communal gardens, the repair of useful goods, or care work (Deriu 2015). In addition, the general reduction in working hours is supposed to be a direct instrument for shrinking economic output in the formal sector (Victor 2008). Marx does not have such ideas. Rather, people should be relieved of as much laborious work as possible through automation. Ingo Pies (2005, 14) sums it up:

“For Marx, freedom and leisure belong together constitutively. One could put it in a formulaic way: He is concerned with freedom through leisure – with the possibility of individual self-realization in a social context of social production that frees each individual from the compulsion to work and opens up a broad spectrum of (leisure) activities in which the individual can experience himself as an end in itself.”

The idea that the shortening of the working day is linked to having to plant potatoes in one’s own garden for self-sufficiency would probably have been an atrocity for Marx, especially since it was not unusual at his time for workers to be able to secure their nourishment only through such practices.

2.2. Marx's Growth Optimism and the Conditions of the 21st Century

Marx, like his contemporaries, could not know anything about the threat of global warming or other pressing ecological problems of the 21st century. It therefore makes little sense to criticize him on this basis. But that does not change the fact that his uncritical notion of the productive forces that in socialism grow alongside human needs might not be completely outdated. This applies in any case if the question of the possibility of a sufficiently rapid decarbonization of the economy must be answered in the negative. We know from countless publications of Degrowth advocates that they formulate a clear “no” as an answer to this question. What do ecomarxists think?

Let's start with the techno-pessimists. For Saral Sarkar (2009, 167), a decarbonization of energy supply is technologically possible, but not practicable for economic reasons. He gives two reasons for this. Firstly, the application of the CCS technology (Carbon Dioxide Capture and Storage) would require such a large amount of energy (produced with fossil fuels) that emissions would increase on a net basis. But since the energy used could of course also be solar energy, he cites as a second argument that this technology would be too expensive and could only survive in the market through massive subsidies. That would be fatal, because (Ibid.):

“These subsidies come from the economy at large, which – as is well known – draws most of its energy from CO₂-spewing fossil fuels, exactly that which is to be replaced with solar energy.”

These arguments are, I am afraid to say, quite nonsense, because Sarkar is wrong about a crucial point. The times when solar (and wind) energy had to be subsidized are over, as a study by the International Renewable Energy Agency (IRENA 2018) shows. The cost reductions for solar and wind energy are enormous, based on constantly improving technology. The electricity production costs of photovoltaics fell by 73% between 2010 and 2017 alone and the costs per kilowatt hour (2017: 0.10 US dollars) are already in the range of the cheapest fossil energy sources. At 0.06 US dollars per kilowatt hour, onshore wind energy is even cheaper, as is hydroelectric energy. At 0.14 US dollars per kilowatt

hour, the electricity production costs of offshore wind are slightly higher, but a significant drop in prices can be expected in the coming years due to a new generation of high-performance turbines (IRENA 2018, 17). The IRENA study therefore comes to this conclusion (IRENA 2018, 19):

“Electricity from renewables will soon be consistently cheaper than from fossil fuels. By 2020, all the power generation technologies that are now in commercial use will fall within the fossil fuel-fired cost range, with most at the lower end or even undercutting fossil fuels.”

Schmelzer and Passadakis (2011), theorists of the German *attac* movement, attribute the impossibility of “green growth” to the rebound effect. Accordingly, the focus of their interest is not on the way energy is generated, but on energy efficiency and thus on the use of energy. Their rhetorical question in this context is (Schmelzer and Passadakis 2011, 37):

“To what extent would carbon efficiency have to increase in such a way that the necessary reduction (note: of emissions) is possible with simultaneous growth?”

With an unchanged energy mix, this is indeed an interesting question. But they do not realize that this is not the crucial question. Carbon efficiency is completely uninteresting when switching to solar and wind energy. And if these forms of energy production become cheaper and cheaper because of advances in efficiency, then the associated rebound effect – namely their significantly increasing use – is exactly what is to be achieved. It is astonishing that the two authors justify what they consider to be a compelling necessity to shrink the economies of the industrialised countries by at least one third (Schmelzer and Passadakis 2011, 71) with such an uninformed argumentation.

John Bellamy Foster (2013) is also a techno-pessimist, but he argues in a much more differentiated (and informed) way. First of all, he acknowledges the great progress that has been made, especially in the field of photovoltaics (*ibid.*):

“No less remarkable technological developments, however, have arisen at the same time in relation to renewable energies, such as wind and solar, opening up the possibility of a more ecological

path of development. Since 2009 solar (photovoltaic) module prices have fallen off a cliff.”

He nevertheless excludes a purely technological path to a sustainable society, because (ibid.):

“Although a rapid shift to renewables is a crucial component of any conceivable path to a carbon-free ecological world, the technical obstacles to such a transition are much greater than is usually assumed. The biggest barrier is the up-front cost of building an entirely new energy infrastructure geared to renewables rather than relying on the existing fossil-fuel infrastructure. Construction of a new energy infrastructure requires vast amounts of energy consumption and would lead – if current consumption and economic growth were not to be reduced – to further demands on existing fossil-fuel resources.”

The reference to the high energy costs that would be incurred in the production of a new energy infrastructure is correct. Foster, however, forgets to mention that coal-fired power plants with similar upfront costs are still being built. According to the report “Boom and Bust 2018 – Tracking the Global Coal Plant Pipeline”, the coal-fired power plants currently in existence worldwide are capable of emitting an additional 177 gigatons of CO₂, assuming a lifespan of 40 years. The coal-fired power plants currently planned or under construction will add a further 57 gigatons of CO₂ (Coalswarm et al. 2018, 6). It is therefore not worth complaining about the upfront costs of switching to renewable energy sources if investments in coal-fired power plants continue at the same time. Moreover, Foster argues here purely theoretically. He would actually have to prove that the construction of an energy infrastructure based purely on renewable energy sources causes greenhouse gas emissions which – since the energy capacity is also growing increasingly as a result of this construction – exceed falling greenhouse gas emissions by the neglected construction of new coal-fired power plants and the dismantling of old coal-fired power plants to such an extent in net terms that a restriction of global warming to a maximum of 2°C is no longer possible. And that is highly unlikely.

In summary, it can be concluded that the arguments of the techno-pessimists are not very convincing and therefore – returning

to Marx – so far nothing speaks against his utopia of a communist society with increasing needs and productive forces.

But unfortunately, things are not that simple, as the fundamentally techno-optimistic Andreas Malm (2016) shows. The fact that the conversion of the world energy system to renewable resources is taking place far too slowly is less due to the costs of renewables – which, as he also shows, have fallen dramatically (Malm 2016, 367f.). There are much more serious obstacles. The first obstacles are the enormous sunk costs of the “fossil economy”, as reflected in power plants, oil platforms, mines, etc., and the capital valorization interests of their owners (ibid., 358f.). The second obstacles are the enormous fossil resources still slumbering in the ground and – once again – the capital valorization interest of their owners (Ibid., 361).

How can these problems be solved? For Malm certainly not by waiting for the great environmental crisis of capitalism and a subsequent revolution. And neither by a fight against capitalism as an abstract power complex. Only a fight against fossil capitalism and its beneficiaries is necessary. Malm refers to a quotation by Walter Benjamin (2010, 153):

“Marx says the revolutions are the locomotives of world history. But perhaps things are completely different. Perhaps revolutions are the grip of the human race traveling on this train for the emergency brake.”

The grip for the emergency brake should not be interpreted as a voluntary cessation of growth or even progress. On the contrary, and in accordance with Marx, it is not a matter of ending progress, but of making it possible; without reaching for the emergency brake, the train (and the human race travelling in it) runs directly against a wall.

2.3. Interim conclusion

Marx’s optimism about the possibility of progress – especially with regard to productive forces – and his idea of the society under communism are not compatible with Degrowth. However, it can be discussed whether Marx’s utopia is not obsolete against the background of current environmental problems and climate change in particular.

But our discussion has shown that the technological feasibility of a complete abandonment of fossil capitalism is now beyond question. Its economic feasibility will become easier with every further advance in efficiency and every further reduction in the costs of renewables, even more so, it is already simple today. It fails because of the interests of the beneficiaries of fossil capitalism, who have so far overcome every resource barrier by discovering and extracting new resources on a global scale and by developing new extraction technologies, while at the same time the problem of global warming is piling up higher and higher and the time required for reversing it is shrinking more and more. These beneficiaries, and not the entire capitalist superstructure, are to be attacked with the aim of ending fossil capitalism. Whether or not the whole capitalistic system must be overcome is of secondary importance due to the urgency of a rapid and far-reaching decarbonization of the economy. The growth of fossil capitalism must be stopped, not economic growth in general.

This view is not compatible with Degrowth. Not only because it rejects technological solutions, but also because it rejects politically combative solutions. Its points of attack are not the beneficiaries of fossil capitalism and its influence on politics. Its criticism is mainly directed at the life plans and claims of ordinary citizens in Western societies or – to put it another way – at the alleged beneficiaries of fossil capitalism at the supermarket cash registers.

3. Marxism, Degrowth, and the criticism of consumer behavior

3.1. Marx's attitude to consumer needs

It is obvious that Marx could not be a critic of consumer behavior according to today's understanding. In the 19th century, the vast majority of the population in the industrial cities and in rural areas lived in a state of forced sufficiency. A mass consumer society was not even conceivable at his time because it would have required an increase in earned income that (not only) Marx considered impossible (Marx and Engels 1962, 542). When Marx writes about the consumption of the worker, it is correspondingly subsistence consumption, and this serves mainly the reproduction of his

labor force and thus ultimately the capitalists (Ibid., 597). A workers' consumption that serves purposes other than reproduction is, from Marx's point of view, unproductive consumption for the capitalist. Therefore, capitalists are not interested in wage increases unless they are absolutely necessary for the reproduction of the worker – who in their view is no more than a living machine (Ibid., 598):

However, since the capitalist class with completely different consumer demands exists alongside workers, Marx distinguishes between “naturally necessary” consumption and “luxury consumption”. Interestingly, he regards as “necessary” not only the actually vital consumption of the workers, but also consumption which is the result of habits or customs, such as the consumption of tobacco. If, from the point of view of the capitalists, workers are no more than living machines, this of course does not apply from the point of view of the workers themselves. Life does not only mean food intake, also a certain degree of enjoyment is necessary for the reproduction of the worker, if he shall not burn out.

True luxury consumption, however, Marx locates above all among the capitalists. It is all consumption that does not serve reproduction. Although luxury consumption is not completely excluded for workers (Marx and Engels 1963, 340), Marx takes a critical view of the demand for luxury articles only when a numerically small capitalist class and members of the “middle classes between worker and capitalist” (Marx and Engels 1967, 563) further develop their consumer needs in this form. Otherwise, a steady expansion of consumer needs is an expression of social wealth or – even more – can be equated with social wealth (Marx and Engels 1983, 433):

“The more the needs historically created by production itself, the social needs (...) are considered necessary, the higher the real wealth is developed. From a material point of view, wealth consists only in the multiplicity of needs.”

For Marx it is therefore a completely wrong path if workers who receive a wage that is higher than necessary to cover their basic needs, behave thriftily or continue to pursue a sufficient lifestyle. And already in his time, not only the not-so-economical spending behavior of the workers was criticized by the socially more privileged, but also the nature of the goods they consumed. Moralizing

consumer critique directed at worker-consumers obviously has a long history (Marx and Engels 1963, 510-511):

“By the way: Mr. Capitalist, like his press, is often dissatisfied with the way the wage workers spend their money (...) On this occasion he philosophises, chats about culture and philanthropises like, for example, (...) this newspaper article, which says, among other things: “In culture the workers have not kept pace with the progress of invention; they have become accessible to masses of objects which they do not know how to use (...) The question is still how to raise them higher as consumers through a rational and healthy process; not an easy question, since their whole ambition does not go beyond a shortening of their working hours, and demagogues encourage them to do so much more than to elevate their situation by improving their spiritual and moral capacities”.

On the other hand, Marx has not missed the absurdity of these accusations in a circular economy. For the thrift of the workers would ultimately lead to an overproduction crisis (Marx and Engels 1983, 212-213):

“By the way (...) every capitalist demands that his workers should save, but only his, because they are facing him as workers; by no means the rest of the workers’ world, because they are facing him as consumers. Despite all ‘pious’ sayings he therefore seeks out all means to spur them on to consumption, to give new stimuli to his goods, to wheedle new needs to them, etc. It is precisely this side of the relationship between capital and labour that is an essential moment of civilization and on which the historical justification, but also the present power of capital, is based.”

This quotation is also interesting with regard to Degrowth. Marx speaks here, on the one hand, of needs that are enticed upon workers, which one would call advertising today, but, on the other hand, he also sees in this an essential moment of civilization that supports the historical justification of capitalism. No matter how much the needs may be enticed, the expansion of the needs also increases the difference of the worker to the purely reproducing component of the capitalist machinery. The expansion of consumer needs is at the same time an expression of the increasing emancipation of human beings. And yet this does not change the fundamentally exploitative character of capitalism (Marx and Engels 1962, 641).

As shown, Marx is not opposed to the workers' luxury consumption, which is possible within limits, for he prefers it to thriftiness. What about the luxury consumption of the capitalists, is there a critique of consumption to be discovered here? In fact, many years before Thorstein Veblen (1958), Marx developed the concept of status consumption in connection with the consumption of the capitalists, which is a social necessity for them but does not contribute to a better life (Marx and Engels 1962, 620):

“At a certain level of development, an ordinary degree of squandering, which is at the same time a display of riches and therefore a means of credit, becomes a business necessity of the ‘unhappy’ capitalist. Luxury is included in the representation costs of capital.”

Marx thus did not despise luxury consumption or enjoyment per se, but rather, on the one hand, luxury consumption that does not serve to satisfy needs (and that is for this reason alone wasteful) in the form of a pure display of richness and, on the other, the idea that the lifestyle of the privileged class should set an example to the rest of society in the form of its (supposedly higher cultural) pleasures (Marx and Engels 1978, 402):

“The philosophy of pleasure has never been anything but the witty language of certain social circles privileged to enjoy. (...) this philosophy became a pure phrase as soon as it claimed a general character and proclaimed itself as the philosophy of life of society as a whole.”

But what should consumption look like in the new society of communism? First of all, capitalism should create the preconditions for general wealth – understood as the wealth of needs – which can be satisfied by the productive forces developed in capitalism. The historical task of capitalism is fulfilled if the general needs have grown beyond what is purely necessary, i.e. if they include not only the necessities but also the luxury needs (Marx and Engels 1983, 244).

From this point on, what Marx states in his criticism of the Gotha program applies (Marx and Engels 1987, 21):

“In a higher phase of communist society, after the oppressive subordination of the individuals to the division of work has disappeared and with it also the opposition of mental and physical

work; after work has become not only a means to life, but even the first need in life; after with the versatile development of the individuals also their productive forces have grown and all fountains of cooperative wealth flow fuller – only then can the narrow bourgeois legal horizon be completely crossed and society write on its banner: Everyone according to his abilities, everyone according to his needs!”

The last sentence reveals why Marx has assigned such a positive role to the development of productive forces in capitalism. For it is only through them that social wealth reaches an extent that makes a future society based on solidarity possible. Despite the reference to the springy sources of cooperative wealth, it is not a wasteful affluent society, but a society that ensures the satisfaction of the needs of all. Needs which, as has already been discussed, grow with the extent of social wealth and define it in a certain way. There is no consumer criticism to be found in this.

3.2. Degrowth and the criticism of consumer behaviour

Marx could not know how the interdependent relationship of production and consumption, which he had recognized, would over the decades produce a fragile coalition in the class conflict through the increasing power of the worker unions on the one hand and the interest of the capitalist class in pacifying the class struggle and selling its products on the other. Over time, workers' incomes grew far beyond what was necessary for reproduction. In the 20th century the age of mass consumption began and, in step with it, the workers' hunger for a revolutionary transformation of society diminished. One might call what evolved especially after the Second World War a collaboration of the workers' movement with capitalism or simply a struggle for better living conditions. In any case, the result was that workers appropriated a larger slice of the cake of capitalist value creation and could afford more and more of what Marx called luxury consumption.

And because workers developed different needs than those of the still ruling classes, criticism of their consumption decisions also took on the form already described by Marx. Workers' consumption was seen as “somehow not right,” and the accusation that the worker-consumer was incapable of a consumer behavior that

entailed an “improvement in his intellectual and moral abilities” also occurred in a new form. The fact that this accusation was no longer made solely by the capitalists, but also by the academic political “left”, would hardly come as a surprise to Marx, since he also counted them among the bourgeoisie. Andreas Wirsching (2009, 174) accurately describes this development:

“Such a deeply skeptical attitude towards the emerging, audiovisually intensified consumer society was characteristic of the vast majority of Western intellectuals in post-war Europe. Thus Marxist inspired critique always denied the possibility of gaining authentic individuality in the manipulatively glittering illusory world of capitalist consumer society. The standardization of “needs” corresponded to the standardization of “products”. In this way, of course, the “leftist” critique had certain points of contact with the established traditions of bourgeois-liberal and conservative cultural critique. In fact, a surprisingly broad field of overlapping (...) opens up here.”

This broad field of overlapping has not changed since then and is also characteristic of Degrowth. Criticism of consumption is not only one of the many contents of Degrowth, but an approach deeply rooted in its theoretical building: According to it, consumer behavior contributes at least as much to the lack of sustainability in Western societies as the behavior of producers. However, it is possible to differentiate between shades of critique whose characteristic feature is the presence or absence of a “moral attribution of guilt” towards consumers.

Niko Paech is an advocate of a moral guilt of consumers. In Niko Peach’s (2014) booklet “Befreiung vom Überfluss” (“Liberation from Abundance”), which was largely uncritically received by Degrowth advocates, the first chapter is programmatically called “Living beyond one’s means – a supposed human right” (Ibid., 13ff). He sees companies, the state and consumers as accomplices in liberating unsustainable patterns of consumption from any ecological criticism (Ibid., 22). In complete contrast to Marx, Paech is also not convinced that work is the source of wealth. He admittedly also describes the goods produced by workers as products alienated from them. But the access to these products by the workers is for him synonymous with an access to things which the workers

are not entitled to, because they could never have produced them alone (Ibid., 37). But even though Paech embodies an extreme example of degrowth theorists in his contempt for “worker-consumers”, consumer criticism can be found in the entire Degrowth literature. Here, however, there is usually no talk of (conscious) guilt on the part of worker-consumers; rather, they are conceived as people who are in some way innocent because they are dominated by false status needs, or who do not know their true or authentic needs. This can be seen, for example, in Schneider’s comments on consumerism (Schneider 2010, 5):

“Social comparison, fueled by inequality, drives people into consuming more (...) With interpersonal, social group and North-South comparisons, increase of material welfare does not calm down the needs to consume more because there is always a richer reference group to be imitated.”

For Alexander (2014), the consumption of worker-consumers resembles a mental illness or substance addiction:

“Consumerism is a gross failure of imagination, a debilitating addiction that degrades nature and doesn’t even satisfy the universal human craving for meaning.”

Barbara Muraca (2014, 10) also speaks of a pathological growth addiction of the whole society when she describes the necessary changes that should lead to a Degrowth society:

“It is about the slow liberation from the addiction to growth that has penetrated deeply into our collective imagination and permeates all aspects of our lives.”

No wonder, with all the disease symptoms diagnosed, that the perhaps most prominent Degrowth theorist Serge Latouche (2015, 119-120) recommends a detoxification strategy against growth addiction:

“The question of exiting the dominant or colonial imaginary (...) is a central issue but very difficult because we cannot decide to change our imaginary and even less that of others, especially if they are addicted to growth (...) The detoxification (...) is not fully possible if degrowth society has not been already established.”

One could cite many more examples of how advocates of Degrowth identify the demands of consumers and not the profit striving of capitalists as the culprits for the increasing environmental destruction and the exploitation of natural resources. Consumers are either infantilized, degraded to manipulable puppets, or constructed as deliberately exploitative hedonists. Irrespective of the reading, it is always the (Western) consumers and their demands that contribute significantly to maintaining the unsustainable status quo.

3.3. Criticism of consumer behavior and ecomarxism

One does not have to be a Marxist to miss a decisive player in the picture drawn by Degrowth theory. Even if people were more or less spineless collaborators of capitalism because, in one way or another, they hope for a more pleasant life through consumption: as non-owners of the means of production and sellers of nothing other than their labor they still have nothing to say about the way fossil capitalism produces goods. Ironically, the “commodity fetish” produced by these conditions – in the sense of products that have an apparent life of their own and whose possession assigns social status – is less evident among worker-consumers than among Degrowth proponents. With Giorgos Kallis (2015, 138), at least one advocate of Degrowth noticed that the striving for status goods can be observed above all in those circles that loudly lament the manipulability of ordinary citizens:

“Paradoxically, frugal, simple life-styles have become signifiers of distinction and position, since they are first adopted by members of the educated and artistic elites who can appreciate and afford them.”

But Kallis avoids a further, absolutely necessary step of this argumentation. If it is only possible for an elite, because it can afford it, to express its status thinking by purchasing sustainable products, what does that imply? Firstly, that the preponderance of non-sustainable consumption is not primarily to be attributed to manipulated consumers and their demands, but to an unequal distribution of purchasing power. It has nothing to do with thoughtless consumerism when people with low purchasing power buy textiles from Bangladesh, they simply have no choice. And that companies use the production facilities there not only for cheap

labour, but also for cheap, but dirtier, energy, was not demanded by the worker-consumers. On the contrary, they would have preferred these industries to have stayed at home and offered well-paid jobs. The second conclusion Kallis fails to draw is that his “educated and artistic elites”, whose members, for the purpose of distinction, present themselves as sustainable consumers, but otherwise beyond a superficial consumer critique and a propagation of frugal lifestyles do not consider it necessary to directly attack the capitalist beneficiaries of the fossil economy in any form, are morally not above the worker-consumers – quite the opposite. The Marxist commodity fetish is demonstrated to us by Kallis’s elite in its pure form. Far from escaping this fetish, it is celebrated without even remotely realizing how in this way a gain in distinction is only achieved by imposing all the evils of the unsustainable capitalist economy on the less privileged.

Despite what has been said, Degrowth points to a real weakness of ecomarxism. With regard to the consumer question ecomarxists are mainly silent. Their silence can be interpreted in such a way that they regard the question of consumption as unimportant. However, they are forfeiting the opportunity to counter the fundamentally centuries-old criticism of the behaviour of worker-consumers, which became much more acute in the 1990s at a time when the catastrophic consequences of the fossil economy were becoming increasingly clear and their beneficiaries were naturally interested in strategies to extend the question of guilt to the entire human race and its hunger for goods, with an ecomarxist critique.

It is true that worker-consumers stabilize the unsustainable fossil economy through their behavior. But since the dawn of capitalism, worker-consumers have stabilized the system through their demand for goods. And just as their demand for consumer goods in the 19th century was not a tacit consent to the exploitation of their labor force, their demand in the 21st century cannot be reinterpreted as a consent to the perpetuation of the fossil economy. As Marx (Marx and Engels 1962, 597) has explained, “it does not matter that the worker carries out his individual consumption for himself and not for the sake of the capitalist”. For as a non-owner of the means of production and under the constraint of selling his labor power, the worker-consumer remains at the mercy of the logic of exploitation of capitalism. And it is this logic of exploitation that

forces the energy corporations to use their unsustainable energy infrastructure until they no longer yield profits, forces the resource owners to sell coal, oil and natural gas, until further production no longer yields profits, and forces the multinational corporations to relocate their production facilities to low-wage countries with dirty energy infrastructures until profits are no longer possible there either. Worker-consumers do not take these decisions and these decisions, like the exploitation of their labor in the 19th century, are diametrically opposed to their own interests. Kallis' elite consumers can pretend to escape the economy with their behaviour, as Fourier (2008) put it. But this is completely irrelevant for the overall development of society as well as climate change. And if the goal is to collectively escape the deadly fossil economy, such self-chosen insignificance is ultimately nothing more than a self-righteous attitude of refusal.

3.4. Interim Conclusion

Is the consumer criticism of Degrowth compatible with Marx or ecomarxism? The answer must clearly be “no”, because consumer criticism obscures the causes of the longevity of the fossil economy and is thus – albeit unconsciously – in the service of its beneficiaries. The “renunciation rhetoric” of Degrowth nourishes the myth that a sustainable transformation of the economy is only possible through a serious change in the way of life of the population of Western industrial nations, a change that, despite all the assertions of Degrowth advocates, would mean a significant deterioration in the lives of most people. The same myth, only with a different narrative, is also spread by those who are quite consciously interested in continuing the status quo. In their narrative, too, a consistent ecological transformation worsens the lives of all, because energy prices would skyrocket, energy security would be endangered, and – always the most powerful argument – jobs would be endangered.

Conclusion

As our study has shown, the links between Marx's critique of capitalism and the critique of Degrowth theory of our current

form of economic organization are largely limited to superficial commonalities. Both are basically anti-capitalist. But unlike the proponents of Degrowth, Marx was an optimistic advocate of progress. He criticized the impact of short-sighted capitalist profit striving on environmental sustainability – at least in agriculture. But this critique is not synonymous with a general critique of man's domination of nature on the basis of technological achievements. Rather, his critique is to be interpreted in such a way that the exploitation logic of capitalism is incompatible with a rational mastery of nature. His critique was basically an economic one: the anarchy of capitalism wastes the power of the workers as well as the fertility of the soil, the blind accumulation of capital leads capitalism from one crisis to the next. He simply did not consider capitalism capable of directing its dynamism into reasonable channels and of controlling the forces it had conjured up. He had nothing against the dynamics and the forces themselves.

All this does not mean that Marxism, or its interpretation in ecomarxism, does not regard today's way of doing business as a dangerous dead-end-street in the same way that Degrowth does. But Degrowth sees the disastrous wandering on this street as being based on a wrong to pathological world view of human beings (in Western societies), whereas in ecomarxism the dead-end-street has only ever been entered due to the specific laws of capitalism. In Degrowth theory man cannot escape this street if he is too weak to resist the ideology of growth, to escape his status thinking and to renounce his consumer needs. In ecomarxism, the vast majority of humanity cannot escape its fate because, as non-owners of the means of production, they are at the mercy of the interests and the decisions of a numerically tiny class of capitalists, which ultimately forces them onto the dead-end-street.

All this raises the question why even on the Marxist side an alliance with Degrowth is sometimes considered desirable. As this study has tried to make clear, the existence of a common enemy is not yet a basis for cooperation. And regarding Degrowth, it is doubtful that its advocates even know their enemy.

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MARX AS A CRITIC OF THE CRITICAL THEORY OF SOCIETY

Abstract

The purpose of this article will be to assimilate the reading of Marx presented by some authors commonly ascribed to the New Reading of Marx [Neue Marx-Lektüre] and Value Criticism [Wertkritik] – mainly Robert Kurz, Anselm Jappe and Moishe Postone, but also and especially Helmut Reichelt – in order to measure their methodological distances from Th. W. Adorno's concepts of dialectical sociology and social totality. The grounds for this attempt lie in the fact that Adorno's introduction of these concepts, which guided the formation of his program of a critical theory of society, came precisely from his reading of Marx.

Keywords: *New Lectures of Marx, Value Criticism, Th. W. Adorno, Dialectical Sociology, Social Totality*

Introduction

Methodological distances between Marx and Adorno will be given, in the first instance, by the changes that have taken place since Adorno's time with the irruption of Post-Fordist capitalism: fundamentally, the new social organization of living work as immaterial labor and the displacement of the sphere of exchange by the financialized economy as a result of the microelectronic

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revolution, the fall of the gold standard and the financial crisis of 2008. However, following Reichelt on this point, we also “would now like to pursue the question of whether Adorno, in his further remarks, has made this program more precise or it has possibly fallen behind” (Reichelt 2013, 26).¹

This scepticism about Adorno’s program of a critical theory of society that would find the real dimension of the social abstraction of capital that is, what Adorno himself called “the unintelligible”² in his sociology lessons of the years 1963 and 1964 is founded on the suspicion that Adorno attached himself, perhaps too early, to Friedrich Pollock’s diagnosis of state capitalism. This ascription would have influenced him, as he himself said of Hegel, to stop the Marxian dialectic when it takes him further than what he can assume. Perhaps, that is why he embraced the structural conception of monopoly capitalism administered bureaucratically by the institutions of the State. Nonetheless, this approach is ever so far from the current scenario, where States have become almost “fiscal attractions” for the movement of global capital.³ To mimic

1 “[...] wir wollen jetzt der Frage nachgehen, ob Adorno in seinen weiteren Ausführungen dieses Programmatik präzisiert hat oder ob es womöglich dahinter zurückgefallen ist.” [English translation proposed by the author.]

2 “What resonates in the word society, one of those historical concepts that, according to Nietzsche, are peculiar in that they cannot be defined: ‘all concepts in which a whole process is semiotically summarized elude definition; definable is only that which has no history’” (Adorno and Horkheimer 1956, 22). [English translation proposed by the author, but the original quotation is as follows]: “Was im Wort Gesellschaft mitschwingt -einem jener historischen Begriffe, denen es, Nietzsche zufolge, eigentümlich ist, dass sie sich nicht definieren lassen: alle Begriffe, in denen sich ein ganzer Prozess semiotisch zusammenfasst, entziehen sich der Definition; definierbar ist nur Das, was keine Geschichte hat”.

3 “In other words, the export of capital has essentially become a function of economic rationalization. This means that it is no longer a matter of expansion investments but of rationalization investments; combined with closures and mass redundancies. This is a decisive difference to the old export of capital according to the mechanical modular principle, which could still take place in a global expansion movement of capital. And it is precisely in this main rationalization function that the new quality consists. [...] Foreign relations, which in business terms appear to be a wonderful cost-reduction machine, can very well have a negative effect at the level of the currency and currency relations: at this level, it is only through the existence of money as a nationally determined manifestation that the national economic coherence which is currently being destroyed by the globalization of business administration continues to be assumed. The fate of the national economy is also the fate of money, which can become as less transnational as the state, which must guarantee it” (Kurz 2005, 85 and 125). [English translation proposed by the author, but the original quotation is as follows]: “Mit anderen Worten: Der Kapitalexport ist wesentlich zu einer Funktion der betriebswirtschaftlichen Rationalisierung geworden. Es handelt sich also nicht mehr um Erweiterungsinvestitionen, sondern um Rationalisierungsinvestitionen; verbunden mit Stilllegungen und Massenentlassungen. Das ist ein entscheidender Unterschied zum alten Kapitalexport nach dem mechanischem Baukastenprinzip, wie er noch in einer globalen Expansionsbewegung des Kapitals stattfinden konnte. Und genau

the beginning of *Aspects* in *Three Studies on Hegel*, this article does not claim to be based on the hypothesis that “one can sovereignly assign the dead person his place, thereby in some sense elevating oneself above him” (Adorno 1993, 1), but it rather intends to ask what the present means when confronted with the ideas of Adorno and, behind his shadow, the giant on whom he leaned: Karl Marx.

1. Th. W. Adorno on trial: Marx’s long shadow behind his diagnostics?

We will first analyze the Adornian categories of dialectical sociology and social totality, both of which focus on the universality of abstract socialization as induced by the sphere of exchange through administered homogenization, as symptoms of Pollock’s paralyzing diagnosis of state capitalism. In this sense, we will interpret Adorno’s assumption of Pollock’s position – motivated mostly by Horkheimer’s decisive influence, as well as the enthusiasm he shared with Sohn-Rethel for finding the reification of abstract socialization in the universality of the sphere of exchange – as a certain Adornian methodological oversight in not taking sufficiently into account some crucial theoretical aspects of Marx’s work. One of them would be the consideration of capitalism as an immanent, autotelic and tautological historical dynamic, as the *New Readings of Marx* and the *Value Criticism* rethink it.

In fact, the interpretation of Marx espoused by Value Criticism [*Wertkritik*] shows how the scope of Marxian analysis extends to our present, surpassing even the Adornian project. Marx, against the current of traditional Marxism and its echoes in the Adornian approach, did not center his socio-capitalist analysis on the (external) contradiction between labor and capital, nor on the antagonisms of class struggles, since these contradictions are immanent in the system of total social reproduction. If labor continues to be central in his analysis of capitalist society, it is not because he believes

in dieser hauptsächlichen Rationalisierungsfunktion besteht die neue Qualität. [...] Außenbeziehungen, die betriebswirtschaftlich als wunderbare Kostensenkungsmaschine erscheinen, auf der Ebene der Währung und der Währungsverhältnisse sehr wohl negativ zu Buche: Auf dieser Ebene wird rein durch die Existenz des Geldes als national bestimmter Erscheinungsform weiterhin jene nationalökonomische Kohärenz unterstellt, die durch die Globalisierung der Betriebswirtschaft gerade zerstört wird. Das Schicksal der Nationalökonomie ist auch das Schicksal des Geldes, das so wenig transnational werden kann wie der Staat, der es garantieren muss“.

that material production is fundamental to the maintenance of social life, nor because labor is the locus of the realization of social freedom – this would be a reiteration of the “Ricardian-Hegelian Robinsonades”⁴. The question is, rather, that Marx has been able to consider work in its abstract specificity, as well as the dynamical, immanent and contradictory character of capitalist society as *historically determined* features of capitalism as social relation.⁵

However, the Adornian concept of social totality presupposes the understanding of bourgeois society as structurally objective with respect to the autonomation of the law of general exchangeability. In other words, it seems that Adorno ends up freezing a moment of capital, namely the passage from liberal capitalism to state monopoly capitalism, as the intimate structure of capital. This impediment, derived from the absent criticism of political economy in the Adornian project, has, moreover, the effect of subsuming the powerful Adornian conception of ideology as material social reality – to wit, the scenario where the abstract forms of socialization of capital conform the totality of social life, both in its objective and subjective dimensions – to the arena of exchange society. Thus, Adorno winds up subordinating the true contradiction of capital – which resides in the inversion between the abstract and the concrete through the transformation of work into value – to the mere sphere of circulation.

“Now, Hans Albert, in his first polemical essay against Habermas, has criticized the concept of society I am advancing here as amounting to no more than the trivial observation that ‘everything is connected to everything else’, and as an abstract concept in the bad sense. Albert is the positivist

4 “Individuals producing in society – hence socially determined individual production – is, of course, the point of departure. The individual and isolated hunter and fisherman, with whom Smith and Ricardo begin, belongs among the unimaginative conceits of the eighteenth-century Robinsonades, which in no way express merely a reaction against over-sophistication and a return to a misunderstood natural life, as cultural historians imagine” (Marx 1993, 83).

5 “Labor is central to Marx’s analysis not because he assumes material production as such to be the most important aspect of social life or the essence of human society, but because he considers the peculiarity abstract and directionally dynamic character of capitalist society to be its central hallmark, and maintains that those basic features could be grasped and elucidated in terms of the historically specific nature of labor in that society. Through his analysis of that historically specific nature, Marx seeks to clarify and to ground socially an abstract form of social relations and of domination as characteristic of capitalism. His critique does so in a way that shows capitalism to be a totality that is intrinsically contradictory and, thus, immanently dynamic” (Postone 1993, 104-105).

sociologist who has conducted the argument against the dialectical theory of society most energetically in recent years. His standpoint is largely that of Popper; at least with regard to Albert's intentions there is clearly extensive agreement between the two. I should like to address Albert's criticism, as it does, indeed, represent a serious objection. The reply I would give is that society, in its 'socialized' form, is not merely a functional interrelationship between the socialized people of the kind referred to by Albert, but is determined, as its fundamental precondition, by exchange. What really makes society a social entity, what constitutes it both conceptually and in reality, is the relationship of exchange, which binds together virtually all the people participating in this kind of society. It is also, in a sense, the precondition of post-capitalist societies – if I may state the matter cautiously here – in which there can be no question that exchange will have ceased to take place” (Adorno 2000, 30-31).⁶

It should be noted that Adorno, when referring to the concept of social totality, is not falling into a mere ontology of society in the act of exchange, but he instead hints at the hermetic ambition of the process of valorization as capital's conquest of socialization, that is, it is a concept of mediation that denounces the ideological nature of the productive process (Zamora 2011, 85). Although Adorno is aware of the need for historical specificity by concretizing the task of critique – as his colleague Sohn-Rethel does – as an *anamnesis of the genesis* against the progressive second nature appearance

6 This quotation contains a note by editor Christoph Gödde that reconstructs the discussion to which Adorno referred: “The controversy of ‘recent years’ referred to here began in October 1961 with the papers delivered by Karl R. Popper and Theodor W. Adorno on the ‘Logic of the Social Sciences’ at the Tübingen conference of the *Deutsche Gesellschaft für Soziologie*. Jürgen Habermas continued it in 1963, in a paper entitled: ‘The Analytical Theory of Science and Dialectics’. To this Hans Albert replied with the polemic referred to by Adorno, ‘The Myth of Total Reason’. (All contributions to this debate are to be found in Adorno et al., *The Positivist Dispute in German Sociology*, trans. by G. Adey and D. Frisby, London 1976.) Albert referred to Adorno's formulation that ‘Probably no experiment could convincingly demonstrate the dependence of each social phenomenon on the totality, for the whole which preforms the tangible phenomena can never itself be reduced to particular experimental arrangements’ (Ibid., 113); he also wrote: ‘It seems to me that the untestability of Adorno's assertion is basically linked with the fact that neither the concept of totality used, nor the nature of the dependence asserted, is clarified to any degree. Presumably, there is nothing more behind it than the idea that somehow everything is linked with everything else. To what extent some view could gain a methodological advantage from such an idea would really have to be demonstrated. In this matter, verbal exhortations of totality ought not to suffice’ (Ibid., 175)” (Adorno 2000, 164-165).

that the productive process has taken on, still he seems to have no dialectical reservations in ontologizing the concept of labour as a transhistorical relationship with nature. This can be seen in the first chapter of *Dialectic of Enlightenment* (1944), where the concept of work is taken at the same time as a metabolism with nature and, on the other hand, as an intrinsic form of mythical domination. At other times, however, Adorno implicitly indicates the true contradiction of capital, although he again retreats immediately into the universality of exchange as an antagonistic sphere where, in the end, the class struggle in the processes of subjectivation becomes evident – even if, and this should be stressed, Adorno does not subsume, as Lukács did, reification under the class structure. An example of these theoretical ambivalences would be the following quote:

“In developed societies the exchange takes place, as you all know, through money as the equivalent form. Classical political economy demonstrated, as did Marx in his turn, that the true unit which stands behind money as the equivalent form is the average necessary amount of social labour time, which is modified, of course, in keeping with the specific social relationships governing the exchange. In this exchange in terms of average social labour time the specific forms of the objects to be exchanged are necessarily disregarded; instead, they are reduced to a universal unit. The abstraction, therefore, lies not in the abstracting mode of thought of the sociologist, but in society itself” (Adorno 2000, 31-32).

As we have already stated, we think these ambivalences are rooted in the theoretical assumption of the diagnosis of state capitalism that Pollock set out in his article *State Capitalism: Its Possibilities and Limitations* (1941) (Pollock 1978, 71-94). Pollock interpreted the increasing concentration of capital in monopolies in the Fordist phase as compensation mechanisms by state regulation. Through such mechanism, capital tries to “automatically” resolve the progressive contradiction between, on the one hand, productive forces, unleashed by means of technical specialization and the massive introduction of machinery into the productive process, reaching periodic crises through structural unemployment, and, on the other hand, the private appropriation mediated socially by the market that was intended to be “self-regulated” (Postone 1993, 90-104). This fact would signal the end of the free-market phase

of liberal capitalism, in which the uncontrolled market was unable to regulate itself for the sake of social benefit, moving to a phase in which regulation of a centrally planned economy is possible. By arguing so, Pollock is not implicitly identifying *laissez faire* with the intimate structure of capital, but he asserts that its heart is perfectly compatible with continuous and massive state intervention. There is then a primacy of the political over the economic that might as well approximate to the socialist program. It is true that Pollock warned, at the same time, of the danger of associating to such degree the Fordist phase of capital to the conception of socialism hence his distinction between two possible planned economic systems: one based on the private ownership of the means of production and therefore subordinated to class-based society, as is the case in Fordism while keeping the spirit of capitalist society intact, according to Pollock; and another characterized by the social ownership of the means of production within the framework of classless society, as would happen in socialism.

“Creation of an economic sphere into which the state should not intrude, essential for the era of private capitalism, is radically repudiated. Replacement of the mechanics of *laissez faire* by governmental command does not imply the end of private initiative and personal responsibility, which might even be put on a broader basis but will be integrated within the framework of the general plan. During the non-monopolistic phase of private capitalism, the capitalist (whether an individual or a group of shareholders represented by its manager) had power over his property within the limits of the market laws. Under state capitalism, this power has been transferred to the government which is still limited by certain “natural” restrictions but free from the tyranny of an uncontrolled market. The replacement of the economic means by political means as the last guarantee for the reproduction of economic life, changes the character of the whole historic period. It signifies the transition from a predominantly economic to an essentially political era” (Pollock 1978, 77-78).

Pollock assumes this diagnosis of state capital in order to explain the rise of totalitarianism in Europe, specifically in the case of National Socialism and, on the other hand, the Soviet Union. Consequently, the bureaucratic hierarchies in command replace

the market relations achieving a unilateral technical rationality, to the extent that most of the population becomes, for practical purposes, remunerated employees of the State without political nor syndical rights. After all, social homogenization prevails under the measuring rod of the administered State, where the individual remains subordinated to the whole once the border between civil society and the State has fallen apart.

2. Behind Th. W. Adorno: Pollock vs. Neumann, but what about Marx?

Anyone who is at all acquainted with the work of Theodor Adorno will find this scenario described by Pollock at least familiar: in fact, the concept of Cultural Industry developed by Adorno and Horkheimer in their 1944 essay *Dialectic of Enlightenment* undoubtedly responds to this economic-political diagnosis.

We should recall here briefly that the Culture Industry is a philosophical concept – with an unprecedented ironic charge for that moment, when the subsumption of capital had not yet totally taken over social life and one could point out the paroxysm when putting together the syntagmata *industry* and *culture* – which aims at constituting an ontology of social being. In the culture industry, the concentrations of capital by monopolies administered through a bureaucratic network relegate the individual to the mere social function of a role, reproducing the social totality on account of the autonomy of the law of general exchangeability and the progressive dialectic between use value and exchange value. Indeed, the freedom of the *individual-monad* is degraded to the *a priori* production of social objectivity within the universe of total obnubilation [*Verblendungszusammenhang*] described by Adorno, thereby giving up his realization like a standard in the consumption of cultural objects produced and reproduced by the Cultural Industry system. In this false subjectivation of the Adornian individual-monad, one can still observe – through its negation, never through direct identification – the anchoring to class society:

“In the market economy the untrue aspect of the concept of class was latent: in monopoly capitalism it has become as visible as its truth – the survival of classes – has become

invisible. Competition and its struggles have led to the disappearance of much of the unity of class, which previously held the competitors together in the form of the rules of the game and of common interests. [...] Theory's prognosis of a few owners and an overwhelming mass of the expropriated has come true, but instead of becoming glaringly obvious, this has been conjured out of existence by the mass society in which class society has culminated. The ruling class disappears behind the concentration of capital. This latter has reached a magnitude and acquired a weight of its own that enables capital to present itself as an institution, as the expression of society as whole. By virtue of its omnipotence, the particular is able to usurp the totality: this overall social aspect of capital is the endpoint of the old fetish character of the commodity according to which relations between men are reflected back to them as relations between things. Today, the entire order of existence has turned into such thing. In this social order, the proletariat discovers that with the free market, which for the workers had always been a lie, the path to the formation of a class is now objectively blocked. And now it is even closed off by the conscious will and practical measures of the rulers in the name of the great totality, in other words, them. However, if the workers wish to live, they must fall into line. [...] By abolishing the classes in this way, class rule comes into its own" (Adorno 2003, 99-100).

Class society would subsist, as the above quotation points out, through belonging to a social group that provides a certain social status by falsely consuming cultural objects. This has inclined us to think, as a hypothesis, that in the Adornian work there is still certain *negative nostalgia of the liberal individual*.⁷ This hypothesis is based on the fact that the power of immanent criticism comes from individual suffering as a denunciation of the universal, which, as we have seen, insofar as it arises from the sphere of exchange on the economic field, reflects this automation of the law of general exchange. Its critical separation seems to presuppose as its condition of possibility the rejection of some other possible concept of freedom that has been denied to us as individuals in Fordism, but

7 I develop this question in more detail in a piece still in press. Unfortunately, it is currently only available in Spanish: (Acosta 2020).

which we once were able to attain, thanks both to the condition of free agents in the sphere of exchange and to the very distance of the concept with respect to the thing. In point of fact, we consider that in this resistance that Adorno locates in the unassimilable quality of the body as suffering of the individual, not only does he emphasize the materiality of the body, but also a certain resistance by the individual where another concept of freedom is at stake. This “other concept of freedom” seems to reflect that negative nostalgia of the liberal individual in the last stage of Th. W. Adorno, when said freedom was reassumed in theory as the only way of praxis not absorbable by the social totality, for the sake of opening the possibility of thinking, at least, the social change.

Then again, it should be admitted that Adorno had also some reticence about Pollock’s diagnosis because, while Pollock celebrated with some optimism the advance of state capitalism with respect to liberal capitalism in its mitigation of cyclical economic crises through economic planning, and even Horkheimer developed his article *The Authoritarian State* by assuming Pollock’s diagnosis without reservations, Adorno was nonetheless suspicious of state capitalism, for he did not really believe that social homogenization through the hierarchy of command would bring about progress in freedom in some democratic capitalism (Wiggerhaus 1994, 282-283).

Moreover, there was a peripheral member of the Frankfurt School, Frank Neumann, who argued a thesis diametrically opposed to that of Pollock, and with whom theoretical hegemony in economic and political matters was disputed at the *Institute of Social Research* in Frankfurt. In fact, Neumann understands the rise of National Socialism as a correlate to a totalitarian monopolistic economy which, instead of prolonging the reason of State, turns out to be its opposite as a legal and administrative domination of private capital over public management: that is why, instead of the Leviathan, he discusses the opposite mythical figure in Hebrew eschatology by titling his book *Behemoth. The Structure and Practice of National Socialism* (1933-1944) (López 2010, 207-214).

If one looks at the course of historical events following this theoretical discussion between Neumann and Pollock in the 1940s, it is easily observable that the one who came closest to the actual historical development was Neumann: indeed, Neumann’s

interpretation aimed at the functionalization of the state apparatus to the capital flows for the consolidation of the latter. Even though it is true that this functionalization will never again operate by retracting itself into the sphere of the market that liberal capitalism left behind, still this diagnosis by Neumann gets very close to the emergence of neoliberal biopolitics in the 1970s and 1980s, by means of subjecting the framework of competition to continuous state intervention in the retranslation of labour as human capital and the displacement of the reason of state, as Michel Foucault will posit much later (López 2010, 214) in *The Birth of Biopolitics. Lectures at the Collège de France* (1978-79) (Foucault 2008, 129-185).

Additionally, not only is Pollock's position never ratified through the very course of the history of capital's subsumption, but on a conceptual level he continued to maintain many of the theoretical standpoints that have hobbled traditional Marxism in following the development of capitalist society. At first sight, the most striking aspect of Pollock's position is, without a doubt, his confidence in the autonomy of politics in the face of economic development (Postone 1993, 95-104), a criticism that Franz Neumann had already made at the time.⁸ But this confidence, nevertheless, derives from some theoretical assumptions that, as we said, might as well be heirs to a certain vision of traditional Marxism: for instance, Pollock's entire interpretation focuses on the progressive

8 "The very term 'state capitalism' is a *contradictio in adiecto*. The concept of 'state capitalism' cannot bear analysis from the economic point of view. Once the state has become the sole owner of the means of production, it makes it impossible for a capitalist economy to function, it destroys that mechanism which keeps the very processes of economic circulation in active existence. Such a state is therefore no longer capitalistic. It may be called a slave state or a managerial dictatorship or a system of bureaucratic collectivism – that is, it must be described in political and not in economic categories. [...] In our view, these theorists must admit that their system may very well be the millennium. The maintenance of society is now based solely on politics. The obstacles that such a society meets are exclusively natural, no longer economic. Man-power and natural resources are the only factors that could possibly hinder the expansion of such a society. There is no longer any antagonism between the productive forces and the social conditions of production. The profit motive no longer fetters the productivity of labor. No plant can possibly refuse to expand, since there is no profit motive to keep it back. Technological progress, which in the capitalistic system springs from the profit incentive, now springs from the decision of a central governmental organ. Whether such a decision is made, whether production or consumption goods are produced, is no longer determined by the law of accumulation but by political expediency. Such a system may very well give everybody a house, an automobile, six suits and ten pairs of shoes a year. It could continuously raise the standard of living. It could shorten the hours of labor by installing labor-saving devices. It could, therefore, realize the dream of humanity" (Neumann 2009, 224-225).

displacement of the market sphere and the consequences this has as to the self-regulation of capital, which means that Pollock understands Marxian categories only from the viewpoint of the mode of distribution:

“Pollock interprets the contradiction between the forces and relations of production accordingly, as one between industrial production and the bourgeois mode of distribution (the market, private property). Thus, he maintains that the growing concentration and centralization of production renders private ownership increasingly dysfunctional and anachronistic, whereas the periodic crises indicate that the ‘automatic’ mode of regulation is not harmonious and that the anarchic operations of economic laws have become increasingly destructive. This contradiction, then, gives rise to a dynamic that both requires and makes possible the supersession of the bourgeois mode of distribution by a form characterized by planning and the effective absence of private property” (Postone 1993, 97).

Consequently, according to Pollock, the development of the capitalist system demands, as a compensation mechanism, the conscious control of state regulation as a replacement for the uncontrollable, unconscious laws of the market in the transition from liberal capitalism to state capitalism. This, however, shows Pollock’s structural and static conception of capitalism, inasmuch as, had it been characterized as an immanently contradictory dynamic, its unconscious logic in the development of the productive forces and the process of valorization would have remained beyond state planning – which will indeed be the case years later with the emergence of neoliberalism, as we have previously pointed out.

By taking Marxian categories only from the point of view of distribution, Pollock is unable to grasp the fundamental contradiction of capital in the reversal of the abstract and the concrete via the transformation of labour into value. This implies that the identification of spaces of unfreedom, as well as the limited magnitude of fetishist categories, fall outside his structural conception of capital, which is based on the primacy of the market dynamics becoming a victim of its own success in its drift from state planning as a conscious self-regulation of capitalism.

3. Conclusions. Marx as a critic of a critical theory of society: *don't forget the economy!*

Perhaps the cause of Adorno's immanent critique leading to a dead end in his *Negative Dialectics* was not his assumption of Friedrich Pollock's position on economic-political matters, but the cause he shared with that position and even the theoretical reason for his assumption: namely, understanding Marxian categories solely in the mode of their distribution, granting the sphere of exchange a privileged place in the process of real abstraction which it never really had at a deeper level of the analysis of valorization, but only as an epochal symptom of the age of liberal capitalism.

In order to contrast this hypothesis, we will turn to the seminar given by Theodor Adorno on Marx and the fundamental concepts of the sociological theory during the summer of 1962:

“Exchange itself is a process of abstraction. Whether human beings [die Menschen] know it or not, by entering into a relationship of exchange and reducing different use-values to labour-value they actualise a real conceptual operation socially. This is the objectivity of the concept in practice. It shows that conceptuality lies not only in the minds of the philosophers but also in the reality of the object itself such that, when we speak of essence [Wesen], we refer precisely to that which society, without knowing it, already has in itself. If we stick to the facts, then we ourselves encounter the concept” (Adorno 2018, 2-3).

As we can see in the above quotation, Adorno insists that it is precisely in the sphere of exchange that the process of abstraction takes place. Even so, on the other hand, Adorno stresses that capitalist domination is not of a personal character, as though of one social group over others – or differently put, it does not have its roots in the class struggle; instead, this would be the effect of the abstract domination of capital, whereby society is governed by fetish concepts such as money or commodities. Why then does Adorno seem to be encapsulating the process of abstraction within the sphere of exchange? Otherwise stated, would it be the place where reification takes place (and not in the productive activity

itself, i.e., abstract work), and is it actually in the act of selling or buying that it “innocently” transforms products into commodities?⁹

The answer is found again in the maybe unfortunate – in view of its possible retranslation to our present context – Adornian interpretation of abstract work: as a matter of fact, Adorno seems to understand work as transhistorical relation of man with nature¹⁰, thereby falling into a critique of capital’s system of total social reproduction through his ontologizing the concept of abstract work and, accordingly, remaining trapped within its abstract limitations as second nature.

“The human being [der Mensch] is that living being [Lebewesen] that reproduces itself. The human being becomes a human being through itself, through social labour. Only through the phases of social labour does the human attain to the concept of humanity [des Menschen], that is real, free humanity” (Adorno 2018, 4).

However, for Marx, as we mentioned at the beginning, work is central to capitalist social analysis only and exclusively because

9 See the following quotation from Anselm Jappe concerning the same question in the interpretation of Sohn-Rethel, from whom Adorno inherits this conception in the 1930s: “The question is: if capitalism is not just the personal domination of one social group over other groups, but is also the means by which that society as a whole is governed by abstractions such as money and the commodity, where do these abstractions come from, where do they originate: in the production sphere (the sphere of labour) or in the circulation sphere, the sphere of exchange of the products of labour, the market sphere? Under capitalism, is it productive activity itself (labour) which is alienated, or is it the act of selling or buying which transform ‘innocent’ products into commodities, bearers of social alienation? This question is not as ‘abstract’ or as convoluted as it might seem, since an important issue depends on it: in which sphere of social life do we have to intervene in order to heal the ravages generated by social abstraction?” (Jappe 2013, 7).

10 In this Adornian conception of work as a transhistorical relationship with nature, which we should analyze more profusely mostly in *Dialectic of Enlightenment*, we think it is possible to identify a certain idealistic baggage on the part of the object: in fact, in modernity reality was conceived as the domination of nature by reducing it to the schemes of consciousness. In this sense, we would like to explore a possible correlation of this “modern persuasion” in Adorno’s approach to work as the domination of nature, which may have been influenced by his colleague Sohn-Rethel, both deriving from the Kantian perspective. At this point we would certainly have to admit that Adorno went further than Horkheimer, who simply stuck to the conceptualization of instrumental reason. For instance: “Men have always had to choose between their subjection to nature or the subjection of nature to the Self. With the extension of the bourgeois commodity economy, the dark horizon of myth is illumined by the sun of calculating reason, beneath whose cold rays the seed of the new barbarism grows to fruition. Under the pressure of domination human labor has always led away from myth – but under domination always returns to the jurisdiction of myth” (Adorno and Horkheimer 1997, 32).

of its *historically determined abstract specificity*.¹¹ Therefore, Marx is able to identify the process of real abstraction of capital precisely in its deep root: the abstract work as a source of valorization, and not in the sphere of exchange as Adorno claims. This, as we have seen in the previous quotation, seems at times to induce Adorno to consider that work is fundamental for the realization of social freedom and, subsequently, for the dimension of material production oriented to the support of social life (Postone 1993, 104-105), even when, at the moment in which Adorno was writing, the system of necessities was already being absolutely displaced:

“But this is also where the limits of Adorno become apparent [in relation to the identification between the processing of abstraction and universality of exchange]. The question of whether Adorno binds the dialectical program of his concept of objectivity to the categories of political economy, but can only allusively develop the representational nature of the real categories, makes him overlook the fact that Durkheim’s concepts, which he characterizes as ‘monstrous’, can also be found in areas of social science theorization where they were not suspected. Thus, to a certain extent, there is a dialectic of Critical Theory itself: the confrontation with the value and money forms, which Adorno described shortly before his death as the ‘most sacred goods’ of Critical Theory, the ‘encyclopedic analysis’ of which he admonished, leads to a theoretical concept that no longer coincides with Adorno’s interpretation of Marx and his self-conception” (Reichelt 2013, 39).¹²

11 “Marx’s work represents, according to its actual meaning, a *negative theory of breakdown* rather than a positive theory of ‘socialist development’, though it had been exploited for the legitimation by the bureaucratic dictatorships of state socialism. Hence, the Marxian logical and analytical framework is the theoretical projection of capitalism and its development up to its mature future state of crisis” (Kurz 1998, 85). [English translation available on the website of *Exit! Krise und Kritik der Warengesellschaft*: <https://www.exit-online.org/link.php?tab=transnationales&kat=English&text=Marx%202000>]

12 “Aber hier zeigen sich auch die Grenzen von Adorno. Es ist die Frage, ob Adorno die dialektische Programmatik seines Objektivitätbegriffs an die Kategorien der politischen Ökonomie bindet, aber nur andeutungsweise die Gegenständlichkeit der Realkategorien entwickeln kann, lässt ihn übersehen, dass die von ihm als “monströs” charakterisierten Begrifflichkeiten von Durkheim auch in Bereichen der sozialwissenschaftlichen Theoriebildung zu finden sind, wo sie nicht vermutet werden. So kommt es gewissermaßen zu einer Dialektik der Kritischen Theorie selbst: die Auseinandersetzung mit der Wert- und Geldform, die Adorno kurz vor seinem Tode als die “heiligsten Güter” der Kritischen Theorie bezeichnete, deren “enzyklopädische Analyse” er anmahnte, führt zu einem Theoriebegriff, der sich nicht mehr mit Adornos Marxinterpretation und seinem Selbstverständnis deckt”. [English

Certainly, there are ambivalences in Adorno as for this interpretation of work as a transhistorical relationship: the most remarkable, in our view, is that which is made explicit in the text *On Statics and Dynamics as Sociological Categories* (1961)¹³, where Adorno describes an incipient conception of capitalism as an immanently contradictory historical dynamic, something that prefigures what Moishe Postone calls the “dialectic of transformation and reconstitution” in *Time, Labor and Social Domination. A reinterpretation of Marx’s critical theory* (1993)¹⁴.

As in every thinker of great heights, as Theodor Adorno undoubtedly was, there are contradictions and ambivalences that

translation proposed by the author.]

13 “The terrifying picture of mankind without memory is not just a symptom of decadence; nor is it just a sign that we are, as is sometimes said, overpowered by stimuli which we are no longer able to master. Lack of historical consciousness is more than that: It is the forerunner of a static society, in which the bourgeois principle of universal exchange and balanced accounts will triumph, and in which bourgeois rationality will reign supreme. Everything historical will be excluded from such a society: To balance accounts is to leave nothing unaccounted for; but the historical is essentially what cannot be accounted for. Again, to exchange commodities is to cancel one act by another; it is, thus, an essentially timeless activity although it takes place in time not unlike a mathematical operation which is also, in its essential nature, out of time. Industrial production will also cease to be essentially temporal: it will proceed more and more in identical and potentially simultaneous cycles. [...] If mankind, in its present phase, is indeed engaged in burying its memories, in order to adapt itself so much the better to every new condition it encounters, then this reflects an objective trend. Just as the dynamic force which stands behind the growing power of rationality over nature had to originate in a static condition, so it will have to end in a static condition. [...] The static tendencies which dwell within the dynamic social force that seeks to extend the rule of rationality over nature, are an indication that there is something false and persistently irrational about that force. Thus rationality, that is, the kind of reason that seeks to dominate nature, is itself irrational; it cannot but objectify and falsify, and it is on the side of those who would criticize reason itself” (Adorno 1961, 41- 42).

14 “For Marx, then, the historical dynamic of capitalism is anything but linear and evolutionary. The development – which I have grounded, on a very abstract logical level, in the double character of labor in capitalism – is at once dynamic and static. It entails ever rising levels of productivity, yet the value frame is perpetually reconstituted anew. One consequence of this peculiar dialectic is that sociohistorical reality is increasingly constituted on two very different levels. On the one hand, as I have pointed out, capitalism involves an ongoing transformation of social life – of the nature, structure and interrelations of social classes and other groupings, as well as the nature of production, transportation, circulation, patterns of living, the form of the family, and so on. On the other hand, the unfolding of capital involves the ongoing reconstitution of its own fundamental condition as an unchanging feature of social life – namely, that social mediation ultimately is effected by labor. In Marx’s analysis, these two moments – the ongoing transformation of the world and the reconstitution of the value-determined framework – are mutually conditioning and intrinsically related: both are rooted in the alienated social relations constitutive of capitalism, and together they define that society. [...] An apparent paradox of capitalism, within this framework, is that, unlike other social formations, it possesses an immanent historical dynamic; this dynamic, however, is characterized by the constant translation of historical time into the framework of the present, thereby reinforcing that present” (Postone 1993, 299-300).

make his thought even richer and whence, taken as gaps, we can continue thinking today under the influence of the potential of the Adornian conception both of real abstraction understood as material social reality and of immanent criticism as an anamnesis of the genesis.

In any case, we think that, if there is one thing we have proposed throughout this article, it is that, if we do not want to fall back into the reiterated mistake of traditional Marxism by criticizing the system of capitalist socialization *from the point of view of abstract work*, as though it were a sacred cow (Postone 1993, 7-21) – thereby ontologizing it, as the very political economy of Smith or Ricardo does – , Marxism will have to rethink again and again the critique of political economy. For truly, to conclude paradoxically with Adorno’s last words in that 1962 seminar on Marx, “the genius of Marx consisted precisely in the fact that, filled with disgust, he tackled exactly that which he found disgusting: the economy [Ökonomie]” (Adorno 2018, 11).

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THE STATE MACHINERY IN BANGLADESH IS DESTINED TO BECOME A BROKER

Abstract

This paper opines that the flow of capital to the West in the contemporary world, especially from a Southern state like Bangladesh, is a recent tendency that started in the later part of the '90s, in an era which has largely been applauded as democratic. Factors that led to this tendency are multi-faceted and multi-layered and include: changes in immigration policies in the European and American nations with options both for business communities and skilled professionals; revisions in the banking and finance systems on a global level; a desire for specific lifestyles including the education of children; the provision of dual citizenship in Bangladesh, etc. The intermingled issues resulted in the migration of some affluent people from Bangladesh to the West and in complex forms. These are often expressed in maintaining profitable properties in Bangladesh alongside living in a metropolitan city in the West and settling for the next generation. Legislative sanctions that tend to endorse this process, or to comply with the global necessity of capital, are being made systematically. The state-machinery is thus reduced into being a stockbroking body to enable the aspiring class to become global. Not derived from a firm understanding of the financial rules and

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systems, this paper actually poses a normative account of the tendencies in contemporary Bangladesh.

Keywords: *neoliberalism, merchant capital, immigration, cosmopolitanism*

1. The Left Beginning

Right after gaining its independence, the first Bangladeshi government hesitantly, in one way or another, opted for a left leaning economic policy. Pakistan, blessed with certain gigantic diplomatic ties, China and the USA included, pushed the newly independent nation really hard and that was likely to script the route of Bangladesh for finding allies in India and the then Soviet Union. India, however, could hardly be conceptualized as socialist state. But their alignment with the Soviet Union and role in the non-aligned movement, bought them an open ticket in that camp. Among other complex cultural issues, the question of economy was a central concern in forming a nation-building process.

In a seminar in 1961, then a young economics teacher and later a renowned economist in Bangladesh Rehman Sobhan first mentioned that the Pakistani state was running ‘two economies’. He furthered his point later in another seminar held in Pakistan (Sobhan 2015). Derived from his formulation, the local intellectuals and politicians later kept on mentioning this to explain the exploitation by the West Pakistani political machinery over East Pakistan (later Bangladesh) and its population. It actually enormously helped the 6 points movement in 1966 and, eventually, the call for independence. Marxist analysts, along with left parties, however, used another concept to substantiate Pakistani exploitation over Bangladeshi population. ‘Internal colonialism’, as they termed it, was used in line of the previous concept, and not as a denial to the concept. The war of independence, therefore, was a battle for economic justice, but was also marked with nationalist impulses.

2. 'Brain-drain' and Comprador Capital

Coined from European usage, this concept was largely used during the '70s and some part of the '80s¹ to express the flow of upper-middle class migration toward Western nations. Though the overall immigration policies in those countries were very different from what they are today, and options for permanent residence weren't practically workable back then, the concept meant to portray specific class tendencies and was used mostly to point the finger at some privileged portion of the society. More often than not, the migration was for educational purposes – that is to say, getting higher degrees in European and American universities, either through 'government grants' or by private financing. Interestingly, in the first few years after independence, the flow of upper-middle class offspring, and mostly males, was mainly towards the then socialist nations – USSR, East Germany, Poland and other nations in that region. The brutal killing of Sheikh Mujibur Rahman, the first prime minister, unsurprisingly drastically changed the course of the 'brain-drain'.

The concept was understandably favored among the left political parties and activities. Concerned by the importance of intellectuals in the process of nation-building, these activists actually tended to deny the 'commitment' of this particular class towards the nation. This was purely a call for what then was largely believed to be patriotism, not to be confused with the ever-growing nationalism. While 'brain-drain' could frequently be found in the public discourse, 'comprador capital' was often elaborated in Marxist literature. To put things into perspective, regardless of the actual ability on the political and electoral front, the left analysts largely shaped the academic and polemic discussion in Bangladesh in that period. Comprador capital, along with merchant capital, *mutsuddi puji* in Bangla, was used to investigate the kind of capitalist tendencies in this part of the world. That the local capitalists mostly were either incapable of, or unwilling to, construct industry was at the bottom of the understanding. In this line, massive nationalization policy can be seen as a move towards counteracting these group of

1 I am not a great fan of calendar-centered perceptions of social-political events – as expressed in the 21st century in the theme of this project – but it appears to be a convenient way in certain forms of descriptions in academia.

powerful people, and thus, a form of socialistic agenda. However, nationalization of industries fell painfully after the assassination of Sheikh Mujib in 1975.²

3. The Neoliberal Era

The neoliberal (economic) era should be marked by the departure of the then military dictator LGMH Ershad in 1990. His elimination has persistently been considered as a huge peoples' uprising in the common narratives both within and outside of Bangladesh. Hailed as a landmark in the process of democratization of Bangladesh, the event has often been portrayed as a rebellion or an act of revolt by the broader left political agents, too. While I never meant to undermine the people's massive participation in toppling the military regime, which lasted one and a half decades, under two separate dictators, I never was interested in advocating interpreting the event as a hallmark of democratization or as the people's victory. Unlike the popular analyses, I opined that the elimination was at best a reconfiguration of the state structure that placed 'civil' administrators to the state positions – an arrangement that brought many stakes together including perhaps those from the military headquarters (Chowdhury 2001).

The involvement of the military bureaucracy in this process was not sufficiently spelled out in my early works, but they do deserve to be at the top of that nexus. The emerging and complex relationships between military bureaucracy and civil bureaucracy and its global manifestation along with neoliberal economic reformation during the period have been underexamined throughout. For a clear understanding of the military's role in the economy, one sharp account is made by Amina Ibrahim (Ibrahim 2009). Drawn from the Pakistani experiences, she elaborated economic impulses and reasons behind the military coups that took place there. This might not be a good analogy for nations which have more fluent electoral mechanism and parliamentary practices. But military

2 There is an unresolved debate among the politicians, even in the present days, on whether Sheikh Mujibur Rahman was willing to push for a nationalization and/or 'socialist' economic policy or he rather had to comply with some external pressure. His somewhat short span as the head of the government, and the nature of his assassination, made the question even more complicated. However, by 1974, he was often mentioned as taking the 'Cuba route' for Bangladesh.

intervention in the business sector in Bangladesh is literally huge, though mostly understudied. Unlike the situation that Ibrahim was dealing with, coups were not an option for the military think tanks anymore, since they had already made significant efforts to appear ‘civil’ in the business arena.³ The role of the INGOs in shaping the middle-class population, especially in the metropolitan areas, was evident during the ’80s. Ershad himself was a catalyst for making a safer playground for many international agencies and donors contrary to what his predecessors did. The emergence of ‘civil society’ should thus be seen as a consequential outcome both of the decline among the left-leaning political parties, and in the growth of white-collar professionals in spaces newly provided by the NGOs.⁴ Ironically, as it systematically happens in political processes, the emergent civil society – roughly the metropolitan white-collar professionals with some manifested mobility in, and connection with, the Northern nations – finally turned out to be the most disturbing section against the junta. But their aspiration, far from what some enthusiastic analysts portrayed, was not to build a governance system with parity and democracy, but to enforce their own authority in the state-machinery (Chowdhury 2003).

4. Secularism as a Safeguard!

Since Talal Asad’s astonishing account on secularism, academia around the globe is much more cognizant about its complex nature and manifestation. Countering the conventional assumptions regarding secularism as descended from religion or as an outlet of immense tolerance, Asad argued that it actually operates in a complex

3 Army involvement in business is a very unpopular issue among academics, journalists and politicians. One can feel that the first two groups sidestep it due to security reason among others, and the last group might be a beneficiary in other ways. After all, corruption is not a myth in Bangladesh. A BBC news report in 2010, titled “Bangladesh army’s advancing business interests”, published some details of the business activities by the army and estimated that the ‘empire’ was worth some \$500m at that time. The report further anticipated other business areas the army might want to push in, and eventually those happened in later years. Not many Bangladeshi newspapers covered this, and those who did referred to BBC without further probing into it. One might wonder if any discussion about capital is at all possible without examining army interventions in Bangladesh.

4 NGOs, including INGOs, should be distinctively compared to those from some other countries in this region. Even experiences from the neighboring India, Nepal or Sri Lanka can be appallingly different. Many keep on arguing that NGOs in Bangladesh have themselves become an ‘empire’ that creates ‘development’ missions, makes them obligatory for the government and finally withstands the disparity in society.

web of modernist principles (Asad 2003). However, his thesis provided a cutting-edge understanding for academics studying the modern state and its programing, but it could not disrupt the rhetoric of secularism, especially in Southern states. One reason lies in the histories of state formation in the postcolonial region, including those in South Asia. Unlike India, a firm claimant of secularism, Bangladesh has long been struggling to firmly assert its secularist identity. Two major political parties – Bangladesh Awami League and Bangladesh Nationalist – differ overtly over issues regarding secularism and it is rather simplified in political discourse. These two parties ruled parliaments in succession, since the fall of Ershad, while new economic policies were being undertaken, until the last few years when AL took over for longer successive parliamentary elections in an unprecedented manner.

The struggle for establishing a secularist state appeared as a major rhetorical theme during the post-Ershad regime in Bangladesh. My contention is that the rhetoric emerged as a crucial catalyst to identify ‘Islamism’ as a cultural opponent of ‘modernity’ and, thus, to successfully polarize the middle-class population to the extent of political manifestations in the public sphere (Chowdhury 2006). Grounded in the history of military regimes, from 1975 to 1990, the formulation found significant elements for its elaboration. Both military dictators – Ziaur Rahman and HM Ershad – embraced Islamic codes and reasoning in the political processes, as well as in state legislations, and were able to incite, or, in some other cases, unleash, these religious sentiments among the larger population. I argue that the sub-continental Muslims had a complex, contesting history, with the British colonial administrators playing a pivotal role in the success of this process. But the reason I am referring to the politics of secularism here is different. The pursuit for secularism, along with striving for ‘development’ were the two acute propagandas for the current regime that helped to conceal the more dangerous tendencies in the economic areas. National reserves are frequently reported being taken away, huge frauds in industrial loans are detected publicly, a large portion of banks are mentioned to be manhandling public savings, the quantity of private banks is already disturbing, huge numbers of bank-supported ‘entrepreneurs’ are reported selling their businesses and flying away, employees in these industries are found devastated

both by catastrophes and the industrialists' apathy for the sake of their own interests – all these list only a portion of events taking place in Bangladesh. Even with a very tight state scrutiny under which the news agencies operate, these facts have all come out in mere glimpses. These, however, never were able to appeal much the overall political vocabularies, especially to the people who matter. My opinion is that massive changes could take place undercover in the economic plane due to the overt nature of the inserted rhetoric of secularism (and development).

5. Entry to the Cosmopolitan Zone

From a calendar-centered account, the introduction of DV lottery in the USA in 1995 can be identified as a milestone for understanding the class (re)structuring in the global South. There were provisions in European and American countries for citizenship and permanent residence permissions before this too, started precisely after the turmoil of WWII had faded. But, considering the number of applicants and the range of the nationalities who participated in it, the introduction of DV should be seen as a global hype. The rise in recruitment by the international 'development' and donor agencies, the UN included, was also another major feature during this period in Bangladesh – a feature that was found in other 'developing' nations as well. These changes unsurprisingly coincided with the neoliberal economic policies taken in many Western nations. Local class structure got reshaped drastically. It resulted in, or overlapped with, importing a series of new consumer goods on a large scale, transforming towards consumer banking instead of the earlier version of what could roughly be called deposit banking.

Citizenship and immigration issues eventually started bothering the other end too. As in some other countries in the region, the Bangladeshi government had to look into the national status of the business community and politicians. While the former group came out as the advantageous one, the later did not make the cut. Politicians are asked to 'prove' their unconditional, complete 'loyalty', if they are to run for a parliamentary seat. The Citizenship Act 2016 allows dual citizenship for Bangladeshi nationals and specifically enables them to participate in business. The previous act allowed dual citizens only for those from the UK and USA.

While there are debates and confusion over the reformed act, and the lack of clarity of its application, it actually boosted a large number of aspiring middle-class population across the professions. It also revealed a number of people as dual citizens who otherwise would have preferred to keep it a secret. Public perception suggests that a few politicians, mostly businessmen turned politicians, may also be in this group who have chosen to hide their other nationality. A closer look into their mobility, family business and contents of public speeches, could actually reveal the kind of nexus they belong to. That often requires an open ticket to do commercial activities both with and beyond legal framework, national boundary and nationalities, too. The scenario seems to be obvious for its necessary global impetus to bring capital towards where they are disbursed and effectively bloom. The state-machinery in this case is destined to arrange the legislation for making it happen. If the tendencies are not unique in Bangladesh, they are likely to be found in other nations too. They must be customized in nature, but surely do exist.

6. A Frightful Future

Throughout academia and public discussions, we have learned to see capital as a mighty facilitator that can endlessly shape and reshape the course of worldly events. In doing so, we have reduced ourselves to passive recipients of its power. Marxist practitioners, both in academic arena and political space, envisaged that the course of capitalism could be altered, could be made democratic and non-exploitative. People across the world were so fascinated with the stream and dream of it⁵, that the rulers had to put extraordinary precautions to control the wave. But this is not the scenario anymore. Having become far more powerful than it was originally anticipated, capitalism keeps on scoring on even newer fronts. The decline in the Marxist paradigm further caused

5 I am aware of the fact that calling oneself a 'Marxist' was never a simple equation in any ages or location. I can recall my German photographer friend who once suggested to me, back in 2001, not to utter the word 'Marx', but rather to implicate it. She felt it was risky to be marked as a Marxist and to be written off. A person of 20, coming from an industrial town called Hamburg, travelling for the first time in Bangladesh, she was spot-on in understanding the exploitative system as well as the hazards of being labelled. Back then, it was not convenient to be sure, but was not as 'risky' in Dhaka as she thought it could be. It may not be 'risky' even today in terms of security concerns, but may involve the risk of being ridiculed.

distresses for the people who once felt optimistic. It was not always about the actual account or possibilities to combat the capitalist juggernaut, but the crucial energy that counter-thoughts could generate.

The state-apparatus, on the other hand, has gradually become precarious, especially in the global South, where ‘liberal’ values are not even met in the system. The question of human rights and the like often sounds comedic and out of context. In the context of contemporary Bangladesh, any expression regarding anything about the system – roughly consisting of business, bureaucracy, politics, military – can be punished. Even so, it is not even an easy task to comprehend the nexus of the system manifested in its local forms, and apprehended in its global formula. Corruption is huge at this end, but the concept appeared as a malfunctioning one, as it can only reveal the ‘wrong-doings’, and thus conceal the actual picture of extraction, accumulation and exploitation. Even then, comprehension can be very costly, as the state is not at all ready to allow you to make any noise at all.

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THE CAPITALIST STATE AND INFORMAL INSTITUTIONAL ARRANGMENTS – ONE APORIA**

Abstract

This article draws attention to informal institutional arrangements (informal economy, corruption, cronyism, clientelism) as negative characteristic of the configuration and reproduction of the contemporary capitalist state. The article hypothesizes that contemporary capitalism partly relies on the use of personal relationships, power networks and informal governance. This is supported by the fact that the transformation of competition into monopoly is one of the most important phenomena of modern capitalist economy, especially in post-communist transition societies. In order to eliminate the detrimental impact of the phenomenon of informality, it is necessary to reduce the government's market intervention and the discretionary powers of public officials over economic activities.

Keywords: *capitalism, state, corruption, market, informal institutions*

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Introduction

Contemporary capitalist economies are familiar both with procedural and liberal democracies and authoritarian regimes. Political history as *magistra vitae* taught us that developed democracy could not exist without capitalism, while the opposite does not apply. Wolfgang Merkel (2014, 3) concluded that “capitalism is not democratic, democracy not capitalist”¹ arguing this with the logic of decisions making and their implementation under capitalism manifested in economic and social inequality which is antagonistic to the concept of democracy.

The main difference in various types of capitalism is the relationship between the market and the state. Three types of capitalism existed throughout history: market-liberal, organized and neoliberal. In market-liberal capitalism the state was hesitant to intervene in the markets as well as economic and social policy. During the era of organized and embedded capitalism the state began to interfere increasingly in the economy and society simultaneously creating the welfare state and expanding its social policy. Finally, neoliberal capitalism gave birth to a new paradigm of the market as a spontaneous order (concept of Hayek) with minimal state interference into the economy. The current neoliberal capitalism is reflected in deregulation, privatization, globalization and growing social cleavages (Merkel 2014, 4-5). Due to growing socio-economic inequities, perverted neoliberal capitalism which exists in post-socialist countries proved to be a trigger for the emergence of informal institutional arrangements, primarily corruption and clientelism. Low state interference in the former socialist states accustomed to command economy led to monopolies instead of free market.

1. Marxist reflections on the corrupt characteristics of the capitalist state

Marxist theory as a whole pointed out to the correlative incentives of capitalism. Although Marxist theoretical findings on

1 Wolfgang Merkel illustrates this claim with historical examples of National Socialist Germany, the People's Republic of China, Singapore and the capitalist dictatorships of Latin America or Asia in the twentieth century.

capitalism were not corruption-oriented, in all Marxist writings there is a tendency that capitalism cannot exist without the state, which acts in capital's interests. Based on this, the state is obligated to find proper economic channels for representing the interests of different capitals whose only logic is the maximization of profit. In the capitalist profit chain, corruption is certainly an inevitable link or *sine qua non* of such a system (Mantzaris & Pillay 2013, 117). A paradigmatic example of this is the letter which Marx wrote to Karl Kautsky (German social Democratic leader) where Marx pointed out that many trade union leaders had become members of the bourgeoisie through taking advantage of the British monopoly in the world markets (Cope 2008, 253).

The Marxist interpretation of material conditions that determined prosperity of the bourgeoisie and workers' leadership made a gap between those who were corrupt through pecuniar self-interest and those who continued to produce surplus value enriching the few (Hobsbawm 1968, 272-315, Gray 1976, 80-90). Lenin was more worried about corruption, especially the corrupt practices of members of the revolutionary intelligentsia who were opportunistic, undisciplined, prone to individualism and unstable. Unlike them, the working class was more disciplined at their places of work and ready in their preparations for the ongoing struggles and those lying ahead (Lenin 1914, 21).

Capitalism *per se* can be considered as corrupt in terms of the modern capitalist economy which inevitably generate corrupt gains, through conduct that does not transgress capitalist norms for individuals' economic conduct. Some authors consider that gains from the inferior bargaining power of most workers and gains from the superior political influence of those in the best economic situations determine the corrupt nature of modern capitalism (Miller 2018, 31-53).

Informal economy as well as informal institutions are certainly important characteristics of the institutional configuration and reproduction of modern-day capitalism. Although they have the opposite purpose, formal and informal economies are intertwined in institutional design of emerging capitalisms (Hammer 2019, 337-360).

Until the occurrence of transnational capitalism, corruption as informal institution was exclusively domestic matter. The global world has become more “sensitive” to the widespread occurrence of corruption and we identify the international financial institutions (International Monetary Fund, World Bank), foreign investors and the government of the United States as the key economic global actors interested in anti-corruption policy. They all approach the anti-corruption campaign as an opportunity to reduce hidden protectionism in emerging markets in order to promote their trade interests (Perić 2015, 110).

The tactic of transnational capital is the reduction of transaction costs and calculation of its expected costs and benefits when making investment decisions. The aim of this logic is increasing the autonomy of State bureaucracies from local interests and elites so as to be more hospitable to transnational capital in order to make the policies and actions of the State much more predictable and transparent to outsiders. In Marxist discourse, the purpose of the international anti-corruption efforts is to strive to establish and extend the internationalization of capitalist states throughout the world and to increase the relative autonomy of such states from many of the narrower interests in their national societies (Bratsis 2014, 2).

The concept of relative autonomy of the capitalist state is explained by Poulantzas who developed the theory of a capitalist state conceived as a structural system, the form and function of which are independent of the preferences of political actors and members of the dominant class. Poulantzas emphasized necessity of semi-autonomous positions of the state in relation to the ruling class, for the sake of ensuring the reproduction of capitalist class relations. By this interpretation, he broke up with the economism of classical Marxism. He estimated that relative autonomy was important to the capitalist state, insisting on the determining role of the class moment in the final instance. In his view, state autonomy is relative for the sake of necessity of the state to mediate between the interests of different factions of capital (prevention or resolution of conflicts between industrial and finance capital), for intervening in economic relations (e.g. establishment corporate structures that incorporate the workforce in order to weaken it) as well as due to the need for the state to mediate between classes in

order to reduce the class tensions that are inevitable in a capitalist society (Perić 2013, 263).

2. The modern capitalist state and institutional arrangements

In an atmosphere where official institutions function improperly, they are replaced by informal institutions such as cronyism, favouritism, nepotism, corruption and clientelism at all levels of governance. Unfavourable institutional environment raised costs for business operations, low level of labour remuneration, inadequate equipment, a lag in technology and an unfavourable working environment (Safina 2015, 633). Protectorship in Russia as a modern capitalist state leads to important consequences such as favourites' unrestrained behavior putting the economic security of the organization activities in hazard, inefficient solutions for manpower policy e.g. assignment to a position those employees who do not deserve it at all by their moral and professional criteria (Safina 2015, 634). In post-communist countries crony business arrangements are opened for nepotistic corruption (cronyism) and concurrently closed for new competitive and commercial ideas. This logic inevitably leads to general economic underdevelopment. Khatri & Tsang (2003, 289) observed that particularism and paternalism are preconditions for cronyism and defined cronyism "as favoritism shown by the superior to his or her subordinate based on their relationship, rather than the latter's capability or qualification, in exchange for the latter's personal loyalty".

A similar situation developed in Hungary which has an economic system based on loyalty, personalized in a destructive combination of crony capitalism and the phenomenon of state capture. In literature, crony capitalism is recognized "as deliberate, systematic use of public policy to rig markets in ways that benefit politically connected actors" (Khatri 2016, 3). The capture of the Hungarian state has resulted in a system that favors oligarchs, cronies and economic actors that are close to the political clique. We can conclude that crony capitalism as the nexus of state and particularistic interests is the opposite concept of a controlled market. Crony capitalism as an informal institutional arrangement is just capitalism in its imperialist phase. This is supported by the

fact that transformation of competition into monopoly is one of the most important phenomena of modern capitalist economy.

The apparatuses of the contemporary capitalist state are too tied to particular individuals and groups through informal institutional arrangements, such as nomenclature (China, Vietnam), clientelism (post-communist countries in Europe, patrimonial capitalism in Africa), populism (Bolivia, Venezuela, Eastern Europe, countries in the Balkans). In that light, international anti-corruption performances which target structures of informal influence could be perceived as (interest) guarantors of ensuring the relative autonomy of the state (Bratsis 2014, 6).

In Russia as a contemporary capitalist state, informal power networks serve to control resources and to mobilise cadres, constituting a form of governance “that works but simultaneously presents an obstacle for change” (Ledeneva 2013, 4). In the Soviet era, money played a marginal role in personalised transactions compared to access to goods and services. In post-Soviet Russia, the use of contacts has become ‘monetized’ in the sense that money is not excluded from personalised transactions, which shifted the use of personalized networks towards the needs of business (Ledeneva 2013, 10). Models of current capitalism rely on the use of relationships, power networks and informal governance. Comparative political experiences like *blat* in Russia and analogous practices of networking in China (*guanxi*) testify in support of the claim that informal practices that have proliferated contemporary political elites tend to exclude ordinary citizens from the rights and opportunities that markets are supposed to have opened (Ledeneva 2013, 12).

In milieu where a close connection amongst state officials and economic elites dominates policy-making, a “crony capitalism” emerges as a parallel institutional order characterized by the domination of informal groups. In such a system, selected economic elites receive preferential treatment and privileges through support from the state rather than market forces as a crucial factor for maintaining and accruing wealth in the capitalist system (Sharafutdinova 2011, 2-3).

In post-communist societies, the socio-economic system takes on the outline of clan capitalism as a result of the transformation to a capitalist economy. Communist legacy, command

economy and centralization of state power in the Soviet era were obstacles for implementing classical, pure capitalism. Clans as closed social entities in socialism survived and they became key actors of post Soviet political and economic life. Such clans formed a system of “clan capitalism” as a “result of daily interaction with each other and the government promoting policy of market transformation” (Kosals 2007, 71).

The transition to the capitalist economic system was a significant step toward modernization in former communist countries, which was accompanied by the rise of corruption in newborns capitalist democracies. Modernization influences the emergence of corruption and other forms of informality (as a dependent variable) for several reasons. First, modernization involves changes in basic social values, and those behaviors that were acceptable and legitimate become unacceptable and viewed by modern eyes as corrupt. Second, modernization creates new sources of wealth and power in a way that is not defined in politics by prevailing traditional social norms, and modern rules of behavior have not yet come to fruition. Third, modernization encourages corruption through the changes it creates in the political system by multiplying government activities, proliferating laws, etc. (Huntington 2007, 253).

There is clearly a consensus in the literature on corruption as an “early phase of state formation” (Blok 1988, 228). In Gramscian discourse, *transformisimo* as post-communist transformation determines ideological restructuring “whereby revolution in ideology takes place from above as elite discourse freezes out political space and opportunity for alternatives from below” (Upchurch 2011, 4).

Public choice explanations analyze this through the phenomenon of deficiency of competition in the economic and political arena. According to the theorists of this circle, government officials can restrict the market through their legislative and regulatory prerogatives and can influence lucrative contracts concluded by government. Such mechanisms obtain the funds needed by public officials to generate extra profits or rents for private purposes or to distribute rents from one actor to another. The possibility of market intervention gives public officials unique opportunities and incentives to bribe those actors who are more affected by laws and regulations. Therefore, in order to eliminate incentives for

corruption in the market, reducing the government's intervention and the number of government officials who have discretionary powers over economic activities appears to be necessary (Montinola 2002, 150). Although this approach would unquestionably curb corruption to an extent, as a smaller government is statistically more difficult to bribe, the underlying problem of capitalist exploitation would remain unaddressed.

Empirical studies showed that the quality of formal institutions is by far the most important determinant of differences in income levels between countries (Subramanian & Trebbi 2002, 131-165). Ebben & de Vaal (2009, 7) concluded that good institutional arrangements (as rules designed for eliminating uncertainty) promote economic growth by establishing an environment in which transactions occur under trust and order. In such an environment, property rights are well established and citizens do not need to devote a lot of resources to measurement and enforcement. *A contrario*, bad institutional settings hamper economic growth because resources have to be used for accomplishing transactions, leaving fewer resources for the actual transformation process and discouraging individuals to undertake productive activities. However, it should be noted that formal institutions, as an element of the superstructure, derive their stability from the economic prosperity that makes up the base, and thus map out onto the countries that have had the historical advantage of being the subjects of colonialism and imperialism, rather than their objects.

Informality is a genius term for many phenomena like networks, social norms, spontaneous privatization, corruption, cronyism, loyalty, mafia-ization, tunneling, arrears, labor hoarding, barter, tax evasion, informal economy, trust, social capital, new work and business ethics and informal cooperation (Chavance 2008, 57). Corruption as the most common informal institution in capitalism, according to Girling's analytical insights "represents the normative perception of capitalist 'excess': the culmination of the systemic process of collusion among economic and political elites that results in the 're-confusion' of public and private spheres" (Girling 1997, 1).

There is a common view in the literature that corruption (whether in democratic or transitional capitalist states, cf. the author)

results from the coexistence of three types of factors: 1. ill-defined boundaries between state and market in a situation where economic benefits depend on political decision-making; 2. tolerance of corruption by citizens (a situation when there are incentives to seize opportunities); 3. poor functioning of political, administrative and judicial mechanisms that control the limitation of the discretionary powers of decision-makers (Bull & Newel 2003, 15).

Corruption as an informal institution is the most dangerous systemic deviation in post-communist transformation which disrupts the political order of a country where citizens lose trust in institutional mechanisms. Corruption also undermines social cohesion and it is an obstacle to the functioning of the free market and it prevents the inflow of foreign investors who are seeking a safe home for their investment (the most often mentioned mantra in public discourse). Corruptive arrangements determine economic losses and bad image and they have a negative impact in building the rule of law. In short, corruption leads to the supremacy of the particular over general interest (Perić Diligenski 2012, 345-346).

Conclusion

Martin Upchurch (2011, 5) uses the phrase wild capitalism in order to describe the lack of economic ethics and a poorly-regulated forms of economic behavior in ex-Soviet, Central Eastern and South East European States. As the key characteristic of crony capitalism, Upchurch detects the continuance of control by regime insiders who bought privatized concerns in order to maintain privileged status and accumulate wealth. In pioneering capitalist states, informal networks became a mass rule that led to public interest becoming manipulated privately. The economic atmosphere translates into politics or *vice versa* (the chicken and egg problem) through a network of parties or *intimus* friends (cronies known as tycoons and oligarchs) who had preferential status in the privatization of state-owned property. The discourse of informal institutions under post-socialist transformation includes key words such as: institutional nomads, restructuring networks, unruly coalitions, flex organizations, clan states. The common feature of these informality syntagmas is the informal group as the unit of decision-making which operate in multiple domains of politics,

economics and law and blur the state-private, bureaucracy-market, and legal-illegal dichotomies (Wendel 2011, 4).

In the neoliberal capitalist state, according to the observation of Pinar Bedirhanouglu (2007, 1239) discourse on corruption is “ahistoric, biased, contradictory, politicized” and focused on market competition rather than morality. Corruption is an ahistoric category which has a rent-seeking character in capitalist state because of the clear capitalist division into public and private. Corruption and other informal institutions are caused by political culture, bureaucratic traditions, social history (*exempli gratia* communist heritage in Russia, despotism in the Ottoman Empire, corporatist past in Latin America).

Informal institutions are not only phenomena applied to the Other, looking through the prism of Western-style democracies. In colonial discourse on otherness, corruption is seen as a fact in transitional, non-democratic developing societies. Informal institutions can be also sometimes be found in established democracies (Shore & Haller 2005, 3). This illustrates that the solution to the problem of informal institutions, among others, might have to involve looking beyond the current political-economic framework.

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