

Debailleul, Corentin; Bichler, Shimshon; Nitzan, Jonathan

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## Theory and Praxis, Theory and Practice, Practical Theory

Review of Capital as Power

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## **Theory and Praxis, Theory and Practice, Practical Theory**

**CORENTIN DEBAILLEUL, SHIMSHON BICHLER and  
JONATHAN NITZAN<sup>1</sup>**

### **Questions to Bichler and Nitzan**

by Corentin Debailleul

In their most recent contribution to the Working Papers on Capital as Power, 'The CasP Project: Past, Present and Future' (2015 now published in Vol. 1, No. 3 in this journal), Shimshon Bichler and Jonathan Nitzan invite readers to engage critically with their theoretical framework, known as capital as power (CasP). This call for further research, reactions and critiques is the perfect occasion to raise a few questions that have grown in my mind in reading Nitzan and Bichler's work.

In their book *Capital as Power: A Study of Order and Creorder* (2009), Nitzan and Bichler reject both neoclassical and Marxist perspectives in political economy, and they dedicate two full chapters to a critique of Marxism. The critique focuses mainly on the labour theory of value, as the authors identify it as the core foundation of Marx's work. And indeed, the concept of exploitation – so central for many political parties, unions and activists – is built on this very theory. Hence calling into question the labour theory of value shakes not only the ground on which all Marxist economics rests, but also all Marxist praxis, for the two go hand in hand.

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<sup>1</sup> Corentin Debailleul resides in Brussels. Shimshon Bichler teaches political economy at colleges and universities in Israel. Jonathan Nitzan teaches political economy at York University in Canada. All of Bichler and Nitzan's publications are available for free on *The Bichler & Nitzan Archives* (<http://bnarchives.net>). Research for their article was partly supported by the SSHRC. The entire exchange is licenced under Creative Commons (Attribution-NonCommercial-NoDerivs 4.0 International).

Nonetheless, while they dismiss neoclassical economics as an obfuscating faith, Nitzan and Bichler acknowledge that Marxism has some merits, both in their 2009 book and elsewhere. For example, in their article, 'Capital as Power' (Bichler and Nitzan 2012), they maintain that many Marxist insights are laudable:

... both Marx and the neo-Marxists have had very meaningful things to say about the world. These include, among other things, a comprehensive vista of human history – an approach that negates and supersedes the particular histories dictated by elites; the notion that ideas are dialectically embedded in their concrete material history; the link between theory and praxis; the view of capitalism as a totalizing political-power regime; the universalizing-globalizing tendencies of this regime; the dialectics of the class struggle; the fight against exploitation, oppression and imperial rule; and the emphasis on autonomy and freedom as the motivating force of human development.

In my view, this ambivalent relationship with Marx and his followers deserves further examination, as it could – through a dialectical process of embracing, rejecting and overcoming various Marxist stances – allow for the development of CasP. The following interrogates the imbrications between Marxism and CasP and can be seen as an invitation to start this confrontation.

What is the role of social classes, class relations and class struggle in the CasP framework? Can a mode of power be defined by the nature of and relations between its constituting social classes? In Marxist theory, classes are defined by their position in a given mode of production. Are classes in CasP, in some kind of parallel to Marxism, defined by their position in global power relations? Is there a ruled class intrinsically at war with a ruling class, for instance?

Marx stressed the importance of consistency between theory and action. As he famously stated, 'Philosophers have hitherto only *interpreted* the world in various ways; the point is to *change* it'. Surely, what Marxists have proposed or done in the name of Marx is extremely varied. But what CasP proponents have to offer in terms of praxis largely remains to be explored. In their most recent paper, Nitzan and Bichler write:

... when activists ask us, 'OK, so what do you recommend we do?' our answer is simple: establish ten autonomous research institutes around the world, and you will have taken the first step toward changing it. There is enormous pent-up autonomous energy in the world, but most of it is undirected and therefore wasted. In order to change the world, you need to know what kind of world you want; in order to know what you want, you need to know what exists; and in order to know what exists, you need *radical, autonomous* – and therefore *non-academic* – re-search.

While the proposal to create autonomous research centres is certainly interesting, it does not seem to me to go far enough. According to the Marxist tale, the working class is assigned the task of overthrowing the capitalist class and eventually abolishing all classes and producing communism. ... Because CasP presents itself as a radical critique of capitalism, one could

expect it to envision some path for the abolition of this order – in Hegelian terms, its *Aufhebung* or dialectical transcendence. Furthermore, someone inspired by anarchist thought may wonder whether the aim of such a revolution should be the *creordering* of a new (better) mode of power, or whether the end of all modes of power should be favoured instead. Here, the tough issue of defining ‘power’ arises.

Finally, I want to stress one point that has often been mobilised to criticise Marxism: its economic determinism, or tendency to link *every single thing* to the mode of production or so-called base. Nitzan and Bichler have developed a conceptualisation of capital that seems to encompass many (if not all) human interactions. Their Mumfordian depiction of our social order as a megamachine dedicated to capital accumulation – which they call the *state of capital* – might be subject to similar accusations of determinism and reductionism.

Hence the question: what exactly is the relevant area of CasP in today’s globalising society? To what does it and does it not apply? Are there relations that cannot be described as power relations? Or that cannot be labelled ‘capitalist’? That are legacies from past modes of power, for instance? Or that prefigure the world ‘we’ want to create?

These questions must be addressed both practically and theoretically, individually and collectively. This intervention is intended as an invitation for Nitzan and Bichler to articulate or clarify their positions, and for others to join the discussion as well.

## Theory and Praxis, Theory and Practice, Practical Theory

by Shimshon Bichler and Jonathan Nitzan

In his intervention, Corentin Debailleul raises several related questions, of which three seem paramount: (1) What are the overlaps and differences between CasP and Marx? (2) How does CasP relate to the concepts of class and class struggle? And perhaps most importantly, (3) what is the CasP praxis?

These questions are not new. They have been raised often and in various forms, mostly by sceptical-, former- and post-Marxists wishing to build bridges between the old and the new. Our two books, *The Global Political Economy of Israel* (Nitzan and Bichler 2002) and *Capital as Power: A Study of Order and Creorder* (Nitzan and Bichler 2009), along with the growing body of CasP research, provide some insight into these questions. But these insights offer no more than a starting point. As we indicated in 'The CasP Project: Past, Present, Future' (Bichler and Nitzan 2015), there is a need for a much deeper, broader and more systematic exploration, an inquiry that we invite others to participate in and which we hope to contribute to in our ongoing study of *Concepts of Power, Modes of Power*. In this article we offer a few interim thoughts instigated by Debailleul's queries.

### Communists and Anarchists

In 2001, the Israeli Communist Party invited us to present our newly published Hebrew book, *From War Profits to Peace Dividends* (Bichler and Nitzan 2001), at the party's local in Lower Haifa.

The invitation was somewhat surprising. The Israeli (formerly Palestinian) Communist Party was never a model of open-mindedness and autonomy. Founded in the 1920s, its 'revolutionary praxis' has been marked by numerous twists, turns and uneasy adaptations. The Party managed to stomach the Soviet purges of the 1930s, in which many of its own Comintern founders/supporter were executed; it survived the nationalist-socialist split ushered in by the 1936-9 Arab Revolt in Palestine; it braved the 1960s conflict between the Nasserites and pro-Moscow factions; it endured the contradictions between Arab nationalism and universal socialism; it kept its eyes wide shut in the face of Moscow's realpolitik in the region (including its abandonment of communist prisoners in Egypt and Iraq); during the Second Palestinian Intifada, it walked the tightrope between supporting narrow-minded religious terrorism and promoting enlightened secular bi-nationalism; the list goes on.

It was never entirely clear whether these 'revolutionary practices' aligned with or contradicted the Party's 'revolutionary theory' – or maybe neither was revolutionary, and it was simply a case of an atrophied Party oligarchy ignoring a rigid theory that no longer suited its various manoeuvres. One way or the other, the invitation offered us a golden opportunity to engage with one of the last Stalinist parties on earth – and that alone was worth the effort, if only for the anthropological experience.

The first rows of the lecture hall were all taken by Party elders, many holding walking sticks and wearing hearing aids. Their view of capitalism was delineated by clear dualities. As far as they were concerned, the world was split between base and superstructure, economics and politics, determinism and vitalism and theory and praxis, and these dualities, most of them believed, held together or fell apart depending on the ups and downs of class consciousness and class struggle – or, in more ‘political’ terms, the wisdom of the Party and the zeal of its followers.

The elders were particularly keen to hear from us that the Israeli occupation of Palestinian territories and the country’s refusal to allow for a Palestinian state were rooted in ‘objective economic interests’. They wanted us to confirm that, in the final analysis, the history of the Israeli-Palestinian conflict was anchored in production, exploitation and accumulation à la Marx and imperialism à la Lenin.

We tried to explain to them that this type of naïve Marxism-Leninism was no longer fashionable. Leading Marxists like Harry Magdoff, we pointed out, had already shown thirty years earlier that accumulation was no longer dependent on the direct occupation of colonies and that the United States invaded Vietnam not in order to enrich a few bankers and arms dealers, but to protect the entire capitalist system from the so-called domino effect of creeping communism (Magdoff 1969, 1972, 2003).

Similarly with Israel. The country’s largest corporations had no use for occupied Palestinian land. Israel’s dominant capital, we told the politicians, had gone global long ago, and its differential accumulation was by now nearly perfectly correlated with the U.S. NASDAQ. It certainly didn’t depend on the cheapness of Palestinian labour, let alone the tiny Palestinian market. Even the most basic cost-benefit analysis showed that Israeli capitalists were set to gain from a ‘new Middle East’ à la Shimon Peres: with the Israeli-Palestinian conflict resolved, they would be able to invest freely in the region, generating ‘peace dividends’ far larger than their former war profits.

Our failure to economise the occupation didn’t endear us to the die-hard Stalinists, and some of them were visibly dozing. But when we introduced our theory of Middle East Energy Conflicts, they quickly straightened their backs and adjusted the volume on their hearing aids. The issue, we explained, is not that the occupation is unrelated to accumulation, but rather that this relationship has to be understood in the much broader context of the global political economy and the ways in which Israel has been embedded in the regional and global logic of capital.

Our audience was again attentive. Regional wars, we told them, were intimately connected to differential oil profits, and that connection was enough to rekindle excitement. Profit, they all knew, was a ‘real’ economic variable, and with this anchor having been safely secured, everything else fell into place: the extraction, refining and consumption of oil involved relations of production; relations of production connected to class conflict; and class conflict

was intertwined with domestic politics and international relations – i.e., with the Party's exclusive expertise.

But the excitement quickly fizzled. We demonstrated to the senior luminaries that differential profits in the oil business were dependent almost entirely on differential prices, and that variations in production (i.e., the 'real economy') were relatively insignificant. And that demonstration was too much for them to bear.

One vocal opponent – an emeritus professor of physics – was particularly flabbergasted. The professor – who incidentally was a former student of David Bohm when the latter, on his escape route from American McCarthyism, taught briefly at the Israeli Technicon – was puzzled by our indifference to 'materialism'. How could oil profits – whether absolute or differential – be independent of the physical production of oil? Why do we insist on the primacy of prices and finance when it is patently clear that accumulation is rooted in the 'reality' of production? As a theoretical physicist, he steadfastly believed that economic reality was ultimately a matter of use values ('stuff'), and that accumulation must be countable in units of production and consumption. Everything else – from prices and money to credit and finance – was mere reflection, speculation, accounting tricks or simple hallucinations. We politely pointed out that he himself had never seen a single 'real' atom, let alone an electron or a proton, and that his entire physics was symbolic, based on nothing but chemical hallucinations, but he was unfazed.

All in all, we failed to impress the front rowers. Our dogmatic research was obviously no match for the eternal theories of Marx, Lenin and Stalin. But then, when the Q&A session finally ended and the gathering came to a close, we were approached by a young, athletic guy with broad shoulders and piercing eyes. 'I'm an anarchist', he announced with a hint of a smile. 'I have no patience for theoretical dogma and fancy words. I want revolutionary praxis. Just give me the bottom line: *who do I need to shoot?*'

### **Arrow in the Blue**

And so the left finds itself in an infinite regress, oscillating between the arrow and the blue.<sup>2</sup> The men and women of action, teetering on the verge of praxis, look for clear guidance. They want an 'objective' template to tell them what is to be done. But this objective template is nowhere to be found. The old theoretical scriptures no longer offer unequivocal instructions. Having been sanctified, immortalized and fossilized, they shed less and less light on the rapidly changing world. They can no longer be simply read and followed. They need to be deconstructed, interpreted and adjusted to the ever-changing reality. They require political leaders, academic pundits, media intellectuals and other mediators who know how to pick and

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<sup>2</sup> In Arthur Koestler's autobiography *Arrow in the Blue* (1952), the arrow was a metaphor for action, the blue for contemplation. Koestler engaged in both, but claimed he could never engage with both at the same time.

choose the right words that the faithful can easily follow. But then, if the 'correct' action is vetted by go-betweens, who needs objective theory to start with?

And indeed, nowadays very few activists think they do. The anti-globalization and Occupy movements of the new millennium started their journey with lofty autonomous ideals and plenty of media coverage, but soon enough found themselves falling back on new/old slogans. They condemned imperialism and financialism, called on governments to nationalize the banks and de-subsidize the large corporations and demanded that income be redistributed downward and debts be cancelled. But slogans do not produce new insight to tell us how the world actually works. Lacking conviction, they ebb and flow with the stock-market cycle. They are no match for, let alone offer an alternative to, the rising radical right.

To democratize society, to unleash autonomy, to plan for a better, sustainable future, we need to understand how capitalism operates – both in general and in detail. The reason for this requirement is very simple. Social change, no matter how radical, is never complete. It never creates a clean slate, an entirely new society built from scratch. Lineages from the past always remain, and these remaining lineages tend to be, at least in the beginning, much more important than those that have been severed. This ever-present, dialectical enfoldment of the past within the present means that, for change to be effective, we must understand exactly what is it that we seek to alter. And such an understanding requires that we give up our theoretical fixations and ideological rigidities.

Historically, one of Marxism's greatest political appeals was its totalizing nature. During the 1930s, many communists, particularly in Europe, were convinced that Marxism offered them a 'theory of everything'. It promised insight into all aspects of society, and this insight, they believed, would enable the Communist Party to change everything. This belief galvanized action, cemented conviction and mustered the type of social energy that only religion can amass. But it also sowed the seeds of the theory's own demise.

As Hegel pointed out, no theory of society can transcend its historical epoch. For social theory, no matter how elegant, robust and comprehensive, is always part of the very society it seeks to describe, preserve or change. The purpose of a theory, we might posit, is to creorder – or create the order of – society. In the language of Ulf Martin (2010), theories of capitalism and the social structure they construct are 'operational symbols' – that is, symbols that describe and organize other symbols. And operational symbols are often *autopoietic*: self-creating and self-transforming. In other words, when a theory imposes its logic on and transforms society, it necessarily undermines its own prior coherence and therefore must be revised or discarded altogether.



## From Marx to CasP

Although we are critical of key aspects of Marx's theory, his work is deeply enfolded in our own. The following paragraphs, taken from our book *Capital as Power* (Nitzan and Bichler 2009), summarize some of these lineages – as well as the reason why they must be re-examined:

As radical thinkers, we find it far more difficult to criticize Marx than the neoclassicists. So much of our thinking about capitalism originates from his writings. The very concept of the 'capitalist system'; the view of capital as a political institution and of political critique as part of the class struggle; the emphasis on the ruling class and the socio-historical context in which it emerges; the dialectical development of history in general and of capital accumulation in particular; the imperative of empirical research; the universalizing tendencies of capital – these ideas and emphases are all due to Marx. It is hard to approach contemporary social phenomena – from globalization, to economic crisis, to militarization, imperialism, ecology, price movements, the modern corporation, cultural development, elite dynamics and technical change, to name a few – without feeling indebted to Marx and the controversies he opened up. His insights, along with the debates among his followers and critics, are deeply embedded in our current thinking.

But then it is precisely this crucial importance of Marx – along with his emphasis on dialectical thinking – that forces us to re-examine his underlying framework. Capitalism, he argued, is a system of commodities, driven by the accumulation of capital and denominated in prices. To decipher the secrets of this process is to look behind the front window of prices, and to do so we need a *theory of value*. This is the starting point, the 'algorithm' that Marx uses to develop much of his subsequent concepts and analysis. Marx chose to develop a value theory based on *labour*, and it is here that his analysis went wrong. Our purpose in this and the next chapter is to examine why. What are the inconsistencies in Marx's logic, how has the development of capitalism undermined that logic, and most importantly, what can we learn from these theoretical and historical considerations as we seek to develop a radical alternative? (84)

One of the key shortcomings of Marx's approach is that it accepts – however critically – the liberal duality of economics versus politics and in so doing makes it hard if not impossible to transcend the 'materialist' notion capital. As we noted in *Capital as Power* (2009), initially

the notion that capital was a purely economic category hardly seemed problematic. With economics considered separable from politics, with aggregate concepts yet to be invented and diffused, and with the basic social data still to be created, it was possible to believe that capital was an objectively defined economic entity with a readily measurable quantity. There was really nothing to contest that belief. (41)

But this belief didn't last for long. While capitalism expanded and globalized as Marx predicted, its character was transformed radically, and in ways that Marx's theory could not easily accommodate. Below we outline some of these changes, as summarized in *Capital as Power* (2009):

The turning point came at the end of the nineteenth century. Recall that classical political economy differed from all prior myths of society in that it was the first to substitute secular for religious force. But note also that this secular notion of force was similar to its religious predecessor in that it was still heteronomous. It was *external* to society. For the political economist, economic forces were as objective as natural laws. They were determined *for* human beings, not by human beings.

This external perception of force began to crack during the second half of the nineteenth century. More and more processes seemed to deviate from the automaticity implied by the natural laws of economics. Increasingly, force was subjectified by society, seen as determined *for* human beings, *by* human beings. Challenged and negated, heteronomous force gradually re-emerged as autonomous power.

The change in perception was affected by several important developments. First, the rise of large governments and big business undermined the Newtonian logic of competitive markets and political equilibrium. At the turn of the twentieth century, it was already clear that the guiding hand of the market was not always invisible and that liberal politics was far from equal. Power now was much more than a theoretical addendum needed simply to 'close' an otherwise incomplete economic model; it was an overwhelming historical reality, one that seemed to define the very nature of capitalism. This recognition cast further doubt on the possibility of purely economic categories.

Second, the emergence of the aggregate view of the economy, the development of national accounting and the requirements of statistical estimates revealed serious difficulties with the measurement of capital. For the first time, political economists had to put the concepts of utility and abstract labour into statistical practice, and the result was disastrous.

According to received doctrine, the 'real' quantity of capital is denominated in units of utility or abstract labour. But there is a caveat. As we shall see later in the book, such measurements are meaningful, if at all, only under conditions of perfectly competitive equilibrium. This qualification creates a bit of a headache since, by definition, perfectly competitive equilibrium evaporates when infected by power. And given that even orthodox economists now agree that power is everywhere (if only as a 'distortion'), it follows that the theoretical units of 'real' capital are meaningless and that their practical measures break down. In fact, it turns out that even when we assume perfectly competitive equilibrium it is still logically impossible to observe and measure the utility

or abstract labour contents of capital. And so, by attempting to measure the so-called 'real' quantity of capital, economists ended up exposing it for what it was: a fiction hanging by the threads of impossible assumptions and contradictory logic.

Third, and more broadly, the new reality of the twentieth century didn't quite fit the traditional way in which liberals and Marxists separated economics from politics. There was a massive rise in the purchasing power of workers in the capitalist countries, an uptrend that contradicted the cyclical patterns suggested by Malthus, Ricardo and Marx, and that therefore blurred their basic notion of 'subsistence'. Many types of labour became complex and skilled, rather than one-dimensional and simple as Marx had anticipated – a development that made the notion of 'abstract labour' difficult if not impossible to apply. And in contrast to the expectations of many radicals, profit cycles failed to implode capitalism, while the profit rate – although oscillating – trended sideways rather than down. Culture, media and consumerism became no less crucial for accumulation than production was. Inflation supplemented cost cutting as a key mechanism of redistribution, while finance took over the factory floor as the locus of power. Emerging categories of technology, corporate planning and public management could not easily be classified as either economic or political. It became increasingly clear that free competition and bourgeois ownership were insufficient, even as a starting point, to explain the nature and development of modern capitalism.

The very notion of class became contested. As an analytical tool, class originally emerged from a triple fusion of Ricardo's theory of labour value, Comte's industrial management and Marx's capital accumulation. The emphasis of class analysis on capitalists and workers was unmediated and obvious; it was materially embedded, ideologically accepted and legally enforced; and until the late nineteenth century it served both the liberal mainstream and its Marxist critiques.

But by the early twentieth century, the vision of class analysis had become blurred. Although still linked in some sense to material reality, class was now increasingly intertwined with political organizations and parties, culture, mass psychology and sociology. It was no longer immediate or obvious. It required subtle articulation. It became a speculative concept.

Worse still, class was now competing with new concepts, particularly the 'masses'. The twentieth century brought fascism, a new regime that rejected the Enlightenment, cast off rationalism and shifted the entire ideological emphasis of social theory. Instead of production, fascism accentuated power; in lieu of class, it spoke of state, organization and oligarchy. Following fascism, social scientists began to emphasize a new set of categories – 'mass', 'crowd', 'bureaucracy', 'elite' and, eventually, the 'system' – categories that appeared more flexible and better suited to the changing times than the rigid and anachronistic class demarcations of political economy.

Fourth and finally, the objective-mechanical cosmology of the Newtonian and liberal revolutions started to fracture. In its stead came an indecisive worldview of uncertainty, risk and probability, of relative time/space, of an unsettling entanglement of particles and of a rather hazy separation between observer and reality. These developments have been used to justify further movements away from the scientific-universal principles of political economy. Vitalism, ethnic identity and racism have all flourished in the name of cultural pluralism. Anti-scientists have challenged the so-called binary 'essentialism' of 'Eurocentrism'. Lord Bacon was dead. Ignorance has become strength.

Suddenly, power was everywhere, and it contaminated everything. The anonymous market, measurable capital and class have all become suspect. The old categories seemed to be melting, along with the determinism that held them together. Political economy had entered a new, uncharted territory. (42-44)

Can Marxism overcome these challenges? Most Marxists think it can, but the task certainly looks Sisyphean.

### **Class and Class Conflict**

Marx anchored class in production. Human beings, he said, use tools to mediate their relationship with nature, and those tools – or means of production – end up mediating their relationships with each other. In this way, the political anthropology of 'man the maker' became the objective foundation of class analysis. The most fundamental social conflict is always between those who own the means of production and those who don't, between the class that produces the surplus and the one that appropriates it. For Marx, this production-driven class conflict is the ultimate engine of human history.

During the monarchic-feudal era, human beings were classified according to their designated role in production – from the peasants and landed nobility of the countryside to the merchants, manufacturers and 'blue nail' labourers of the bourg. Marx extended this classification into the modern era. Feudalism, he argued, had given way to a new 'mode of production', and this new order generated two new conflict-bound classes: the productive workers who ran the industrial machinery and the capitalists who owned it.

Now, unlike in earlier modes of production, where the surplus was confiscated directly, in capitalism it is appropriated symbolically through the price system, and this valorisation makes capitalism infinitely more complex and difficult to decipher than earlier class societies. To start with, the industrial class struggle affects capitalists in a very roundabout way. Whereas workers are said to be concerned mainly with their material standard of living, capitalists are driven by the emblematic rate of profit and pace of accumulation. These numerical indices are anything but straightforward. According to Marx's labour theory of value, they are supposed to translate and reduce the numerous material facets of production into singular accounting quantities, but the practical rituals through which they are derived

are often highly arbitrary and far from objective. And that's not the end of it. The rates of profit and accumulation supposedly influence – and some say ultimately determine – the so-called non-economic spheres of culture, religion, politics and international relations. But this impact, which is rarely if ever spelled out in the foundational Marxists texts, is highly conjectural and difficult to pin down.

For example, what is the connection between the rate of exploitation of 'productive' Hollywood workers – assuming that these workers can be identified and their exploitation measured – and the rise of nearly risk-free blockbuster cinema? Or how is the rate of return on oil related to the ebb and flow of Jihadism in the Middle East and the exploits of armed militias such as ISIS? And what is the link between the profitability of U.K 'industrial' corporations – provided that this category is still meaningful – and U.K. Middle East policy?

As we see it, the problem with these questions is that they 'rig' their answers, forcing the researcher, from the very start, into rigid economic/productivist definitions of class, class struggle and accumulation. This problem doesn't exist in CasP. The notion that capital is power eliminates the division between 'base' and 'superstructure'. There is no longer any need to separate economics from politics, real from financial capital and productive from unproductive labour. There is no requirement to distinguish necessary labour from the surplus value it gives rise to, or to differentiate between concrete labour and the SNALT units of which it is supposedly made. These concepts, although still decorating the Marxist literature, have lost much of their logical coherence and operational usefulness.

In Marx, accumulation and therefore the class struggle are anchored in the creation and realization of surplus value, which in turn means that, if accumulation indeed drives capitalist society, all power relations must somehow be reduced, or at least linked, to production. Not so in CasP. Here, the accumulation of capital is a conflictual power process to start with – and an *encompassing* one at that. This view means that *every* power process – and not just 'economic' ones – that bears on expected earnings is discounted into capital values and in that sense becomes part and parcel of capital. In this context, class and class conflict are categories of capital *as* power to begin with: they are not *related* to accumulation; they *constitute* it.

Capitalized power is not a 'thing' in and of itself. It is not a 'factor' in a production function, an entity that 'contributes' – along with land, labour, machines and technology – to the economy and accumulation. It is not a 'scarce resource' to be 'allocated' or fought over. It is not a *qualitative entity*, but a *quantitative relationship between entities*. Capitalized power is the basic conflictual binary of force/defiance that makes up capitalist society; it is the fundamental relationship that constitutes the distinct capitalized entities *as well as* the capitalized space in which they exist and which they shape. Take, for example, Wells Fargo, the world's largest financial holding group by market value. In 2015, the group's capitalization of \$264 billion – roughly 0.5 per cent of the world's stock-market capitalization and 0.1 per cent of all capitalized assets – quantified its relative power. It reflected Wells Fargo's present and expected relationships of conflict/alliance/resistance with a long list of entities – from

depositors and borrowers, to suppliers and buyers, to employees and clients, investors and corporations, governments and international organization – as well as the ways in which these numerous relationships creordered and were in turn creordered by capitalist society at large.

CasP does not distinguish economic determinism from political voluntarism. Unlike Marx's capitalist mode of production, whose relations of production need to be linked to and connected with other, 'non-economic' forms of conflict, the capitalist mode of power is a single, albeit multidimensional, process of creordering conflict. This creordering certainly encompasses labour and production, among other things; but it encompasses them only insofar as they impact the *power* underpinnings of capitalization.

In the contemporary Marxist framework, the ruling class comprises the owners of the 'means of production' augmented by auxiliary political and cultural groups à la Gramsci. In this division of labour, the former group controls the production and realization of surplus value while the latter enforce on the 'productive classes' the false consciousness of capital, legitimize its legal rule and regulate its 'social structure of accumulation'.

CasP rejects this liberal-Marxist binary of 'state/politics' versus 'civil society/economics'. Differential profit and capitalization quantify the ways in which capital creorders the power grid crisscrossing the *whole* of society; they measure and discount the manner in which capital shapes, delimits, redirects and strategically sabotages *every* aspect of social existence, in general and in detail.

The differential power underpinnings of this process mean that, when thinking of the ruling class in capitalism, we need to consider not capital in general, but *dominant capital* in particular, while the universalizing nature of this power process suggests that this dominant capital comprises corporations as well as other key power organizations and institutions of society with which they are intertwined. It is impossible to think of JPMorgan Chase without the Fed, of ExxonMobil and Lockheed Martin without the Pentagon and the State Department, of the Japanese keiretsu and Korean chaebol without their respective governments – and of all these entities without the international organizations that connect and link them. These organizations and the people who own and control them constitute not a mechanical collection of distinct 'economic', 'political' and 'cultural' components, but a single hologram of capitalized power.

### **Praxis and False Consciousness**

Marx distinguished between 'class in itself' and 'class for itself' – between the objective existence of a class and the subjective consciousness of those who belong to it. The two concepts are linked through praxis, whose ultimate realization comes when the mythical industrial proletariat, having realized its true class nature, fulfils its historical mission and appropriates the appropriators.

The empirical proletariat, though, doesn't seem up to the task. The working masses, industrial and otherwise, do not appear overly eager to overthrow capitalism. Many of them prefer passive entertainment and shopping-till-dropping to engaged creativity and political activity. They are often xenophobic, nationalistic and racist, and they seem particularly hostile to guest workers. Disturbingly, a sizeable proportion of them holds on to capitalist principles and swears by laissez-faire slogans – often while supporting populist dictators, religious demagogues and conservative political parties.

Overall, then, there seems to be somewhat of a gap between the theoretical praxis and the practical reality. The proletariat, it turns out, disregards its assigned historical task. It refuses to recognize its objective class position, let alone act accordingly, and the experts are still trying to figure out why. Many Marxist volumes – from Lukács' *History and Class Consciousness* (1971) and Sartre's *Roads to Freedom* trilogy to Marx and Engels' *German Ideology* (1970) and Marcuse's *One-Dimensional Man* (1964) – have been devoted to this question, and while their explanations often differ considerably, they all point to the same malaise: the false consciousness of the laity.

The curse of false consciousness isn't new, of course, having besieged many a church throughout history. And it very much resembles the difficulties haunting the neoclassical faith of liberal capitalism. While in theory the perfectly competitive free market is always right, in practice it always fails. The problems, of course, are all 'exogenous' – or at least that's what the priests of the neoclassical church keep saying. Equilibrium, they tell us, is upset by 'external shocks' and unfortunate 'irrationalities', supply is 'distorted' by monopolies and cartels, demand is 'manipulated' by advertisers and demagogues, market dynamics are 'over-regulated' by governments and bureaucrats, innovations and enterprise are 'suffocated' by red-tape, costs are 'artificially' inflated by labour unions, oil sheiks and the weather gods and state budgets are bloated by duplicitous politicians who speak for the free market while acting against it. Everyone seems to betray the liberal market – yet somehow this treason, just like the false consciousness of the working class, works wonders for capitalist profits.

CasP has neither laity nor infidels. It identifies no predestined laws of motion and assigns no historical missions. There are no theoretically inevitable crises to bring about true consciousness and political praxis. There is no need for fortune-tellers like Kondratiev to identify for leaders like Lenin the right time to trigger the ultimate world revolution, and there is no need for working-class prophets like Stalin to execute the treasonous experts when they happen to misread the objective omens.

Unlike the capitalist mode of production, where the objective 'material' base conditions if not determines the conceptual-ideological-legal superstructure, in CasP the mode of power and concepts of power are enfolded in one another: the actual organization of society and the concepts through which this organization is conceived, described, constructed and criticized are intertwined.

The dynamics of capitalism and the limits, or asymptotes, of its power cannot be easily reduced to strictly 'objective' conditions. They depend on the ability of the rulers to force themselves on the rest of society – and the confidence they have in this ability. For this reason, crises in capitalism have much to do with the rulers' fears – which, contrary to the Marxist vision, are not a fictitious element of financial irrationality, but a key dimension of capitalization and an integral aspect of accumulation.

The rulers are no more rational or irrational than their subjects. Indeed, the remarkable resilience of capitalism hinges crucially on its ability to subjugate *both* rulers and ruled to the *same* operational symbol of capitalization.

Earlier modes of power made hierarchy explicit and binding: they differentiated clearly between rulers and ruled, they limited and often prevented upward mobility and they generated and enforced significantly different mind sets on various social groups. Capitalism is very different in this sense. It is the only mode of power that *denies* power. It flattens the world. It renounces hierarchy and glorifies opportunity. It removes formal barriers to mobility and objects, at least in principle, to various forms of discrimination.

The only legitimate differentiator is money. Its ultimate purpose is said to be wellbeing ('better life'). All capitalist subjects are conditioned to cherish the singular principle of individual pleasure ('standard of living'), taught how to quantify it ('net worth') and imagine that they try to maximize it ('rate of return'). But they assess their success not directly but monetarily ('being rich'), and they seek it not absolutely but differentially ('beating the average'). In other words, they think hedonically but act conflictually, forcefully, violently. And it is the *universality* of this duality – the fact that everyone, from capitalists and workers, to politicians and bureaucrats, to the unemployed and the criminal, live and die by it – that makes praxis so elusive.

In *Nineteen Eighty Four*, George Orwell mocked Marx by turning his class-conscious proletariat into mindless proles locked in an infinite loop: 'until they become conscious they will never rebel, and until after they have rebelled they cannot become conscious' (1948: 70). But become conscious of what and rebel against whom? In the Soviet Union, the backdrop for Orwell's novel, the answer may have been pretty obvious. But in capitalism, where, on the face of it, rulers and ruled obey the same logic, are conditioned by the same values and believe they are driven by the same goals, the answer is not that simple.

### **Bridgehead**

These considerations make praxis crucially dependent on fusing political action with ongoing empirical and theoretical research. To illustrate this necessity to know what we are doing, consider the following thought experiment. What if, instead of reordering the entire fabric of society, we start with a narrow bridgehead? Rather than trying to revolutionize the whole thing, we focus on one well-defined sphere. We inject into this sphere greater autonomy,



cooperation and creativity, and then gradually tie these changes with, pull in and transform additional social spheres and processes, as well as our very understanding of society.

One promising site for such a bridgehead is the intersection of housing and pensions. The rapid urbanization of the planet makes affordable housing a key concern – and increasingly an impossible dream – for most wage earners. Similarly with pensions. According to the International Labour Organization, the vast majority of the world's working-age population – up to 90 per cent – is not covered by pension schemes capable of providing adequate retirement income (Gillion *et al.* 2000). Left unattended, these trends are akin to social time-bombs. Used wisely, though, they might offer a leverage for autonomous social change around the world.

If we could come up with a democratically managed system that ploughs pension contributions into affordable housing and uses mortgage repayments and rent to pay pensioners, we might be able to align with and mobilize large chunks of society. And that's just for starters. Affordable housing can be tied to sustainable urban planning, with creative architecture and new forms of public transportation to counteract and reverse the ecological devastation ushered in by uncontrollable sprawl. Those who live in autonomously developed urban areas and experience the democratic process might in turn wish to reform the educational system and broaden their self-government. The conceptual challenges created by a democratically managed pension-housing system might give rise to alternative accounting methods based on computations of public welfare rather than individual utility. Success in any of these areas could spill over into other areas of society, while failure would encourage rethinking and exploring of alternative routes. What started as a mere bridgehead could gradually expand into a broad reordering of society at large.

Can this thought experiment be translated into praxis? Perhaps – but only if we are able to conceive, develop and implement it in conjunction with ongoing empirical and theoretical research.

There are three related reasons for this requirement. One is that the changes outlined above constitute a direct assault on the capitalist mode of power: to democratize housing is to undermine the concentration of private real-estate ownership and management; to withdraw pension funds from the stock market is to arrest asset-price inflation and deprive capitalists of the nearly total leverage they have over middle-class incomes and the middle-class way of life; to demonstrate the efficacy of self-management in more and more realms of society is to delegitimize the sanctity of private enterprise and sound the death knell for accumulation.

So dominant capital and its power belt of government officials, economists and public-opinion makers are bound to fight this process nail and tooth. They will dismiss its underpinnings and attack its supporters. They will thwart its planning and sabotage its implementation. They will use sticks and carrots, brainwashing and threats, persuasion and

violence. There is no way for us to withstand, resist and overcome these attacks without understanding – in general and in detail – the power logic they obey and the power structures they mobilize. And that understanding requires relentless, in-depth research.

Another reason is that even if we succeed and see our bridgehead gaining traction and spreading into other areas of society, initially these areas will have to coexist and interact with parallel structures of capitalist power. To put this parallelism in context, note that the modern capitalist principles of investment and accounting, discounting and finance and wage labour and increasing efficiency emerged in the early part of the second millennium AD, but that until very recently – perhaps as late as the nineteenth century – they operated within and alongside the logic of feudalism. And if that proves to be the case with post-capitalist alternatives, our praxis will depend crucially on understanding the ever-changing dynamics of capitalist power in which these alternatives exist.

Last but not least, enfolding research with praxis could boost the morale and optimism of progressive groups around the world. To show that democratic schemes such as pension-supported housing can actually work – i.e., that they serve the autonomy and wellbeing of their members while weakening the power logic of capital – is to demonstrate that we understand capitalism and can do better; that alternatives to capitalism can be imagined, planned and implemented.

This understanding, however, is difficult if not impossible to gain when we embrace academic dogma, cling to outdated political slogans and shun empirical research. The only way to achieve it – certainly on any meaningful scale – is through a series of *autonomous, non-academic* research institutes that are informed by and cater to societal action. These are not mere sidekicks. In our complex world, they have become a prerequisite for effective praxis.

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