

**CAPITAL
AS POWER**
PROGRAM

RETHINKING
MARXISM
CONFERENCE 2009

The 9 integrated panels of this program assess and research the theory of capital as power.

Related Links

[Rethinking Marxism Conference: New Marxian Times, 5-8 November 2009](#)

The conference, organized by *Rethinking Marxism: A Journal of Economics, Culture & Society*, will be held at the University of Massachusetts in Amherst on 5-8 November 2009. The six previous international conferences organized by the journal have each attracted more than 1,000 students, scholars, and activists. The conference will include keynote addresses and plenary sessions, formal papers, roundtables, workshops, art exhibitions, video presentations, activist discussions and cultural performances.

[Critical Mass: Forum on Political Economy and Power](#)

The stated purpose of the Critical Mass forum is to bring together a diverse range of radically minded people who are dissatisfied with dominant approaches to political economy, and who seek to explore the possibilities and limitations of the concept of power in relation to the foundational categories of value, capital and accumulation. Created and maintained voluntarily by graduate students of political economy at York University in Toronto, the ultimate goal of the forum is to extend beyond York in order to foster linkages among the broader community of researchers engaged with these issues.

[Capital as Power: A Study of Order and Creorder](#)

A new book by Jonathan Nitzan and Shimshon Bichler

RIPE Series in Global Political Economy | London and New York | Routledge | 2009

Timetable

Friday, Nov 6	Saturday, Nov 7	Sunday, Nov 8
09:00-10:20 A5: Room 804-808 <i>I. Toward a New Cosmology of Capitalism</i>	09:00-10:20 E5: Room 101 <i>V. The Dual View: Capital in Economics Power in Politics</i>	9:30-10:50 J13: Room 162-175 <i>VIII. Resistance</i>
10:30-12:00 B5: Room 804-808 <i>II. Framework, Concepts and Methods (Part A)</i>	10:30-12:00 F9: Room 903 <i>VI. Money & Finance</i>	11:00-12:30 K9: Room 905-909 <i>IX. Roundtable: Future Research on Capital as Power</i>
13:00-14:20 C12: Room 162-175 <i>III. Framework, Concepts and Methods (Part B)</i>	13:00-14:20 G9: Room 805-809 <i>VII. The Scope and Limits of Capitalization</i>	
14:30-16:00 D14 Room 911-915: <i>IV. State of Capital</i>		

Outline

Capital as Power I: **Toward a New Cosmology of Capitalism**

Chair: Ulf Martin (Germany)

Shimshon Bichler (Israel) and Jonathan Nitzan (York University)

Capital as Power II **Framework, Concepts and Methods (Part A)**

Chair: D.T. Cochrane (York University)

1. “Myth, Metaphysics and Science in the Power Theory of Value”
Jordan Brennan (York University)
2. “Quantity and Quality in the Power Theory of Value”
Daniel Moure (York University)
3. “Consideration and Elaboration”
Shimshon Bichler (Israel) and Jonathan Nitzan (York University)

Capital as Power III **Framework, Concepts and Methods (Part B)**

Chair: Tim Di Muzio (University of Helsinki)

1. “Rational Control and the Magma of Reality”
Ulf Martin (Germany)
2. “State and Capital: False Dichotomy but Still Dialectical”
Sean Starr (York University)
3. “Consideration and Elaboration”
Shimshon Bichler (Israel) and Jonathan Nitzan (York University)

Capital as Power IV
State of Capital

Chair: Daniel Moure (York University)

1. “The Capital Control Complex: Twentieth-Century Capitalism”
Gibin Hong (Financial Economy Institute, Seoul)
2. “On Capitalism and the Passions: The Case of State Terrorism in Argentina”
Joe Francis (London School of Economics and Political Science)
3. “Transnational Capital and American Power: Coming to Terms with the Contemporary Era”
Sean Starr (York University)

Capital as Power V
The Dual View: Power in Economics, Capital in Politics

Chair: Joe Francis (London School of Economics and Political Science)

1. “Revisiting Marx’s Structural Analysis of the Circuit of Capital: Commodification of Labor Power and Subsumption of Labor under Capital”
Gilbert Skillman (Wesleyan University)
2. “Capital and the Limits to Electoral Redistribution”
Luis Fernando Medina (University of Virginia)
3. “Dealing with Power in Macroeconomic Models: A Stock-Flow Consistent Perspective”
Claudio H. Dos Santos (Levy Economics Institute & IPEA) and Antonio Carlos Macedo e Silva (University of Campinas)

Capital as Power VI
Money & Finance

Chair: Gibin Hong (Financial Economy Institute, Seoul)

1. “Goldsmith-Banking as an Institutionalization of Trust”
Jongchul Kim (York University)
2. “Financial Intermediation and Flow of Funds Accounting: A Power Perspective”
Sandy Brian Hager (York University)
3. “Towards a Power Theory of Money”
Ulf Martin

Capital as Power VII
The Scope and Limits of Capitalization

Chair: Sandy Brian Hager (York University)

1. “The Power of Love: A Power Theory Analysis of the De Beers Cartel”
D.T. Cochrane (York University)
2. “Capitalizing a Future Unsustainable: Global Energy and the Fate of Market Civilization”
Tim Di Muzio (University of Helsinki)
3. “Powering Production and Accumulation: A Biophysical and Financial Analysis of the United States Energy Supply, 1950-2008”
Kevin Sutton (York University)

Capital as Power VIII
Resistance

Chair: Jordan Brennan (York University)

1. “The Agora-Pnyx Paradox”
George Mickhail (University of Wollongong and Université d’Orleans)
2. “Fighting the Power? Struggle and Resistance in ‘Capital as Power’”
Dan Bousfield (McMaster University)
3. “The Struggle against Capitalism: Exploring the Power Theory of Value and Contemporary Anarchist Movements”
Jeff Monaghan (Carleton University) and D.T. Cochrane (York University)

Capital as Power IX
Roundtable: Future Research on Capital as Power

Chair: Jonathan Nitzan

Open discussion on (1) research directions, and (2) the organization of a virtual research institute on capital as power.

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Capital as Power I
Toward a New Cosmology of Capitalism

Theme of the panel:

This is the opening session for the panel series on *Capital as Power*. The purpose of the presentation, by Shimshon Bichler and Jonathan Nitzan, is fourfold: (1) to introduce and outline the theory developed in their book *Capital as Power*; (2) to contrast this theory with the liberal and Marxist paradigms of capital; (3) to discuss how this theory may alter the study of political economy; and (4) to describe the different panels of the series.

Chair:

Ulf Martin (Germany)
ulfmartin with web.de as the domain

Introductory Presentation:

Shimshon Bichler (Israel) and Jonathan Nitzan (York University)
tookie@barak.net.il & nitzan@yorku.ca

ABSTRACT

Conventional theories of capitalism are mired in a deep crisis: after centuries of debate, they are still unable to tell us what capital is. Liberals and Marxists both think of capital as an “economic” entity that they count in universal units of “utils” or “abstract labour,” respectively. But these units are totally fictitious: they can be neither observed nor measured. They don’t exist. And since liberalism and Marxism depend on these non-existing units, their theories hang in suspension. They cannot explain the process that matters most – the accumulation of capital.

This breakdown is no accident. Every mode of power evolves together with its dominant theories and ideologies. In capitalism, these theories and ideologies originally belonged to the study of political economy – the first mechanical science of society. But the capitalist mode of power kept changing, and as the power underpinnings of capital became increasingly visible, the science of political economy disintegrated. By the late nineteenth century, with dominant capital having taken command, political economy was bifurcated into “economics” and “politics.” And in the twentieth century, when the power logic of capital had already penetrated every corner of society, the remnants of political economy were further fractured into mutually distinct “social sciences.” Nowadays capital reigns supreme – yet social scientists have been left with no coherent framework to account for it.

The theory of *Capital as Power* offers a unified alternative to this fracture. It argues that capital is not a narrow economic entity, but a symbolic quantification of power. Capital has little to do with utility or abstract labour, and it extends far beyond machines and

production lines. Most broadly, it represents the organized power of dominant capital groups to reshape – or *creorder* – their society.

This view leads to a different cosmology of capitalism. It offers a new theoretical framework for capital based on the twin notions of dominant capital and differential accumulation, a new conception of the state of capital and a new history of the capitalist mode of power. It also introduces new empirical research methods – including new categories; new ways of thinking about, relating and presenting data; new estimates and measurements; and, finally, the beginning of a new, disaggregate accounting that reveals the conflictual dynamics of society.

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Capital as Power II
Framework, Concepts and Methods (Part A)

Theme of the panel:

The notion of capital as power negates existing approaches to political economy. It does so partly by criticizing their shortcomings, but mostly by offering a new episteme. The purpose of this and the following panels is to assess the framework, concepts and methods of this new episteme. The first paper, by Jordan Brennan, examines the metaphysical and scientific bases of the power theory of value and contrasts their foundations with those of liberalism and Marxism. The second article, by Daniel Moure, questions the basic category of “capital as power,” suggesting that this category is over-encompassing and therefore lacks a clear logical/operational meaning. The final presentation, by Shimshon Bichler and Jonathan Nitzan, considers these critiques and offers clarifications and elaborations.

Chair:

D.T. Cochrane (York University)
dtc@yorku.ca

Papers:

1. Myth, Metaphysics and Science in the Power Theory of Value

Jordan Brennan (York University)
jbrennan@yorku.ca

ABSTRACT

Jonathan Nitzan and Shimshon Bichler have advanced a new theory of value that, they claim, is superior to both the Marxist labour theory of value and Neoclassical marginal utility. Some of the criticism they level against these two value theories include: circularity, unfalsifiability, logical inconsistency, and lack of clear conceptual boundaries, to name a few. The purpose of this paper will be two-fold: first, to assess whether the power theory of value itself falls into the trap of circularity, unfalsifiability, logical inconsistency and lack of clear conceptual boundaries; second, and by necessity very briefly, to explore Nitzan and Bichler’s broader project of remapping the terrain of political economy by anchoring a theory of value in more solid ontological grounds.

With respect to the latter purpose, the paper will try to arrive at some standard or criteria through which the metaphysical foundations of the power theory of value can be judged or evaluated against existing value theories. In short, why or in what way are the metaphysical foundations of the power theory of value more secure than the labour theory of value and marginal utility? It is anticipated that answering this

question, however incompletely, will centre on identifying some of the explanatory limits of the power theory of value.

2. Quantity and Quality in the Power Theory of Value

Daniel Moure (York University)

moure@yorku.ca

ABSTRACT

In *Capital As Power*, Nitzan and Bichler demonstrate that the quantitative categories at the centre of neoclassical and Marxist political economy—utils and abstract labour, respectively—are unquantifiable. Without these quantitative categories, neoclassicism and Marxism cannot explain capital or the qualitative processes of capitalism.

In their alternative “power theory of capital,” Nitzan and Bichler propose a viable quantitative measure of capital—price. But they, too, struggle with the relationship between this quantitative category and a qualitative explanation of capitalism. On the one hand, their claim that they do not provide a general theory of society, together with their distinction between industry and business, demonstrates their belief that many qualitative developments in capitalism are unexplainable. On the other hand, their understanding of capital as state implies the opposite. Because capitalism is totalizing, it capitalizes almost all social phenomena. And everything that is capitalized, according to Nitzan and Bichler, becomes part of capital. In consequence, to understand society as a whole, we need only understand capital.

As a result, the political economy of Nitzan and Bichler, as it is currently formulated, provides an impoverished framework for sociological investigation. But acknowledging these difficulties may enable the power theory of value to become a significant sociological paradigm.

3. Consideration and Elaboration

Shimshon Bichler (Israel) and Jonathan Nitzan (York University)

tookie@barak.net.il & nitzan@yorku.ca

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Capital as Power III
Framework, Concepts and Methods (Part B)

Theme of the panel:

This is the second of two panels that assess the framework, concepts and methods of “capital as power.” The first article, by Ulf Martin, examines how universal rationality and formal reasoning institute the quantification of capital as power. The paper argues that this institutionalization is inherently impossible because reality can never be fully captured by rational numbers – but that this very impossibility fuels the endless quest for further extending and intensifying the computational control regime. The second paper, by Sean Starr, considers the dichotomy of state and capital. It argues that this dichotomy, although perhaps invalid in theory, remains real and essential for resisting the power of capital. The final presentation, by Shimshon Bichler and Jonathan Nitzan, assesses these critiques and offers clarifications and elaborations.

Chair:

Tim Di Muzio (University of Helsinki)
timmuzio@trentu.ca

Papers:

1. Rational Control and the Magma of Reality

Ulf Martin (Germany)
ulfmartin with web.de as the domain

ABSTRACT

Central to modernity is the double ‘imaginary’ (Castoriadis) of universal rationality and formal reasoning. The first institutionalization of this pair, the modern state with its bureaucratic mode of power, created a second institutionalization of these principles: ‘capital as power by quantification’ (Bichler/Nitzan) through modern money and the corporation. This monetary mode of rational power uses the modern mode of math as its main symbolic tool. Problems are conceived as formulas devoid of referential meaning that can be solved by rule-based game-like procedures (‘symbolic machines’, Krämer). Applying symbolic machinery as universal means for formal reasoning (‘calculus ratiocinator’, Leibniz) turns into the project of rational control by computational means of physical reality as well as social order (mathesis universalis: technology and finance). This control project can never succeed in principle, because the ‘magma’ of the real (Castoriadis) can never be captured by rational numbers necessary for practical computation. But just because of this impossibility there is also no limit for ever extending and intensifying the computational control regime ad infinitum et infinitesimal.

2. State and Capital: False Dichotomy but Still Dialectical

Sean Starr (York University)

sean.starrs@yahoo.ca

ABSTRACT

Nitzan and Bichler's latest book, *Capital as Power*, marks a major advancement in the study of political economy. Their power theory of value, differential accumulation, and conceptualization of capitalism as a mode of power are all fundamental contributions. Where I think their theoretical framework goes astray, however, is in their conceptualization of 'dominant capital', and their subsumption of 'capital' and 'the state', as the top corporations and key governmental organs. In this paper, I argue that while state and capital have been in a symbiotic relationship since at least the age of mercantilism, we must still keep these categories analytically distinct (and that doing so would not contradict their wider contribution) – for all manner of reasons, from understanding warfare to welfare, corporate regulation and national protectionism, and perhaps most importantly: resistance. For it is precisely the state that is the only concentration of power in the modern age that can at least theoretically (under conditions of increasing democracy) challenge the power of capital. Hence, while perhaps the logic of capitalist power leads in the direction of subsuming the state within its matrix, we are still far from that point, and its success or failure depends on human will and struggle.

3. Consideration and Elaboration

Shimshon Bichler (Israel) and Jonathan Nitzan (York University)

tookie@barak.net.il & nitzan@yorku.ca

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Capital as Power IV
State of Capital

Theme of the panel:

Conventional approaches, both liberal and Marxist, treat capital and state as related yet distinct entities. The theory of capital as power offers an alternative view. It argues that corporations and governments – the dominant organizational entities of modern capitalism – are part of a singular mode of power: the *state of capital*. The papers in this panel examine these opposing interpretations. The first article, by Gibin Hong, develops the notion of a Capital Control Complex – a capitalist power architecture that fuses the ruling bloc of a given society, its particular structure of corporate ownership and control, and the concrete institution of its financial system. The second paper, by Joe Francis, examines the connection between state terrorism and profitability crises, questioning the traditional distinction between the passion to dominate and the urge to accumulate. The final article, by Sean Starrs, uses an analysis of cross-border mergers and acquisitions to examine the apparent contradiction between the growing transnationalization of capital on the one hand, and the continued centrality of the nation state (particularly the US) on the other.

Chair:

Daniel Moure (York University)
moure@yorku.ca

Papers:

1. The Capital Control Complex: Twentieth-Century Capitalism

Gibin Hong (Financial Economy Institute, Seoul)
tentandavia@naver.com

ABSTRACT

The concept of capitalism becomes a-historical when it is indifferent to its historically-specific institutional settings. This paper argues that the historical form of twentieth-century capitalism should be understood as a ‘Capital Control Complex’ (CCC): a tripod comprising society’s ruling bloc, the structure of corporate ownership/governance, and the financial system. The conventional dualism that separates the political from the economic regards each of the three elements of this tripod as having a distinct origin and a unique *raison d’être*. By contrast, seen from the power perspective of capitalism suggested by Bichler and Nitzan, the three institutions are conceived as integral parts of the single process: the accumulation of power over society.

Until the nineteenth century, each of the three elements had preserved its own sphere and *modus operandi*. But in the twentieth century, major changes in the nature of global capitalism – particularly the ‘second industrial revolution’ and the transformation of the

inter-states system – have had the effect of internally integrating the three elements and synchronizing their operation. Therefore, the financial system and the structure of corporate ownership/governance that are specific to a given national capitalism should be understood in conjunction with the particular ruling/historical bloc of that country. Constructed in this way, the resulting CCC occupies the commanding position over the ‘pecuniary sector’ in a Veblenian sense, and it plays a key role in the mega-machine with which Bichler and Nitzan characterize the global capitalism of our time.

2. On Capitalism and the Passions: The Case of State Terrorism in Argentina

Joe Francis (London School of Economics and Political Science)

joe francis505@gmail.com

ABSTRACT

In the second half of the 1970s around 30,000 people were killed by ‘state terrorism’ in Argentina. This paper considers what this means for our understanding of the capitalist state. It begins with an interpretation of why state terrorism occurred. It argues in short that it was the local response to a global crisis of U.S. hegemony, the most important aspect of which was a crisis of profitability. State terrorism was used to restore profitability and initiate a new hegemonic project, which came to be known as ‘globalisation’. This raises important issues for our understanding of capitalism. Firstly, it casts doubt on the Enlightenment argument that the pursuit of material ‘interests’ would help tame the ‘passions’ that had previously inspired men to kill and seek domination over each other – to make war and to make states, in other words. Rather, it seems that the same ‘passions’ underpin the capitalist order, which becomes evident when that order is threatened. Would it therefore be more accurate to see capital as a particular form of state rather than something functionally distinct? By looking at the evolution of the Argentine state in a longer historical perspective, the paper concludes with some preliminary hypotheses for answering this question.

3. Transnational Capital and American Power: Coming to Terms with the Contemporary Era

Sean Starr (York University)

sean.starrs@yahoo.ca

ABSTRACT

One of the key contradictions of the contemporary era is the increasing transnationalization of capital and the continuing centrality of the nation-state, and of one state in particular: the United States of America. How do we reconcile this apparent contradiction, and what are its implications? When capital is transnational, does the nationality of capital still matter? Does the US state act in the ‘interests’ of ‘transnational capital’, ‘American capital’, or perhaps some combination of both? This paper shall attempt to poke at these questions, by constructing a framework at the cross-roads of, on the one hand, the power theory of value, differential accumulation, and in particular the theory that mergers and acquisitions (M&As) are one mode of expanding capitalist power; and on the other, theories of the American state in the context of post-1945 world order. The paper shall ground this framework in empirical research concerning the recent (since the mid-1990s) explosion of cross-border M&As, and attempt to glean what implications we may find in the current 2008-2009(?) credit crisis, in which this

contradiction between the nature of transnational capital and the United States comes to the fore.

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Capital as Power V
The Dual View: Power in Economics, Capital in Politics

Theme of the panel:

The theory of capital as power rejects the conventional duality of economics and politics; this panel presents views that uphold it. The first paper, by Gilbert Skillman, reconstructs Marx's (undeveloped) conception of capital's power, expressed by the degree of its control over the labor process. The second article, by Luis Fernando Medina, considers the role of capital in shaping the outcome of electoral politics – specifically, the ability of owners to prevent redistribution even in the presence of full electoral competition. The last paper, by Claudio H. Dos Santos and Antonio Carlos Macedo e Silva, uses changes in the balance sheets of the main institutional sectors as a proxy for the macro redistribution of power in a capitalist economy. Based on this framework, the authors associate the recent political shift to the right with the rising power of “financial capital.”

Chair:

Joe Francis (London School of Economics and Political Science)
joe francis505@gmail.com

Papers:

1. Revisiting Marx's Structural Analysis of the Circuit of Capital: Commodification of Labor Power and Subsumption of Labor under Capital

Gilbert Skillman (Wesleyan University)
gskillman@wesleyan.edu

ABSTRACT

In Marx's analysis of the capitalist mode of production, a key expression of capital's power is its degree of control over the labor process, which Marx termed the *subsumption of labor under capital* (SLC). SLC is in turn premised on the *commodification of labor power* (CLP). Marx identified two degrees of SLC under capitalism, formal and real, which he associated respectively with the realization of absolute and relative surplus value. However, as reflected in his decision not to include the chapter entitled “Results of the Immediate Process of Production” in the published version of *Capital* Volume I, Marx did not fully work out his theory concerning the role of CLP and SLC in the capitalist exploitation of labor. The purpose of this paper is to reconstruct Marx's theory of SLC, exploring the economic logic of CLP and SLC in Marx's historical account of the circuit of capital and the coherence of his asserted correspondence between forms of SLC and forms of surplus value. The paper also investigates the connection between CLP and SLC, as well as Marx's repeated assertion that historically capitalists were able to realize surplus value via circuits that involved neither CLP nor SLC.

2. Capital and the Limits to Electoral Redistribution

Luis Fernando Medina (University of Virginia)

lfm9b@virginia.edu

ABSTRACT

This paper develops a game-theoretic model of electoral competition over income distribution. Unlike the standard models in this literature, this paper considers explicitly the role of capital and its impact in shaping the possible outcomes of democratic politics. By using new mathematical tools that solve some of the technical issues that have in the past impeded progress in this direction (viz. the lack of equilibrium in multi-dimensional competition and the “turnout paradox”) this paper studies how capital allows its owners to build large, frequently winning, anti-redistribution coalitions that preserve the property structure even in the context of full electoral competition.

3. Dealing with Power in Macroeconomic Models: A Stock-Flow Consistent Perspective

Claudio H. Dos Santos (Levy Economics Institute & IPEA) and Antonio Carlos Macedo e Silva (University of Campinas)

claudio.santos@ipea.gov.br & macedo@eco.unicamp.br

ABSTRACT

Heterodox economists tend to see themselves as *political* economists. As such, they often emphasize the role of power asymmetries among different social classes. This applies not only to Marxist economists, but to Kaleckian and Keynesian economists as well. The models by Goodwin (1967) and Marglin and Bhaduri (1990) are shining examples of heterodox concern with power. However, few heterodox models are able (or even try) to capture the dynamics of these power asymmetries in historical time – and certainly do not bother to measure them. Of course, power is an elusive concept, not only to economists but to social scientists in general. In this paper we build on the familiar notion that economic wealth is a source of power. Fortunately, economists have a precise way to map the evolution of the distribution of wealth among economic agents. We contend that the dynamics of the balance sheets of the main institutional sectors provides an initial proxy to the dynamics of the macro distribution of power in a capitalist economy. If this is so, then the so-called “stock-flow consistent approach to macroeconomic modeling” (SFCA) – based on the seminal work of Godley (1999) and Lavoie and Godley (2001-2002) *inter alia* – may shed considerable new light on this issue, for SFC models attempt to model explicitly the dynamics of the (size and composition of the) balance sheets of the institutional sectors. We finish the paper presenting theoretical evidence that the so-called “financial-led” growth regime is not only possible but may help to explain the shift to the political right (proxied by the rise in the political power of the financial sectors – or of the “financial capital” in Marx’s terms) observed in most developed economies from the 1970s until the economic crisis of 2008.

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Capital as Power VI
Money and Finance

Theme of the panel:

Conventional theories of money and finance, including those that deal with historical origins, remain fractured. First, they tend to consider money and finance as “economic” categories, related to but distinct from “political” ones. Second, they see money and finance as “nominal” entities, linked to yet separate from “real” ones. The presentations in this panel try to transcend these dualities. The first paper, by Jongchul Kim, studies the seventeenth-century origins of goldsmith banking – particularly how goldsmith banking instituted “trust” as a new mode of capitalist power. The second article, by Sandy Brian Hager, examines the categories of the flow of funds, asking whether and to what extent these categories can be used to empirically study financial intermediation from a power perspective. The final paper, by Ulf Martin, explores the possibility of a “power theory of money” and how such theory may relate to the notion of capital as power.

Chair:

Gibin Hong (Financial Economy Institute, Seoul)
tentandavia@naver.com

Papers:

1. Goldsmith-Banking as an Institutionalization of Trust

Jongchul Kim (York University)
jongchul@yorku.ca

ABSTRACT

The London goldsmith-bankers’ paper credit money in the late seventeenth century ushered in the era of modern banking. The essay argues that this innovation by goldsmith-bankers was a result of institutionalizing the double ownership scheme, trust. This argument of “goldsmith-banking (or modern banking in general) as trust” has important affinities with the notion of “capital as power.” Both “banking as trust” and “capital as power” represent the *organized* power of property owners to control *the third parties’* wealth-creating activities. And both forms of organized power are based on similar double, or hybrid, ownership schemes and possess a similar impersonal characteristic. In spite of these commonalities, I still retain the term “trust”. I do so because the notion of trust conveys the ontological, cultural, and political specificities of English society from whose ground goldsmith-banking and, latter, joint-stock banking have grown.

2. Financial Intermediation and Flow of Funds Accounting: A Power Perspective

Sandy Brian Hager (York University)

sanha926@gmail.com

ABSTRACT

The unfolding global financial crisis has once again ignited debates about the role of financial intermediation within capitalist societies. These debates have for the most part framed finance narrowly as an aspect of the 'economy'. As such, the crisis has been cast as a series of political 'distortions' that have disrupted the intermediary role of efficiently channelling savings towards 'real' investment. This paper, as part of a larger research project on the political economic history of financial intermediation, lays some of the conceptual and empirical groundwork for a radically different approach; one that understands intermediation as a central facet of the capitalist mode of power. Perhaps the main obstacle facing such an approach is that available data on financial intermediation, the national flow of funds accounts, are constructed as economic rather than power categories (i.e. as technical flows rather than as control over societal resources). The overall purpose of this paper will therefore be to flesh out the promises and pitfalls of utilizing flow of funds accounting as an empirical tool for analyzing financial intermediation from a power perspective. Two research questions inform the analysis: (1) what are the theoretical assumptions underlying the accounts?; (2) what insights does the data offer in regards to the changing position of financial intermediaries within the capital accumulation process, particularly in relation to other dominant capital groups?

3. Towards a Power Theory of Money

Ulf Martin (Germany)

ulfmartin@web.de as the domain

ABSTRACT

Traditional Economics (neo/classical, Marxist) conceives money in the commodity exchange paradigm. However, historic research (Hudson) as well as theoretical considerations ('property economics', Heinsohn/Steiger) show that money from its very inception has always been a fundamental aspect of social order ('nouisma' from 'nomos'): the debt relation ('Geld' from 'Geltung'). Engagement in mutual debt requires 'security' on both sides in the form of 'property' = domains of exclusion. Nevertheless, these theories remain confined in the dichotomies of political economy (politics vs. economics, real vs. nominal). The presentation will try to investigate whether these theories can be liberated from this confinement for use in the 'Capital As Power' framework (Bichler/Nitzan). It will discuss issues of modern 'state' money ('that what pays taxes', Wray) for the ever changing ('liquid') capitalist mode of power: the proximity to money creation, struggles for tax exemption, and government debt as a share in state power and a benchmark for 'risk-free' return.

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Capital as Power VII
The Scope and Limits of Capitalization

Theme of the panel:

The process of capitalization encompasses and subsumes every social activity that bears systematically on earning expectations and risk perceptions. The purpose of this panel is to explore the scope and limits of this process. The first paper, by D.T. Cochrane, focuses on the De Beers diamond cartel. It argues that De Beers' differential capitalization was anchored not in productive efficiency or autonomous utility, but in the cartel's ability to shape and impose on the social psyche a new association between love and diamonds. The second article, by Tim Di Muzio, examines the energy limits of capitalization. Using a power approach to valuation, the paper assesses, first, the ways in which the global energy business has reshaped and capitalized the terrain of social reproduction and, second, the limits that are imposed on this process by peak oil, climate change and green alternatives. The final paper, by Kevin Sutton, suggests methods of juxtaposing and linking the quantities of finance on the one hand and the magnitudes of matter and energy on the other. It argues that these methods can be used to quantitatively assess the environmental limits on the accumulation of capital, and it offers an assessment of peak oil in the United States.

Chair:

Sandy Brian Hager (York University)
sanha926@gmail.com

Papers:

1. The Power of Love: A Power Theory Analysis of the De Beers Cartel

D.T. Cochrane (York University)
dtc@yorku.ca

ABSTRACT

Diamonds have long been a fascinating conundrum to political economists. What could be the source of such a high price for such a functionless object? For Marx that expense is because the "discovery costs" of diamonds require "a great deal of labour time." Or, perhaps the price of diamonds is a 'fiction' – not dependent upon the objective, material world of labour-power and labour-value. Neoclassicists, on the other hand, took a diamond's cost as evidence that value represents the "intensity of desire or esteem for a thing" (Jevons), in other words, utility. Value, whether labour or utility, is considered by both neoclassicists and Marxists, to be the determinant source of capital and accumulation. However, empirical analysis of De Beers will show that neither neoclassical nor Marxist theories can explain the cartel's pattern of accumulation or its efforts toward accumulation. Additionally, an assertion that the diamond's price is a fiction leaves one unable to say anything about the particular history of the industry or its

impact on communities and the environment. While the standard theories fail us, Nitzan and Bichler's power theory of capital and value can make sense of both the value of diamonds and the accumulation of De Beers.

2. Capitalizing a Future Unsustainable: Global Energy and the Fate of Market Civilization

Tim Di Muzio (University of Helsinki)
timmuzio@trentu.ca

ABSTRACT

Liberal capitalist polities are being held up as the ultimate civilizational achievement precisely at a point in time when the energy intensive built environments and rampant and senseless consumerism of these societies are threatened by ecological devastation and the coming end of cheap and abundant fuel. Throughout the twentieth century this pattern of high energy consumption social reproduction was largely shaped by the global energy industry and the industries it spawned and/or allowed to flourish. Yet due to a number of foreseeable, if not entirely predictable, future obstacles and challenges, this blueprint of development seems doomed to failure. However, despite some recognition of these challenges and the recent worldwide collapse in capitalization, it appears as though investors are continuing to capitalize this unsustainable future.

In this paper I use a power theory of value approach to critically assess how far and in what ways the global energy industry is continuing to shape and reshape the terrain of social reproduction towards an unsustainable future. In the first section of this paper I historicize the emergence of a more fully globalized market civilization by putting it in the context of the discovery of oil and how this resource has been integral to the 'modernization' project of the twentieth century. In the second section, I consider what appear to be the major obstacles and challenges to the global energy industry going forward into the twenty-first century: peak oil, global climate change and green energy alternatives. This sets the stage for a final section which offers an analysis of how leading global energy firms are responding to these debates, both discursively and in practice.

3. Powering Production and Accumulation: A Biophysical and Financial Analysis of the United States Energy Supply, 1950-2008

Kevin Sutton (York University)
ksutton@yorku.ca

ABSTRACT

The relationship between the 'real' and 'monetary' economies is a longstanding problem in political economy. All schools have struggled to connect the production of goods and services with the distribution of wealth. The current difficulty in identifying the impact of the credit crisis on the 'real economy' reminds us that this problem remains unresolved. Ecological thinkers have reversed the problem: how will physical limits to production affect a financial system based on credit and the realization of capital gains? Using thermodynamic principles, 'ecological economics' and 'ecological Marxism' have developed more sophisticated understandings of the production process. Yet, without resolving its relationship with financial values, they are left running in the same circles as their predecessors.

Using a financial theory of capital, Nitzan and Bichler have clarified the quantitative nature of accumulation. But this clairvoyance is found at a theoretical distance from the qualitative world of production. Using thermodynamics I demonstrate that both processes can be quantified. The institutions that mediate between the flows of matter and energy and the representation of value can be understood by way of qualitative analysis. This paper examines this relationship in the United States before and after its oil production peak in 1970.

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Capital as Power VIII
Resistance

Theme of the panel:

Conventional theories of capitalism use a universal language: in liberalism, all agents are driven by a singular quest for *utils*, while in Marxism capitalists and workers struggle over the production and distribution of *labor values*. By contrast, the view of capital as power speaks of two distinct languages: a dominant language of power imposed by capitalist rulers, and a stealth language of resistance that expresses the potential and aspirations of those who are ruled. The panel deals with the dialectical clash of these two languages. The first paper, by George Mickhail, explains how, in the name of individualized freedom, the imposed language of capitalist efficiency eviscerates the collective meaning of democracy. The second article, by Dan Bousfield, examines the ways in which anti-capitalist struggle and resistance can contextualize, redefine and shape the possibilities of differential accumulation. The final paper, by Jeff Monaghan and D.T. Cochrane, explores how the notion of capital as a manifestation of complex power informs the struggle against capitalism, and what the power theory of capital can tell activists in their efforts to galvanize a humane post-capitalist society.

Chair:

Jordan Brennan (York University)
jbrennan@yorku.ca

Papers:

1. The Agora-Pnyx Paradox

George Mickhail (University of Wollongong and Université d'Orleans)
george@uow.edu.au

ABSTRACT

The avatars of the new capitalism are decreeing how the larger economy should evolve, and follow their efficient reconfigurations of human, technological and physical resources, because it adds up to more freedom. This presented the political space with the opportunity to converge with the economic space. The result was the corporatisation of government that is inherently neo-liberal (or neo-conservative) that often produced analysis-free policies. Coupled with that, was the evolution of the passive consumer-citizen. These three challenges facing our transparent society bring into question the legitimacy of a democratic process, that seems to be driven by cultural forms which celebrate personal change and indifference, but not collective progress. This paper concludes that freedom is not just an individual matter, given the complexity of the issues, such as with surveillance and privacy, so a collective response backed by intellectual analysis can effectively confront the totalising discourse of the powerful, and force its own version of reality on the public agenda.

2. **Fighting the Power? Struggle and Resistance in ‘Capital as Power’**

Dan Bousfield (McMaster University)

danbousfield@gmail.com

ABSTRACT

This paper explores the possibilities and implications for contemporary anti-capitalism stemming from Nitzan and Bichler’s concepts of differential accumulation and their proposal to understand capital as power. I argue that the contestation of power relations implied in the concept of differential accumulation allows us to reconceptualize social order as inherently conflictual and contested, bridging the revolutionary impetus of Marxism with the insights of Nitzan and Bichler’s analysis. While ‘Capital as Power’ argues that the determination of value under capitalism is an outcome of struggles over future accumulation, I explore the ways in which anti-capitalist efforts can contextualize, redefine and shape the possibilities of this accumulation. Specifically, by arguing for an inter-nationalization of capitalist value, we can begin to see the ways in which the value is transformed in the processes of passing from one social order to another. Drawing on Marx’s insights of primitive accumulation, and the work of Anthropologist Michael Taussig, I argue that the insights of differential accumulation are critical for redefining contemporary anti-capitalist practice and the future of anti-capitalist struggles.

3. **The Struggle against Capitalism: Exploring the Power Theory of Value and Contemporary Anarchist Movements**

Jeff Monaghan (Carleton University) and D.T. Cochrane (York University)

Monaghan.jeffrey@gmail.com & dtc@yorku.ca

ABSTRACT

Although now largely passé, Marx’s work was once read as a template for the struggle against capitalism: form vanguardist parties, raise the consciousness of the proletariat, take over the state, nationalise the means of production. Whether Marx intended such prescription, and if he did, what precisely he prescribed, has been the fodder for endless debates among Marxists. Anarchists, of course, rejected such determinism. As long as there was oppression, struggle itself was the only necessity, and not the form or content of struggle. At the same time, anarchists have generally accepted Marx’s political economy, in particular the labour theory of value. Yet, much of what anarchists found objectionable in Marx and Marxist theory is a direct consequence of his value theory.

We believe that the power theory of value provides better theoretical and practical tools for anarchists and other activists that reject Marxist determinism. The conception of value as a product of *nomos* tells us more about moving beyond capitalism; the conception of capital as a manifestation of complex power tells us more about how to struggle against capitalism. We will explore what the power theory of capital can tell activists in their efforts to galvanize a humane post-capitalist society.

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Capital as Power IX
Roundtable: Future Research on Capital as Power

Theme of the panel:

This closing roundtable brings together all the participants of the panel series. The purpose is twofold: (1) to discuss and organize future research trajectories; and (2) to begin the organization of a virtual research institute for the study of capital as power.

Chair:

Jonathan Nitzan (York University)
nitzan@yorku.ca

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