

Crisis of Capital, Crisis of Theory

A conference of the Forum on Capital as Power

Systemic Fear, Modern Finance and the Future of Capitalism

Guest Lecture

Jonathan Nitzan & Shimshon Bichler

IS CAPITALISM ABOUT TO COLLAPSE? Like every other mode of power, capitalism rests on confidence in obedience: the confidence of the rulers in the obedience of the ruled. Emperors are sure of their rule over obedient subjects and slaves; lords are certain they can rule their obedient vassals and serfs; and capitalists trust the obedience of their underlying masses. The confidence of rulers is mediated through their dominant dogma: when the dogma holds, the rulers are hubristic, steadfast and ruthless; when the dogma disintegrates, the rulers, gripped by systemic fear, become hesitant and lose their ability to rule.

SYSTEMIC FEAR OFTEN CULMINATES IN SYSTEMIC COLLAPSE. The downfall of the last Babylonian emperor, Belshazzar, the collapse of Easter Island, the French Revolution against the *ancien régime*, the fall of Soviet Union and many more such episodes were all preceded by systemic fear: for whatever reason, the rulers lost faith in their dogma and confidence in their subjects' obedience. But their systemic fear remained elusive: we know of it only anecdotally, subjectively, and always retrospectively – *after* their mode of power lies in ruins.

MODERN FINANCE HAS MADE SYSTEMIC FEAR TRANSPARENT. For the first time in history, we have an objective, numerical measure of the rulers' confidence in obedience – and this measure is available not in retrospect, but here and now. The indicator in question is forward-looking capitalization: the financial ritual with which capitalists discount to present value their expected future profit. This ritual stands at the heart of the modern capitalist dogma, and it is currently broken: for the past decade, capitalists have been looking not forward to the future, but backward to the past. In other words, capitalists no longer trust their own dogma: they are no longer confident in the obedience of the ruled or in their own ability to rule.

Jonathan Nitzan teaches political economy at York University in Toronto, while Shimshon Bichler teaches political economy in Israel. Their publications, including this paper, are freely available from *The Bichler & Nitzan Archives* (<http://bnarchives.net>)

Friday, October 29, 2010

3:00–5:00 pm

**York Lanes, Room 280N
Keele Campus of York University**
