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Statement of purpose

Taking stock of the universe of positions and goals that constitutes leftist politics today, we are left with the disquieting suspicion that a deep commonality underlies the apparent variety: What exists today is built upon the desiccated remains of what was once possible.

In order to make sense of the present, we find it necessary to disentangle the vast accumulation of positions on the Left and to evaluate their saliency for the possible reconstitution of emancipatory politics in the present. Doing this implies a reconsideration of what is meant by the Left.

Our task begins from what we see as the general disenchantment with the present state of progressive politics. We feel that this disenchantment cannot be cast off by sheer will, by simply "carrying on the fight," but must be addressed and itself made an object of critique. Thus we begin with what immediately confronts us.

The *Platypus Review* is motivated by its sense that the Left is disoriented. We seek to be a forum among a variety of tendencies and approaches on the Left—not out of a concern with inclusion for its own sake, but rather to provoke disagreement and to open shared goals as sites of contestation. In this way, the recriminations and accusations arising from political disputes of the past may be harnessed to the project of clarifying the object of leftist critique.

The *Platypus Review* hopes to create and sustain a space for interrogating and clarifying positions and orientations currently represented on the Left, a space in which questions may be raised and discussions pursued that would not otherwise take place. As long as submissions exhibit a genuine commitment to this project, all kinds of content will be considered for publication.

Submission guidelines

Articles will typically range in length from 750–4,500 words, but longer pieces will be considered. Please send article submissions and inquiries about this project to: review_editor@platypus1917.org. All submissions should conform to the *Chicago Manual of Style*.

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highly dubious. The figure that I take as a good example for the union of the two is Hans-Jürgen Krahl, who was active in the 1960s and, tragically, died young in an automobile crash. He had a great interest in Marx's manuscripts, and it wasn't a philological but rather a political interest, and it is the union of the two that I find so interesting about *Wertkritik*.

Imagine what kind of Marxism we would have if no one had ever published the Paris manuscripts of 1844. True, one could argue that Lukács's inquiry into reification in those manuscripts. But our understanding of the relation between Marx and Hegel, of alienation and reification, has certainly been enriched by the *1844 Manuscripts*. How much weaker would our understanding of capitalism have been, if Marx's elaboration of capital as a moving contradiction in the *Grundrisse* had never come to light? It seems to me that these texts of Marx, with which *Wertkritik* is engaged are crucial precisely for a political orientation to capitalism in this epoch. I was seized whether the working-class movement ultimately proved to be the best bourgeois subjects, keeping capital going in a way that the bourgeoisie itself could not. It depends, however, on what you mean by the working-class movement." If by this one means that the mass political parties, social democratic or Stalinist, became the enforcers of capital in several countries beginning in August of 1914, through the 1930s and the reconstruction of the 1950s and the epoch of Stalinism, then yes, certainly that is true. But is that the working-class movement? No, that is the political force that crushed the working-class movement. That is not the workers' movement, but the death of the workers' movement. These forces did what the classical bourgeoisie did not, and never could have done. Will they return again in the midst of the present crisis, if it is? I don't want to rule out that possibility. Would they come in the same clothes? Probably not, but many of the same ideas, including nationalization, would be a last rampart of critique have a social revolutionary aspect to it? Yes—it allows us to see that capital in this epoch is different from capital in earlier periods. It allows us to see that the trajectory of capitalism that Marx anticipated, through its details, namely, the shift away from the idea that communism is about the [re-]distribution of wealth, and realizing instead that it is really about the transformation of the production of wealth. Unless you transform or abolish the production-relation based on the value form of wage labor, you have not struck a blow against capitalism. In fact, you are probably only reinforcing capitalism. Capitalism lives or dies on the basis of the value form. That is exactly what *Wertkritik* tries to show us. So much of the political program of the classical left is predicated on redistributing income or regulating the bourgeoisie, and not on the abolition of wage labor and value. The argument that in-

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to today's social movements. Surely, there are certain questions in this dispute that are still relevant, but to-day's leftist landscape is in many ways not reducible to this simple opposition. The Situationists, for example, were probably the firsts who combined an essentially Marxist critique with an anti-authoritarian, anarchist method of politics. Part of the problem is that one would have to define what anarchism and Marxism mean with respect to the specific social relations of the present – and that is all but easy. The concept of the 'Left' is may-be even more difficult: What is the Left today? I think it's hard to say what this really means. Should we even be referring to this concept and can we even use this label meaningfully? Marxist and anarchist approaches intersect in social movements today. From the perspective of value-diremption critique this can also be seen as progressive insofar as one core contradiction that arises from emancipatory projects is dealt with more comprehensively, and that is the one between immanence and transcendence. You can see this complexity as a kind of double dialectic: On the one hand, what is termed 'anarchist' means striving for some immediate transcendence in praxis at the cost of remaining immanent. On the other hand, you can say that Marxist approaches, at least some of them, retain the theoretical vision that went beyond the given immanent categories and tried to account for the complexity of transcendence in a meaningful way. It might be good that this dialectic is no longer split into a stark Marxism-anarchism duality but comes together in the more progressive parts of social movements.

How is 'the science of value' (*die Wissenschaft vom Wert*) determined (and limited) by the contemporary potential for revolutionary change of the societal whole? It addresses and belongs to? Here I would repeat that concerning the social-revolutionary aspect of value critique, there simply is none. It is not the task of abstract critique of society to give you immediate steps to social revolution. Rather, it seeks to develop the most radical critique of society, but that project is in no way tied to an equally elaborated notion of revolution. There was also a problem of older approaches that had this package-deal mentality, which was essentially political, as it proved to be with Lenin and the Marxist-Leninist tradition. As value-diremption critique sees it, revolution is not the task of the abstract critique of society; rather, revolution is the task of concrete theories of praxis and immanent political theories, which is different from and more complex than theorizing society. We need to keep those separate.

Alan Michman: My approach to *Wertkritik* is somewhat different. Several comrades have criticized *Wertkritik*, saying it is all about philosophy and text critique, that it is academic. Quite the contrary: *Wertkritik* is the reverse of academicism, pure text critique, or philosophy. *Wertkritik* has rescued from Marx's texts things that we would have known otherwise. The division Elmar drew be-tween the domain of politics and that of *Wertkritik* is

thing we want to get rid of now.

On the issue of value critique's relation to the New Marx Reading (*Neue Marx Lektüre* [NML]) initiated by Hans-Gregor Backhaus, I would say that Backhaus was more of a philosopher and philologist than an economist. He sought to uncover the deep core in Marx that was in line with his teacher Adorno's reading. Unfortunately, he didn't get very far with that himself, but I think he set the agenda. Backhaus's efforts were a key point from which value-dimension critique departed and tried to enlarge its vision. The 1970s were a turning point in both theory and praxis when it was acknowledged that the old economicist and politicalist roads to revolution do not work out. So the reformulation of the theory, which builds on the earlier work of the Frankfurt School, corresponds to new forms of praxis and reacts to the fact that everything now is more complex. There is no one vanguard party but many situated politics; no one system of oppression that covers all, but an abstract notion of reified domination (*verdinglichte Herrschaft*) that realizes itself in numerous ways; and on one side strategy for revolution, but contradictory relations that, although grasped only in the negative, we have to confront wherever we meet.

Some aspects of the Left's impasse today, according to value critique, came about for necessary reasons. These difficulties were necessary in that they prompted a broadening of perspectives, which made things more difficult but ultimately more complete, corresponding to social reality and the new complexities of oppression. Certainly, pondering this cannot solve the problems the Left faces today, namely, of its marginalization. But just because you face this problem, asking for a simple and programmatic solution would not correct this. In fact, it would mean setting the wrong questions on the agenda again, which have been proven to be wrong. What Backhaus and others have taught us is that emancipation from the currently prevailing system of abstract oppression is immensely complex and also highly unlikely. But it is still possible, if we face the complexity involved in it. There are neither programs nor utopias, only a hard labouring through these contradictions that we face in struggles, wherever they occur.

On whether value critique signifies a return to anarchism: I think it is dangerous to frame things in these terms. You should not work with old labels that do not conform to reality anymore. Designations applicable in the 19th and early 20th century, concerning the opposition to a return to anarchy, are not applicable in the 21st century.

on Saturday, April 6, 2013, the Flatpays affiliated society hosted a panel, "Marx and Wertkritik," at its Fifth Annual International Convention, held at the School of the Art Institute Chicago. The panel featured Elmar Flatschart of the German theoretical journal EXIT!, Alan Michman of Internationalist Perspective, and Jamie Merchant of Permanent Critique. It was moderated by Gregor Saszak, of Flatpays. What follows is an edited transcript of their discussion. The full audio can be found online at <<http://media.flatpays1917.org/marx-and-wertkritik/>>.

Elmar Flatschart, Alan Milchman, and Jamie Merchant

Marx and Wertkritik

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ternationalist Perspective makes is precisely that unless one moves directly to the task of the abolition of value, creating and participating in a revolutionary movement is impossible today. It is not the task of Marxist revolutionaries to create the movement singlehandedly. Nevertheless, this understanding of the possibilities of the abolition of the value form, and what it means if we do not directly attack it, this is something that is accessible to the working class today.

The organizers have quoted Marx from the 1844 Manuscripts: “[W]ithout revolution, socialism cannot be made possible.” Speaking for *Internationalist Perspective*: Definitely! Without a revolution, the overthrow of the value form is just an academic exercise. It has to be concretized in the overthrow of the value form, and the protector and guarantor of the value form in this epoch is the capitalist state—whatever garb it dresses itself in. Nicolas Maduro in Venezuela, Ahmadinejad in Iran, and Bashar al-Assad in Syria are all different faces of the capitalist state today. If the Social Democrats win the next election in Germany, they will be the capitalist state. And when Barack Obama won the last election, he became the representative of capital in Washington, D.C., and therefore the mortal enemy not simply of the working class, however you want to define it, but of humankind. This recognition is closely connected to value form theory and *Wertkritik*, and unless that link is made, we will fail to go beyond a discussion of redistributing income, nationalizing the banks, or seizing the means of production through the state or through cooperatives. Frankly, I am sick of Richard Wolff telling us that we need cooperatives, repeating what the utopian socialists Saint-Simon and Fourier said some 200 years ago. Responding to the crisis we are in now with cooperatives would mean making the workers compete on the world market, the same as any other capitalist enterprise. It changes nothing. Just how dramatic and revolutionary the change has to be—that is the contribution of *Wertkritik*.

Jamie Merchant: In the 1970s and ’80s, an important reinterpretation of Marx’s critical theory of society began to emerge that cut directly against long-standing and ideologically entrenched modes of reading Marx. Emerging in a variety of places and at different times, this reinterpretation consisted of a reconceptualization of Marx’s key theoretical categories, such as labor and value, that removed the affirmative, transhistorical characteristics they retained for orthodox Marxism and transformed them into critical, historically dynamic categories. As indicated in the *Grundrisse* and as highlighted by Moishe Postone, Marx’s categories denote not positive economic phenomena but rather fundamental forms of human practice that constitute the capitalist social formation. Rather than conceiving, in the orthodox manner, of “labor” as an eternal, immutable property of human existence that is the ultimate source of value and thus the standpoint for the critique of capitalism, in this view “labor” is grasped as a historically specific form of human practice that actually has the “misfortune,” as Marx puts it in *Capital*, of producing “value.” The ineluctable abstraction of human labor under the capitalist production of commodities, that is to say, its role within the valorization processes of capital, produces value as abstract, homogeneous labor-time. It is the blind, relentless drive to accumulate surplus value regardless of and often at the expense of human life itself that constitutes the peculiar form of wealth at the core of capitalist modernity. Far from constituting the standpoint of critique, value-producing labor must be seen as the *object* of critique in any critical theory directed at the social conditions and forms of domination that constitute the modern world.

The production of value through the expenditure of human labor-time is the determining form of wealth for modernity, but it is not the only form of wealth for Marx. In the *Grundrisse*, Marx argues, “[T]o the degree that large industry develops, the creation of real wealth comes to depend less on labor time and on the amount of labor employed than on the power of the agencies set in motion during labor time.”¹ Interpreting this passage, Postone suggests that “Marx contrasts value, a form of wealth bound to human labor time expenditure, to the gigantic wealth-producing potential of modern science and technology. Value becomes anachronistic in terms of the system of production to which it gives rise; the realization of that potential would entail the abolition of value.”² What both Marx and Postone refer to as “real wealth” is in fact pure potentiality; it is the possibility of a form of production in which the tremendous collective productive powers of society will no longer work to devalue necessary labor time in order to produce surplus labor time, but instead abolish surplus labor *tout court*, so that the general necessary labor-time for everyone across society is reduced to a minimum. This is a possibility that is immanent to capitalism as a contradictory, historically dynamic social totality. As Marx argues in the *Grundrisse*,

Capital itself is the moving contradiction, in that it presses to reduce labor time to a minimum, while it posits labor time, on the other side, as sole measure and source of wealth.... Forces of production and social relations... appear to capital as mere means... In fact, however, they are the material conditions to blow this foundation sky high.³

The abolition of value means the determinate negation of capitalism. It would mean realizing the potential for the real collective wealth of humanity to greatly reduce, across the board, the required time and intensity of work for everyone, everywhere. It would mean severing the structural links between the total productive power of society and the driving, destructive imperatives of the capital-form. It would mean abolishing the central constitutive contradiction of modern society and open the path to a fundamentally new and unprecedented organization and experience of social life. Such a radical break is itself only possible, however, because the abolition of value implies the abolition of the totality that is constructed around it, the totality of capitalism as a structure of *alienation*, or of self-generated self-domination through value, labor, and capital as social forms of practice.

These considerations have certain implications for

politics. Theory, broadly speaking, must again come to play some role, however mediated, in the formation and guidance of practice. For any politics that neglects the agency of the value-form misses the core logic of the capitalist social formation and so risks an unwitting perpetuation or affirmation of it. On the other hand, as long as the practices constituting proletarian labor and the production of value persist, then capitalism continues to reproduce itself as a structure of domination regardless of whatever subjective ideas are entertained by the producers themselves. Regarding the Left, this basically means that capitalism could care less whether we call ourselves Marxists, anarchists, socialists, or whatever. From the point of view of our entanglement in the circuits of value-producing labor, the imperatives of the totality define what is necessary, regardless. Conversely, a social movement with sufficient scope would not have to explicitly identify itself with “Marxism” *per se*, or with any other ideological label, to potentially bring the totality into some kind of focus. Of course Marxist currents can play an important role of self-clarification within the context of a given movement. But, at present, a form of politics that somehow comes to be mediated by the critique of value will have no *a priori* ideological identity. One should therefore consider whether the movement’s ideological content in tandem with the *form* of the movement seems in some way to point beyond the present historical context. The task, then, is to see whether critical forms of collective consciousness, which emerge as part of an evolving, contradictory historical totality, are able to see that totality, in however mediated a form, and somehow absorb that vision in an organizational praxis.

There is also a vital temporal dimension that must be taken into account. Neoliberal capitalism has in many ways decimated the capacity to imagine, in a common-sense sort of way, society as a total form, much less to envision the supersession of capitalism itself. This was not always the case. Though exhibiting its own contradictions, the Fordist state-capitalism of western social democracy presented a different scenario. The state-mediated organization of capital accumulation along national lines, the closely interwoven nexus of capital, labor, and the state, and the apparent pacification of the class war between capital and labor—however temporary and illusory—provided material foundations for the mass perception of something like “society,” of a social whole that is greater than the sum of its individual parts. The international reorganization of accumulation beyond national borders, in the arcane, opaque world of financial capital, is a hallmark of neoliberal society and a material precondition both for its pervasive ethos of unfettered individual choice, as well as for an academic fixation on subjectivity at the expense of pursuing any rigorous historical inquiry into objectivity. In its political comportment, the abolition of value must take on a robustly materialist outlook: These political economic conditions, fundamental to the production of neoliberal subjectivity as well as its objective social structures, must be targeted for transformation by any critical politics. Such a transformation would not constitute the endpoint of political struggle, but the movement to a penultimate formation of capitalism on terms favorable to the Left, that would make overthrowing it once again appear possible, plausible, and desirable to great numbers of people.

Any truly anti-capitalist politics will be dead in the water if it remains limited to the horizon of the nation-state. Value theory imposes this conclusion upon us. Inasmuch as value, understood as socially necessary labor time, is a category of the totality, it is a manifestly global category; socially necessary labor time denotes the value of the labor of the collective worker *in toto*, that is, of the global proletariat at a given historical moment in the trajectory of the capitalist world system. Therefore, if the abolition of value and the realization of real wealth would be the determinate negation of capitalism, then politics with that goal must necessarily operate in some kind of internationalist frame. The abolition of value must be the abolition of *all* value, the determinate negation of the totality formed by value-producing labor.

Right now, we are facing a rapid retrenchment of neoliberal financial power across the advanced capitalist bloc in a way that is destroying the lives of people every day, coalescing in the formation of an “austerity state,” a long-term mutation of the neoliberal state that has emerged from the massive financial collapse of 2008 and the ensuing global slump. The enormous public bailouts of the self-destructing financial system across the capitalist west have created a situation in which the state, ironically, is now more severely mortgaged to international capital and financial markets than it was before. Sovereign debt and government bonds—one of the only remaining sources of finance after neoliberalism’s exemption of corporations and the richest strata from taxation—must maintain their prices at a certain level to keep creditors on the world market satisfied. A major requirement for this is greatly reducing the amount of the social product directed towards public goods, and greatly increasing that which goes toward debt service. At the same time, the economic crash destroyed and continues to destroy a great deal of value, as the general unemployment rate of the advanced capitalist world rises. The creation of a massive reserve army of labor in tandem with the permanent fiscal crisis of the state means this formation is here to stay for the foreseeable future.

It is upon this inhospitable terrain that the Left must somehow learn to organize itself if it is to have any future. Additionally, given what appears to be an increasing probability of either a major ecological catastrophe or a revival of imperial geopolitics, it is probably not an exaggeration to say that the Left must learn to organize itself if society is to have any future. But because the Left at this moment is *not*—because, at least in the U.S., there is no organizationally coherent leftist project with a true mass base of support—we are not even in a place to adopt Gramsci’s classic metaphor of the “war of position” to inform our thinking during this period, as that first requires some actual “forces” which can then be “positioned” strategically. As always, there are more-or-less inchoate antagonisms towards the current form of society. Negativity will exist as long as capitalist society, in all its internal and manifest contradictions, exists;

it is immanent to it. But it is up to leftists and progressives to channel that negativity in a direction that would implicate capital and bring it into perspective as an impersonal system of domination whose abolition would benefit everyone, and the Left must do so before such negativity is turned toward darker, right-wing trajectories.

Q & A

If we assume that the early 20th century revolutionaries failed simply because they didn’t have access to this deep critique of the value-form, doesn’t this completely write off the history of Marxist politics, and how that history might be useful, even necessary, in the present? More generally, what is the relationship between the programmatic goal of abolishing socially necessary labor time, and abolishing the abstract domination of capital?

AM: I don’t know how we would have read Marx’s manuscripts in the 1870s, 1890s, or 1920s. Probably, if they were accessible then, it would have changed things, but more important is the trajectory of capitalism itself. We can read Marx’s manuscripts today in a way we might not have been able to read them then. For instance, until fairly recently, and as a result of the financial crisis of 2008, I don’t think I would have appreciated how critical Marx’s analysis of money is. But I am not arguing that history would’ve been different had we access to these manuscripts, only that reading those manuscripts today allows us to better grasp capitalism now.

JM: The suggestion that we should think transitionally comes from the vast majority of people who are being screwed over by this global crisis and the onset of the global regime of austerity. A post-capitalist vision of society is very difficult to render plausible when the vast majority of people are looking for a job, trying to put food on the table, and so on. We would have to think in terms of reforms *for* revolution: How can we reform the financial system in a way that makes investment possible for public projects, that gets more people back to work, that reduces the level of structural unemployment? We need to accomplish that, as it will allow people to glimpse past the horizon of capitalism, which was once possible, but is now exceedingly rare on a mass scale.

EF: There is no *programmatic demand* to abolish the value form; rather, the value form is a necessary condition for emancipation. Programmatic goals need to “climb down” from this abstract necessary condition, or start in the concrete context. These programmatic goals have to add up in order to change totality. There is no program on the level of the totality—this is very important, as that is the “politicist” illusion, with which we must dispense.

Neoliberalism might well have obscured the experience of the Fordist era, rendering it more esoteric, but didn’t Fordism, and the nationalism from which it is inseparable, in its own way occlude even deeper issues of capitalism? Elmar, you warn against “privileging” the workers as a revolutionary subject, but you seem to conflate earlier Marxism, in which the proletariat’s role is characterized negatively, with 20th century Stalinism and Social Democracy. What other subject would manifest the self-overcoming capitalism “on the basis of capitalism itself,” as Lenin put it in “Left-Wing” Communism: An Infantile Disorder?

EF: Marx had a negative notion of class, insofar as he saw it as immanent to capitalism and this is evident in the logical approach of *Capital*. But then again you already have with Marx, and more so with Engels, this political privileging of class as an emancipatory actor. There were no other questions of oppression, and hence no other emancipatory subjectivities. There is no one subject anymore, and this is what we can learn from the New Left and the postmodern turn.

JM: Yes, Fordism definitely occluded capital in many ways, especially, in the Cold War context, in terms of the role of the nation-state. But my point was that it was a form of society in which the social whole did appear, and so the idea of society had more currency. There was this concern during the Fordist period of the individual being absorbed into the social whole and losing individualism. But this was just the inversion of the cultural logic of neoliberalism. The point is that different periods of accumulation provide different versions of society and apprehension of the “social”; the social form appears in differently mediated ways. Different regimes of accumulation can lead to different perceptions of what society is, which could open up avenues for new forms of politics.

What was found in the Grundrisse and 1844 Manuscripts that added to political understandings of Marx’s writings, which often speak to the abolition of value?

AM: Why wasn’t the abolition of labor part of the *Critique of the Gotha Programme*? Why did Marx preserve, in the lowest stage of communism, remuneration for the worker on the basis of labor-time? Yes, Marx certainly spoke of the abolition of labor before 1875, in the Paris manuscripts and in his critique of Friedrich List. But then he came to write his *Critique of the Gotha Programme*, and it was *not* there. What was there, instead, is a long period of transition in which labor time and accounting would be the basis of this stage of communism. Today, we must admit this was not the basis for even a transition to communism. It is only the basis for the *perpetuation* of capitalism.

Is the abolition of value the same as the abolition of labor? How is this related to a question of unemployment or a question of full employment? Do you think the Left should pursue a politics of fuller employment coupled with shorter hours? If so, how? If not, by what other means could one hope to politically accomplish the abolition of labor?

AM: I don’t see how a demand for full employment has anything to do with the abolition of labor. Full employment is a demand for jobs. It is a demand predicated upon the existence of labor, the continuation of wage-labor, rather than the overthrow of wage-labor.

JM: I disagree with Alan. If we are able to organize something like full employment—and the people around *Jacobin* magazine, for instance, are talking about this—the collective working class would be in a much stronger position. This would be much more favorable for the formation of consciousness, opening the way to more radical demands once most people no longer have to be so fixated on getting and keeping a job.

EF: It is totally wrong to ask for full employment. We should strive to see labor itself, the labor form, as something that can be abolished. *That* will make way for meaningful activities. We have the technological ability to enable a rich living for all without a minimum of fixed, necessary labor. That should be part of our program.

What sorts of political developments on the German left led in the direction of value critique, NML, and so on?

EF: Backhaus’s theory built on the basis of the Frankfurt School, and also on its mistakes, including a tendency for Adorno to be superficial in his critique of political economy, which focused on exchange-value and was supra-historical. Those with this new interest in Marx said, “We have to work on that, because Marx is more complex.” But they wanted to retain certain of the Frankfurt School’s notions—we need a critique of totality that goes beyond the economic, that takes in culture, things like that. They wanted to retain the negativity, the dialectical, the Hegelian thing, and that’s how this peculiar tradition came to develop. Politically, the activism going on in the 1960s in Germany was relevant. All these new issues, all these new movements—the women’s movement, the anti-Fascist, ecological, gay rights—all those things went into this critique of abstract domination. The idea was to try to get them together—at least, in theory. As it turned out, a lot of people didn’t include all these demands in their concrete programs.

What does it mean to talk about the abolition of the value form? Hegel would say this is like trying to jump to the truth, not understanding that truth comes through necessary forms of appearance. Marx understood the depth of this problem. He did not view it in these impossibly abstract terms, but in a way that connected, from one step to the next, to the revolution that was seen as increasingly necessary. How is your demand to abolish the value form connected to Marx’s own politics?

AM: Is the abolition of labor too abstract? Let’s concretize it. There is a movement in a factory against its closure. Workers seize the factory and decide that the factory will be self-managed. The workers manage it, buy the raw materials, and sell the products on the market. They even agree to cut their own wages in order to compete. Somebody else says, that’s ridiculous, and instead raises what so many other workers demand: jobs from the capitalist state, printing the infamous trillion dollar coin, basically following the Keynesian left today in the U.S. What we should ask of them is: Why are you demanding more jobs? Why are you demanding full employment? Capital cannot concede it. I can imagine Paul Krugman saying, why doesn’t the American state give every human being in the U.S., legal or illegal, a hundred thousand dollars a year. But it is an impossible claim, as it would destroy the basis of American capitalism unless the surplus value extracted was sufficient to give every human being in the U.S. a hundred thousand dollars.

I think it is quite realistic to abolish labor. Therefore I say, we reach out to the workers, we challenge the legality of the of the whole state apparatus and its juridical infrastructure, and we seize the means of production, not to operate them as capitalist enterprises, but to begin the process of making the social wealth that capitalism has created freely available to people. If some form of rationing is necessary, which depends on how successful such a revolution proved to be, then the rationing should be on the basis of need, rather than labor.

Elmar claimed the old distinctions between Marxism and anarchism are out of date, when, according to the debate between Marx and the anarchists of the 19th century, Elmar and Alan both would be considered anarchists. I exempt Jamie from this, because he seems to be a traditional Marxist, dressed up as a Postonian. If you read Marx’s polemics against Bakunin, the critique is on the basis that they are going to “leap into the open skies” of freedom. It seems that, through a passive response to historical weakness, what Wertkritik has arrived at is 19th century anarchism.

EF: You are reducing the whole of anarchist and Marxist programmatics to the political. If you take the Marxist tradition, there’s this grand theory of society and there are anti-political approaches that are also important for emancipation, in a dialectical relationship to the political processes of emancipation.

AM: I think everything I have said is compatible with the reading of Marx. We may well disagree; but this is a dispute that would be within Marxism, not between anarchism and Marxism. The fundamentals are as true today as they were in 1857 or 1875: The collective worker, or *Gesamtarbeiter*, alone has the capacity to explode the value form. There are various movements, but it is only the collective worker that can potentially coalesce as a subject. If we don’t grasp that fact, we disarm ourselves.

How does the collapse of the Soviet Union and “state capitalism” figure into the course of value-critique? Of what continued insight is value-critique theory now that these forms of socialism are no longer historically present? What now motivates the impulse behind Wertkritik?

AM: *Wertkritik* and NML emerged in Germany—though you see somewhat similar impulses in, say, *Operaismo* in Italy—and were predicated upon the development and the logic of capitalism in the most advanced industrial societies. What happened in the Soviet Union was that the destruction of the national capital led inexorably to an economic impasse. Gorbachev had to work through what was needed in order to begin to reshape it, and now we have Putin’s Russia. But Stalin’s project or Mao’s project was the predecessor to what we see now in Russia or China. The insoluble contradictions of the USSR, for instance, were not the impetus for *Wertkritik*.

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required constant infusions of government spending to maintain low levels of unemployment. When the golden age came to an end in the mid-1970s government borrowing and spending was further increased. More and more government policies also facilitated the expansion into the 21st century of the credit necessary for the debt-based version of prosperity that lasted despite continuous debt cresses, stock market crashes, currency exchange crises and decades of depression in Japan. The failure of all this to restore the profitability of capital can be seen in the flow of money from capital investment to speculation, which offers high short-term profits, at least for the well-placed or lucky. As capital flowed into speculation instead of productive investment, producing the effect of temporary prosperity by means of a series of bubbles, working class living standards were maintained by the massive growth of consumer debt, culminating in workers’ participation in the mortgage bubble in the early 21st century. Like the growth of state debt and the welfare state, the difficulty we see today in doing away with them registers the decline of the private enterprise economy.

Despite its dynamism and the gigantic increase in the productivity of human labor that it has achieved since the early 19th century, and despite the disappearance of political and social barriers to its spread in the course of the 20th, capitalism has not been able to generate the quantity of profit production needed to incorporate much of the world’s population into its modern industrial form. The failure of the non-financial parts of the economy to expand sufficiently showed itself in 2008 in the near collapse of the whole Rube Goldberg device of cantilevered finance. For the same reason the massive increase in government spending that avoided a return to depression conditions after the mid 1960s led not to a steady flow of profits from the now primed pump, but to today’s increasingly problematic state deficit.

From the viewpoint of the Marxist theory of capital accumulation, it is precisely the avoidance of depression conditions that have prevented a new transition to prosperity since the end of the post-war golden age. The desire to avoid a full-blown depression, still, as of late 2012, prevails among the global ruing class. Although smaller scale businesses have been pushed into bankruptcy, the European Central Bank along with the International Monetary Fund and Federal Reserve Bank of the U.S. are printing money to keep afloat the banks and hedge funds, whose investments powered the recent expansion of the euro and dollar zones. At the same time, one sees in full force the will to extract as much as possible from the world working class by cutting wages, including socially administered segments of the wage such as pensions and health insurance, along with the elimination and privatization of government services with attendant cuts in public employment. This is held somewhat in check by mass expressions of anger; austerity has not progressed as rapidly, for example, in Spain or Italy as it has in smaller and weaker economies, like Ireland or Greece. Is this to say that the current crisis cycle has moved capitalism to the point of breakdown, in the sense of self-destruction? No. Because today, as in all earlier moments, capitalism’s fate hangs on the willingness of human beings to engage in the difficult struggles needed to overthrow existing relations of social power and create new forms of production and consumption.

In its current condition, capitalism promises economic difficulty for decades to come. Waves of bankruptcies and business consolidations for capitalist firms and increasingly serious conflicts among economic entities and even nations all center around who is going to pay for the system’s survival. The mass unemployment and material deprivation that Marx predicted as the long-term outcome of capitalist development have become features of the world economy. That is not permanent, but it will be with us for an extended time, together with the havoc promised by the ongoing ecological catastrophe. It is not inconceivable that this could lead to social and political convulsions that would deserve the name of crisis.

Responses

LG: David, I would eventually like to hear about the 16 or so contradictions that we didn’t address yet. But first, regarding the housing bubble that began in the 1980s right up to 2007–08, it seems to me this was a response to a deeper crisis of profitability in the system as a whole. It was part of a wider attempt to solve the crisis by putting consumption power in the hands of people with supposedly appreciating assets, i.e., their homes. Andrew, I agree about dating the crisis to the 1970s. You mentioned that there has been no fall in real wages for American workers. I don’t want to argue much over statistics, but the disappearance since the 1960s of the one-paycheck family means that, with these same levels of income, the possibility of one paycheck reproducing a family of four has become nearly impossible. Marx mentions in *Capital*, and this is often neglected, that the wage of a worker is not just to reproduce the worker but also to produce the next generation of workers. The rise of the 2- and 3-paycheck family is a sure sign of a contraction of social reproduction. Paul, I would like you to elaborate more on the devaluation represented by the crisis of 1929–45, or 1914–1945. At those times a phase of destruction did lay the foundation for the post-war boom, so why do you think that is not what is going to happen now? What we have seen the 1970s is a kind of substitute World War III, in that there has been tremendous destruction on a world scale. Do you think that social revolution is a possible outcome of the crisis?

DH: I was a little confused by your understanding of fictitious capital, Loren. I understand it as the capitalization of any income stream, which can then be brought to the market and sold in stocks and shares. What’s striking about Marx’s analysis is that this is where he comes back to the question of fetishism. Why it is it that the fetishistic character of the credit system can produce circulation of fictitious capital? That leads into an interesting question as to why capital actually tolerates the insanity of the credit system, which is a Pandora’s box out of which all kinds of nasty things jump, including the speculative waves that we have been experiencing.

Andrew, I too date the origins of neoliberalism to the late 1960s and early 1970s, particularly the market crash of 1973, which was followed then by what I saw as the major dual experiment in neoliberal politics: One was in Chile, of course, in 1975, and also of course in the New York fiscal crisis. The notion of structural adjustment that would later become a shibboleth within the IMF after 1992 was first experimented with in 1975. The origin of neoliberalism was not technical. It was a class project. To those who argue that neoliberalism is over, I say the class project is going very well. In fact, the upper classes have benefited from this last crisis. In many ways they have consolidated even more wealth and power.

AK: When I say that the real wages and benefits of American workers have increased in place and their share of income hasn’t fallen, I am talking about the real wages per hour, and this is not because per family they are working more hours. What Paul has said about the empirical basis of the claim that there has been a diversion from production to finance, the evidence actually points to the opposite.

My other comment though is that the actual contradiction, as Marx argues, is between use value and value, *not* use-value and exchange-value. The two factors of the commodity are use-value and value. Exchange value is just a form of appearance. It seems like a kind of abstruse theoretical point, but I think it goes deep into the question of what we need to do, which is to get rid of the law of value, the economic laws that compel producers to produce at low cost because time spent producing stuff that you don’t need above the social average does not count.

PM: We don’t see the kind of massive devaluation of capital that took place during the Great Depression and the Second World War because the nature of the capitalist economy relentlessly pushes people in that direction anyway. Hence every government’s move in the direction of austerity, cheered on by capitalist pundits, who at the same time are reluctant to destroy the debt-based structure supporting the fictitious capital that had sustained the *appearance* of prosperity over the last 30 years. Capital has become much more centralized and concentrated in the last 50 years and much more globalized. The only hope for capitalism, you could say, would be massive devaluation, even though they don’t want to do that, hence the endless pussyfooting around austerity and bits of stimulus.

Q & A

Do you think that U.S. hegemony is at an end, and if so, what is to come? Is neoliberalism at an end? What will replace it?

DH: As far as military power is concerned, the U.S. is hegemonic, absolutely. But is it financially and productively hegemonic? In many ways it seems more decentralized. We are getting regional hegemons like China in the Far East, Brazil in Latin America, and so on. In some parts of the world neoliberalism never really got started. Latin America has been anti-neoliberal for some time now, adopting [broadly speaking] a more Keynesian approach. Neoliberalism was a political project, which had diverse structures deeply embedded in some parts of the world and not in others. The reaction against it is also uneven. Is this the end of capitalism? Certainly not. But the interesting question is what kind of capitalism will follow—a plutocracy, or something rather different?

AK: While certainly the U.S. has military might that is unrivaled, there is an argument, which I think should be taken seriously, that in the financial sphere and the economic sphere, the U.S. was never hegemonic. Regarding neoliberalism, I don’t accept that the economic direction is determined by politics and ideology. I think it is rather the reverse. Consider that Henry Paulson, the neoliberal Treasury Secretary, pushed for a massive bailout. Those in power will do what is pragmatic, muddling through to keep the system afloat, whatever their ideological inclinations, if they think that is what it takes to save capitalism.

PM: Neoliberalism never really existed as much more than an ideology. The greatest prophet of neoliberalism in American history, Ronald Regan, also was the greatest Keynesian. The move toward austerity does not significantly decrease state involvement in economic activity. We don’t know what the outcome of any period of social and economic crisis would be. The historical record is that so far only small minorities of people have tried to overthrow the existing system of social relations. It’s possible that in the future much larger numbers of people might be moved in a similar direction and they might be large enough to succeed in doing it.

How is listening to a panel like this, with four white males telling us things we already largely know, helpful to us in overcoming the crisis? Why was nothing mentioned about rights, gender, or the family? Why were these treated as side issues?

One implication of the crisis of neoliberalism is that there is no alternative and that this absence of alternatives has to do with the collapse of the centrally planned economies. Would socialism entail the creation of a democratic, globally planned economy?

LG: I am really sorry that I was born a white male and spent 40 years studying capitalist crisis. I think the question of the disappearance of the one-paycheck family—though I am no fan of the bourgeois nuclear family—is one key aspect of the contraction of social reproduction. This can lead to a fruitful discussion of some gender issues.

If one looks over a 200-year period—from the very labor-intensive capitalism that existed in the early 19th century to today—there is no question that there has been a long-term trend towards the rise of constant capital and the diminution of variable capital, albeit with a lot of fluctuations along the way. The credit system was necessary to uphold the value of different claims to wealth well past the time they otherwise would have

collapsed due to lack of profit. The goal of socialism is, as Andrew said, the abolition of value, the destruction of the regulation of social production by socially necessary labor time.

PM: Participating on a panel like this is not a radical activity. It does not change the world. It does not undermine anything. As a group we are interested in the subject, but I see no reason to describe that as a radical or revolutionary activity. I generally refuse to be on a discussion that does not include at least one female. This time I would have refused, but, the truth is, I deal with a lot of the crisis literature, but I don’t know any women who are writing about the subject. I would say that issues of race and gender, while of importance or interest politically, are quite irrelevant to the question of the nature of the world economic downturn. They have no bearing on it. This is an extremely, highly abstract feature of capitalism. If you had total gender equality and total racial equality in every nation in the world, you would still have economic depressions. If we would begin to talk about political responses to the existing economic situation, then we would have to start talking about gender, race, nationality, and many other social categories. I think it has to be faced, as a sociological fact, that Marxist theory is a male business, like ham radio operators or tropical fish keeping. It’s a hobby for white males. There is a history behind that sociological fact.

AK: I would also have liked a more representative panel. But, on the question of planning: If you are going to overcome the law of value, you have to have planning and at *some* level it will have to be centralized, for practical reasons. To have a world economy, it has to be coordinated. It doesn’t have to be coordinated by bureaucracy in an oppressive manner. Michael Albert and Robin Hahnel have done really good work in talking about how you can have central planning without anybody being controlled.

If it is difficult to conceive of the end of capitalism, this probably is an indication that there is not currently a force capable of challenging it. If that is the case, what is the interpretation of capitalism for? Do you think that, in the early 20th century, when there was a burst of revolutions, that the issue of anti-capitalism was clearer?

PM: We have now had 300 years of capitalism. It seems like it has always been there and always will be there. The problem is still the same and the solution is still the same. Unless people figure it out, they will suffer wretchedly. Since people are not completely nuts, it’s possible they will be pushed to the point that they say, “We have to do something about this.” If they want to, they certainly can.

LG: Forty years ago, the most advanced notion of revolution on the radical left was the idea of seizing the factories and establishing worker’s councils. But looking more deeply into Marx, one of the things that always struck me was that, as capitalism evolves, it illuminates things in Marx that people didn’t notice before. Let’s take the unpublished sixth chapter of volume one of *Capital*. It has this very powerful description of the transition to an embodied technology that self-expresses a social relationship of capital. Most early 20th century Marxists did not even know this chapter, but the evolution of capital now makes it stand out. As for the early 20th century, I think it is very important to understand that the overwhelming majority of Marxists and revolutionaries at that time were statists of one kind or another. There was a belief that if it wasn’t a question of seizing the existing state, it was a question of setting up another state that would essentially continue capital in a different form, as in the Soviet Union.

DH: Value is a social relation. As such, it is immaterial and objective, as Marx makes very clear. It therefore needs material representation, money, which depends on exchange-value. But the representation of value, the money form, does not truly represent it. Value is socially necessary labor time on a world scale. The problem is that its representation is such that private persons can appropriate its sociality. As a result, this social power can be accumulated by an individual and a class. This representation of value in the money form is a perversion of what value is really about, and this is a contradiction. If you want to abolish classes and the individual appropriation of social value, then you have to come up with a money form that is anti-accumulation. This is a very interesting idea. Marx says that the money commodities are gold and silver for the very simple reason that they do not *oxidize*. They do not rot or disintegrate, but retains its character. Therefore, you can accumulate and save value. If you had a form of money that dissolved, you would end up with a very different kind of society, because money would aid circulation but would not facilitate accumulation. Perhaps we should start inventing new forms of money that oxidize!

What we have to do is stop the accumulation of wealth and power in private hands. One of the ways to do that is to revolutionize the money form. I know someone is going to say, “Marx objected to Proudhon’s attempts to do this,” but Marx is sometimes unfair to Proudhon. Some of the stuff about alternative currencies, which the Marxist left usually renounces as anarchist, is actually worth considering.

What are the political implications at stake in the contradiction between use-value and exchange-value?

AK: This is not the essential contradiction of capital but a form of its appearance. The internal contradiction of capital is between use-value and value. It is not just a question of Marx being fair or unfair to Proudhon; there is a question of whether or not you can fundamentally alter the nature of the system by regulating markets or messing with money. Marx puts forward a very detailed argument—in section three, chapter one of *Capital*, volume one—about why attempting to change the system by abolishing money, while keeping commodities and commodity production intact, is like getting rid of the pope while keeping Catholicism in place.

The Left set about downplaying the crisis of 2008. Howard Zinn remarked in *The Nation*, “It is sad to see both major political parties agree to spend 700 billion

dollars of tax-payer money to bail-out huge financial institutions.”? Populists like Zinn focused on, “Why are we enriching the bankers?” while failing to see that the system was hanging in a balance. The financial system could have collapsed in September–October of 2008. But the Left didn’t want to say that it wanted that to occur. Yet it hated to admit that keeping capitalism afloat required the implementation of something like TARP. The Left was thus unable to put forward a reasonable response in light of the widespread opinion that capitalism had failed.

LG: What does the non-reproduction of the working-class mean and what is the role of the revolutionary left? I think we saw a very good example of this in the most radical days of Occupy, which took place on the West coast, where you might say a “precariat” or a large pool of casual workers began to form an alliance with more traditional, older organized workers, the West Coast Longshoreman Union. This culminated with the attack on the Longshoreman in the fall of 2011 and carried over into the spring of 2012. I do not advocate the formation of a vanguard party. Someday a political party will emerge, but in the meantime what is possible and necessary is a network of people, like those in Occupy, that are spreading an analysis of the fundamental crisis of the system, putting forward the claim that there is no exit short of a socialist-communist alternative to the capitalist mode of production. As Marx says in the *Communist Manifesto*, the involvement in this or that struggle is not the question of victory or defeat, but of *building* the unity of the working class. I think that’s what briefly emerged, in Seattle, Portland, and San Francisco, at the time of the Longshoreman struggle.

PM: The non-reproduction of the working class is a misnomer. What one should say is that the value of labor power is declining or being pushed down. A smaller percentage of the world’s population is becoming necessary for the working class. You can send half the people in the United States to college but you only need to employ eighty percent of them. The others will become part of the “precariat” and go on to work as baristas or scramble for some other kind of wage-labor, or go to Vermont to make goat cheese. In Greece now, there are no jobs, but globally the working class is reproduced. As Marx expected, the reserve army of labor increases over time. China is an interesting example where, in the last 10 years, there has not been one new job in manufacturing, according to ILO (International Labor Organization) statistics, partly because the southern edge of China, where foreign manufacturing and assembly platforms are constructed, is using the latest technology with extremely high productivity.

Historically, socialists have proposed answers even beyond capitalism, pointing to the reappropriation of technology. What happened to that socialist imagination?

LG: Technology as such is not capital. Capital is a social relationship and in the case of, say, the port of Rotterdam, where some infinitely small number of longshoreman are unloading ships in the biggest port in Europe, this shows how capital has marginalized much of the working class through technological innovation even as it depends upon the value of the reproduction of labor power as its standard for exchange. It is only a socialist-communist society that can strip away that value form and use technology for its unrealized use-value.

PM: I feel I have to defend the honor of the socialist past. The idea of the abolition of labor and the abolition of the working class was the prime idea of much of the socialist movement of the 19th century and it was particularly dear to the heart of Marx, who looked to a communist society in which people would do as little work as possible through the egalitarian use of technology in order to maximize free time. This was the Marxian utopia: The freeing of time for everybody by abolishing the class of workers. Through the generalization of labor, the hours of labor would be shortened and everybody would do as *little* work as possible. This is a very old idea that Marx’s son-in-law Paul Lafargue celebrated, and it is one that all socialists should follow. **IP**

Transcribed by Daniel Jacobs and Konstantin Kaminskiy

1. Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, trans. Martin Nicolaus [New York: Penguin Books, 1973], 706.
2. Howard Zinn, “Spend the Bailout Money on the Middle Class,” *The Nation*, October 27, 2008, available online at < <http://www.thenation.com/article/spend-bailout-money-middle-class> >.

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I think the USSR was a sideshow. Could one construct socialism on the model of Mao or the model of Stalin, or even the model of Lenin? I am sure Postone would agree, that this was national capitalist development under specific circumstances, and that it had to end the way it did end. It probably could have ended in a working class revolution, and that obviously would have been better—but it didn’t. **IP**

Transcribed by Gregor Baszak, Thomas Willis, and Wentai Xiao

1. Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, trans. Martin Nicolaus [New York: Penguin Books, 1973], 705.
2. Moishe Postone, *Time, Labor, and Social Domination: A Reinterpretation of Marx’s Critical Theory* [Cambridge: Cambridge UP, 1993], 26.
3. Marx, *Grundrisse*, 706.

Radical interpretations of the present crisis

Loren Goldner, David Harvey, Andrew Kliman, and Paul Mattick

Last autumn, chapters of the Platypus Affiliated Society in New York, London, and Chicago hosted similar events on the theme of “Radical Interpretations of the Present Crisis.” The speakers participating in New York included Loren Goldner, David Harvey, Andrew Kliman, and Paul Mattick. The transcript of the event in London appeared in Platypus Review 55 (April 2013). What follows is an edited transcript of the conversation that PAS-NYC hosted on November 14, 2012 at the New School. A full recording of each of the events held in this series can be found at: <<http://london.platypus1917.org/500/>>.

Loren Goldner: The title of my talk tonight is “Fictitious Capital and Contracted Social Reproduction.” It is important to note that as we convene tonight, there are general strikes across the southern flank of Europe, the miners’ strikes in South Africa, and at least 50 strikes a day in China. While we convene to talk about the crisis, there are people in motion trying to do something about it.

Marx writes in his *Grundrisse*, “Capital itself is the moving contradiction, [in] that it presses to reduce labor time to a minimum, while it posits labor time, on the other side, as sole measure and source of wealth.”¹ Unpacking that one sentence can get us very far in understanding the crisis and the history of at least the last hundred years.

Capital can be broken down into Marx’s categories: surplus value [s], variable capital [v], and constant capital [c]. Within constant capital there is a breakdown into (i) fixed capital, which refers generally to machinery and tools, and (ii) circulating capital, which refers to things such as raw materials.

With these categories I would like to address the question of fictitious capital, which I define as claims on the social wealth and social surplus that correspond to no existing social surplus. The origins of fictitious capital are the advancing productivity of labor in capitalism, which is an anarchic system, one that is constantly devaluing the constant capital invested by the capitalist class. *Capital* volumes 1 and 2 describe a pure capitalist system, in which there are only two social classes: the wage-labor proletariat and the capitalist class or the bourgeoisie. Other classes enter the picture, for instance peasants, in the long historical chapter on accumulation. But Marx is trying to set up a pure model and then move on to the more everyday appearances of the system.

Value is defined in Marx as the socially necessary labor time of reproduction; I want to emphasize the “re-” in reproduction. For, in the opening chapter of *Capital*, Marx talks a lot about the value of a commodity as the socially necessary labor time embodied in it, but later moves to social reproduction. There he is talking about an expanding system in which the early definitions are superseded.

Capitalists themselves tend to have only a vague idea of use-value. As they are running a society into the ground, say in the contemporary debates on infrastructure, capitalists come to a recognition that use-value plays some kind of a role. But, by and large, individual capitalists are interested in profit, of which use-value is a mere by-product. One aspect of recent capitalist history that is important to emphasize is that the tremendous incomes that a part of the capitalist class gets from the sale and rental of buildings of all kinds has long superseded the total amount of profit derived from industry. This is important to understand for the contemporary situation.

There is another category that doesn’t attract the attention that it should: what I call “capitalist consumption.” Capitalist consumption does not refer to the consumption of the capitalists themselves, not the yachts in the Hamptons and the Malibu lifestyle, but the consumption of all the hangers-on of the capitalist class. Marx has a colorful formulation, in which he refers to king, minister, professor, and whore, as different embodiments of the hangers-on. But I would expand this category quite a bit to include state bureaucrats—let’s not forget that 35–40% of U.S. GDP goes to state expenditure at the local, state, and federal level. In 1950 there were ten workers for every manager; today there are three. The military police, prison system, and the biggest single group, the so-called FIRE (Finance–Insurance–Real Estate) sector, which represent the interest and ground siphon of surplus value, all of these elements enforce capitalist social relations. We also have the total wage bill, which is comprised of more than the pay packets or checks, but also everything that goes into education and training. The military has increasingly assumed this role over the last thirty to forty years in the U.S. with the collapse of a lot of vocational schools.

Though an incomplete picture, all the above points to different ways in which capital in crisis transfers variable and constant capital to a surplus, as a way of saving itself. In the United States and most countries in crisis over the last 40 years, we see the *non*-reproduction of labor power—just think of the fact that almost 40% of all high school students in NYC don’t finish.

Also important, perhaps more important, is primitive accumulation. This Marx defines as the separation of petty producers from the means of production. There is a lot of debate about whether Marx simply meant the expropriation of the English peasantry in the late-17th early 18th century. But I think primitive accumulation is a permanent feature of the capitalist system. In this respect, I follow aspects of Rosa Luxemburg’s *The Accumulation of Capital*, which included chapters with examples of this process from the nineteenth century. I don’t think one has to go along with all of Luxemburg’s reasoning to recognize the mobilization by modern capital of labor power outside of the subsectors of the world economy, more specifically the peasantry of India,

China, Latin America, and Africa. All kinds of people who are not wage workers are recruited to the wage labor system, after another subsector has paid their reproduction costs.

In short, what keeps this proliferation of fictitious capital afloat in all the forms that I have just described, is a general process of non-reproduction: both of labor power and of aspects of constant capital, such as infrastructure—concerning which, for instance, the American Society of Civil Engineers estimates that it would cost 2.3 trillion dollars just to bring things to a standard level.

David Harvey: I had an interesting experience in May when I was in Istanbul, where I was giving lectures and hanging out with social movement people. Istanbul is a boomtown and it is quite incredible what is going on there. Turkey is growing around 7% a year. There is talk of a new bridge across the Bosphorus, and the population of Istanbul will grow from 18 million to 40 million in 10–15 years. Meanwhile, Athens, two hours away by flight, is a catastrophe. Argentina was a disaster in 2001–03, but by 2004 it had reneged on its debt and has been booming ever since. China in early 2009 had lost close to 30 million jobs due to cuts to export industries. Yet, by the end of the year it recorded a net loss of 3 million jobs, which means that they created 27 million jobs in nine months, through expansive urbanization—basically, a huge infrastructure project. The bankers in China obeyed the orders of the Central Committee to lend. The huge labor absorption in China stands in contrast to the 7 million net jobs lost in the same year in this country. Why? For one thing, you have this stupid form of austerity here, whereas, in effect, there was a Keynesian expansion program in China. Argentina did very well, too, because it started selling all its agricultural commodities to China. It is now one big soy plantation for the China trade. How are we to create a theoretical apparatus that can encompass these incredible differences, as well as the dynamics that created them?

I tried to do a little of that in the *Enigma of Capital*, analyzing the ways capital flows. As Marx puts it, every limit and barrier has to be overcome. But as you surpass one crisis, it just manifests somewhere else. It has moved from the U.S. and the property markets, impacting consumers in China, and then spun over to the financial sector, creating sovereign debt problems, as in Spain. It is in Iceland, then Dubai, and then Greece. If you don’t have a theoretical framework that can understand the rapidity of these moves then you cannot really encompass what is going on. The crisis tendencies of capitalism are never resolved, but simply moved around from one space to another and from one sector to another.

That the crisis moves around like this poses great difficulty for organizing. The huge anti-capitalist movement in Argentina in 2003, with its assemblies, strikes, and factory takeovers, resembled a revolutionary movement. But five years on, everything is back to normal. One political disaster follows after another. Something that looks like a revolutionary movement can suddenly rescind itself. The result is that the class struggle is very volatile right now. If we were in Bolivia in 2003–05, we would be looking at El Alto, which was in revolutionary mode, but now that Eva Morales is in power you have a mix of indigenous thinking and neoliberal compromises.

I take seriously Marx’s argument that crises express the internal contradictions of capital. However, when we come across something we don’t fully understand, it is tempting to chalk it up to the “internal contradictions of capital.” What do we really know about the structure of internal contradictions within the capitalist mode of production? When does a contradiction become absolute and generate a crisis?

I went back to *Capital*, and there are 17 internal contradictions specified therein. To give you one example: The basic contradiction is between use-value and exchange-value. One place to look at this is housing, which has a use-value. But many people who dwell in houses don’t rent, but become incorporated into home ownership—this use-value is sold as a commodity. This became very popular toward the end of the 19th century, when it was seen as a way of stabilizing society. Home dwellers eventually became homeowners who use their house as a form of savings. This became critically important in the Great Depression, when all of the financial reform was about encouraging home ownership amongst the working classes. It was once famously said that the savings and loans societies and building societies across Great Britain were the best defenses against Bolshevism. Or to put it the other way around: debt encumbered homeowners don’t go on strike. The incorporation of the U.S. working class as homeowners in suburban locations turned them into very conservative people. They became the defenders of property rights and defenders of capitalism rather than its essential enemies. Prior to this they had been part of a conscious political project during, say, the 1930s.

Around 1980, housing became something else, not simply a form of saving, but a form of speculation. Homeowners became much more concerned with improving the exchange-value of their house. You would stretch a bit to buy a house for \$200,000, improve it, and sell it for \$300,000 in a couple of years. The Savings and Loan Crisis of the late 1980s and the housing crash of 2008 led to foreclosures and a crisis of exchange-value, which in turn led to some people being denied the use-value of their house. This conflict between exchange and use-value has evolved historically and has culminated in the current crisis.

This can help tell us what an anti-capitalist politics should be about: namely, that we do not want housing that is vulnerable to the exchange-value calculus. We want housing to be secured as use-values that everyone

can access. The same is true of education, healthcare, and water supply. In other words, what you do is say that the contradiction led us into this crisis, but we have a particular political stance now which would roll back neoliberalism’s drive to privatize all those things, gearing them toward exchange-value accumulation.

Andrew Kliman: “Do different interpretations of the crisis really recommend different political strategies?” That this question has to be asked is a sign of the irrationalism and elitism in which much of the left is mired. If you think the masses need you to lead them step by step to a more advanced consciousness, like pieces on a game board, how *they* understand the crisis is unimportant. But how this vanguard understands the crisis is not important either until you have the allegiance of people, so gaining that allegiance becomes the all-important task—appealing to them where they are now, providing sound bytes about Wall Street, neoliberalism, and the one percent. Similarly, if you think that people can change society by spontaneous activity alone, or by a spontaneously arrived at consensus, understanding how capitalism functions becomes unimportant. Activity becomes all-important, the possibility of unintended consequences is dismissed, and rational argument is seen to lead only to disagreement and disunity.

I begin from a different starting point. Many lack information and access to ideas, but they want a real solution to the ongoing economic malaise. They are not going to rise up unthinkingly without first knowing what they are trying to accomplish and what actions can reasonably accomplish it. Finally, actions have unintended consequences, as the many failed revolutions and failed utopian experiments attest. The road to the present morass was paved with good intentions. This suggests the need for severely rationalist politics. We have to be oppressively aware that some supposed solutions to our economic problems seem good on the surface, but won’t work, or will only worsen the crisis.

When I set out to write *The Failure of Capitalist Production*, I found some things about the present crisis that counter the traditional account on the Left about the causes of the recession. First, the turning point of recent U.S. economic history was not the rise of neoliberalism, but what transpired in the 1970s, with the slowdown in economic growth, the relative increase in borrowing, global financial instability, decline in the growth of U.S. public infrastructure development, and so forth. This alone casts doubt on the political determinism of the conventional left view that the reversal of neoliberalism is the key to solving our economic problems.

Contrary to what the conventional left account suggests, I also found that the rate of return on investments, the rate of profit, of U.S. corporations did not rebound under neoliberalism. It fell from the mid-1950s through the early 1980s and never recovered in a sustained way. National corporations’ foreign investment also trended downward. This has to do with the long-term slowdown in the growth of productive investment or what is called the rate of capital accumulation. The conventional left account claims that slowdown was caused by financialization: Corporations diverted profits from production to financial uses. But I found that there was no such diversion. Almost all of the fall in the rate of accumulation had taken place by 2001. Between 1981, when Regan took office, and 2001, the period of neoliberalism, U.S. corporations invested a bigger share of their profits in production than they did between 1947–1980. Productive investment absorbed a bigger share of their surplus than it had before. So the slowdown in growth of productive investment is real; however, it was not caused by the difficulties in absorbing the surplus, but by the relative lack of surplus or profit in the first place.

For U.S. corporations, the entire fall in the rate of accumulation or productive investment between 1948–2007 is attributable to the fall in their after tax rate of profit. I have found that even though there has been a rise in income inequality in this country, which is real, profits did not increase at the expense of wages and benefits. The share of corporate output that employees receive did not change, nor did the share of the net national product that the working class was able to buy. Workers’ income enabled them to buy the same share they were able to buy before, without going deeper into debt. Redistribution from wages and benefits to profit didn’t occur, and thus was not the cause of the debt build-up. There was a build up, but for other reasons.

The underlying causes of the Great Recession, at least in the U.S., are the long-term fall in the rate of profit. This is what led to a long-term slowdown in productive investment, which in turn led to a slower growth of output and income. The slowdown in income growth led to ever rising debt burdens, as did government policies that repeatedly kicked the can down the road by throwing even more debt at the problem and encouraging private borrowers to do the same. This led to a series of burst bubbles and debt crises, culminating in the Great Recession. The recession was triggered by a financial crisis. There is no denying that. But if the financial issue was the only aspect of the problem, the economy should have rebounded smartly long ago, since the financial crisis in the U.S. had been quelled by the end of 2008. But there has been no such rebound anywhere in the world and that is mainly due to the profitability and debt problems that remain unresolved and to the political consequences of those debt problems, especially for the future of the Eurozone.

What are the political implications of this analysis? First, neoliberalism did not cause the changed trends in the economy. Financialization didn’t cause profits to be diverted from production. So people who want a broad multi-class alliance against neoliberalism, replacing the bad capitalists with the good capitalists, who want investment in production and for jobs to be created—this isn’t going to solve the problem. Productive investment is not going to rebound until profitability problems, debt problems, and the associated lack of confidence remain unresolved.

Debt forgiveness can help people in debt and in debt-or countries but it is not going to solve the economic malaise. To reverse the malaise, the debt problem has to be solved in a way that boosts lenders’ confidence that they are going to be repaid, not the opposite. If lenders are forced to forgive some of the debts, they are going to learn the lesson that they should not lend, or that they should lend at much higher rates, and we would have no solution to the crisis. There has not been

redistribution in the United States of wages and benefits for profits, so while reduced inequality is certainly going to help those at the bottom, it is not going to solve the economic crisis. Profit is the fuel on which capitalism runs. The problem that capitalism is facing is that it has been low on fuel for quite some time and any redistributionist measures that siphon off even more fuel are not going to help to stabilize capitalism, but will do the opposite.

I do not think that there is any progressive or leftist solution within the confines of capitalism. Within the system the problems are going to be solved—if they are solved—by addressing the profitability and debt problems. So I would like to suggest that we stop thinking about solving the crisis and instead assist peoples’ ongoing struggles to protect their incomes, jobs, and homes. Concessions were won during the Great Depression, they can be won again, even though they will not solve capitalism’s problems and, in fact, might even make them worse. Concessions are nevertheless worth fighting for and supporting. We need to offer the prospect of a socialist way out of the crisis. It is a real historical possibility. Struggles have been accelerating throughout the world and the problem has been the Left’s response—or lack of response. In the fall of 2008, the notion that capitalism had failed was common in the mainstream media, but it went nowhere because almost all of the Left moved in the opposite direction. The Left tried to downplay the severity of the crisis. It didn’t so much as echo the conclusion that capitalism has failed. That was an enormous lost opportunity and explains a lot of what this panel is meant to address.

Paul Mattick: “What does it mean to interpret the world without being able to change it?” This is not particularly mysterious. Changing the world requires the collective action of very large numbers of people. This does not mean, as the guiding questions for this panel suggested, that capitalism is a system devoid of human agency. Human agency keeps capitalism going, as people go to work, go to school, buy and sell goods. The process of social reproduction is carried out by active, conscious individuals. The existence at various times of social movements against that reproduction attests to other directions for that human agency. The misery the social reproduction process generates explains those movements and with them the various efforts to understand the system that constitute the history of socialist thought. As Marx observed long ago, it is social being that, practically speaking, determines consciousness, not the other way around.

The most profound understandings of capitalism will lack any practical importance unless what used to be called “the broad masses of the people” are engaged in social transformation in ways that lead them to find those understandings useful. Marx’s own thought provides an excellent example. His brilliant analysis of capitalism was for the most part not even read, much less understood or acted on, in the heyday of Marxist movements. It was, after all, of little relevance to the social democratic projects of the regulation of the market system in Western Europe and the construction of state capitalism in Russia.

Today, with the disappearance of the historical left, Marxian ideas have become largely an academic specialty. On the other hand, what seems an increasing interest in those ideas, inside and outside the academy, attests to a growing discomfort with the existing social system, especially since the start of the current depression in 2007. It is not impossible that some of those presently engaged in interpreting the world may some day get a chance to participate in changing it. It may be hard on a thinker to discover how little brilliant interpretation shapes history, but there is a positive side to this situation. If the proletarian revolution required a firm grasp of Marx’s *Capital* with, for example, a correct understanding of value-price transformation by the aforesaid broad masses, it is hard to imagine how that revolution could ever get going. Luckily this is not how social movements happen. They happen when large numbers of people find the existing state of affairs unbearable to such a degree that they are willing to risk the comforts of ordinary life, not to mention life itself, to try something new. Then they look around for ideas that might help them understand what is happening to them and what they can do about it. Social theory can help explain how such situations may come about, but it cannot be expected to produce them.

Crisis is a term used very loosely. I like to remember its original meaning: a turning point. A crisis coming after a period of prosperity initiates a period of depression, thus it corresponds to what on the other end is called a recovery. In this sense the crisis of 2007–08 is over, but the depression lingers on despite all the official talk of recovery. Of course the downturn, like all developments in capitalism’s history, is uneven in its effects. The weakest are hit hardest. Small businesses are crushed in Greece while Germany is still doing fairly well. As Detroit is depopulated, housing prices rise in Brooklyn and Paris. For this reason, the social effects are likewise uneven, although this also reflects the strengths and weaknesses of local traditions. Quebec students defeated an effort to increase university tuition while American students have been unable to prevent similar developments. Such movements, like the mass demonstrations in Lisbon and Spain that have so far held back somewhat the assault on the Iberian working class, have so far remained sporadic, localized, and limited in their challenge to the capitalist economic order. For this reason, we cannot really speak of social or political crisis at the present time.

This economic crisis and the downturn that led into it are like earlier episodes of the same type in the history of capitalism since the early 19th century. But like each of those predecessors they have novel features. Crises manifest deep-rooted problems in profitability in the capitalist economy, which discourage investment and create unemployment and market gluts. They are overcome as the depression acts to shift capital values and labor costs downward. The devaluation of capital makes possible higher profit rates and so a revival of economic affairs. The last major downturn of this type, which began in the 1930s and led into World War II, was so destructive in its effects on capital values as to make possible the 20 years of prosperity known to economists as the golden age. But even this prosperous period