

Capital as Power @ HISTORICAL MATERIALISM 2018

THE GREAT TRANSITION

PREPARING A WORLD BEYOND CAPITALISM



PRESENTED BY HISTORICAL MATERIALISM, LES NOUVEAUX CAHIERS DU SOCIALISME,
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MONTREAL MAY 17-20 2018 | 120 SESSIONS | 300 SPEAKERS FROM 12 COUNTRIES

The *Forum on Capital as Power* presents a panel series at the Montreal *2018 Great Transition Conference*, May 17-20.

1. What is Capital as Power?

Friday, May 18, 9:30am

Shimshon Bichler, Israel tookie@barak.net.il

Jonathan Nitzan, Canada nitzan@yorku.ca

The 'capital as power' approach (CasP) offers a radical alternative to both liberal and Marxist political economies. In this approach, capital is viewed not as a productive economic entity, but as the central power institution of capitalist society at large, while capitalism as a whole is seen not as mode of production and consumption, but as a mode of power. The presentation highlights the main features of CasP, contrasts it with liberalism and Marxism, and outlines some of its key findings and research programs.

2. Capital as Power: Creordering Capitalized Power

Friday, May 18, 11:30am

Capitalization, Capital Goods and the State of Capital: The Boundaries of Accumulation

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'Capitalization' is a key concept and practice of finance. 'Capital goods' has been an important concept in political economy. However, the definition of capital goods has been a casualty of the confusing and contradictory outcomes of the debates around capital (Cohen & Harcourt, 2003; Nitzan and Bichler, 2009). Political economists Jonathan Nitzan and Shimshon Bichler have offered the concept of 'state of capital' as part of theory of capital as power (CasP). With this presentation, I develop the state of capital concept to situate

capital goods with respect to the forward-looking pricings of capitalization. While CasP has rejected production as the singular means of accumulation, it has never denied the importance of production. I will use the relationship between capitalization, capital goods and the state of capital as one approach to resituating production within CasP. Together, these three concepts can be used to map the qualitative dimension of accumulation.

Financial Derivatives or the Autocatalytic Sprawl of Pseudorational Capitalist Power

Ulf Martin, Germany, ulfmartin@t-online.de

Common economic analysis distinguishes the 'financial sector' from the 'real economy' with the former dominating the latter. This distinction is already rejected in the Capital As Power framework: 'capital is finance and only finance' (Bichler/Nitzan) and, as such, is THE control process of the capitalist order. We propose to go one step further: what is commonly called the financial sector should be understood as the application of the capitalist power process onto itself. Capital is the institutionalization of the modern imaginary of 'rational mastery' (Castoriadis). Modern rationality is 'computable reason' (Krämer). The institution of power (mastery, might) in capitalism is property. Modern money is generated through credit collateralized by property (Heinsohn/Steiger): modern money is a property derivative which, being a number, makes power computable ('Vermögen'). The credit system is the growth engine of capital. The inner contradictions of the credit system as well as the unknown future create risks which themselves are managed through the creation of further derivatives. Finance is 'rational' by modern terms by being an attempt to 'master' the inner contradictions of finance by applying its logic onto itself. But because the growth of finance, as an integral autocatalytic part of the differential accumulation process, creates the uncertainties it tries to overcome it is actually only a pseudorationality.

3. Origins and History of Capitalism

Friday, May 18, 2:00pm

Uneven and Combined Confusion: On the Geopolitical Origins of Capitalism and the Rise of the West

Tim Di Muzio, University of Wollongong, tdimuzio@uow.edu.au

Matthew Dow, York University, mattchow@yorku.ca

This article offers a critique of Alexander Anievas and Kerem Nişancioğlu's 'How the West came to rule: the geopolitical origins of capitalism'. We argue that while all historiography features a number of silences, shortcomings or omissions, the omissions in 'How the West came to rule' lead to a mistaken view of the emergence of capitalism. There are two main issues to be confronted. First, we argue that Anievas and Nişancioğlu have an inadequate and misleading understanding of 'capital' and 'capitalism' that tilts them towards a theoretical stance that comes very close to arguing that everything caused capitalism while at the same time having no clear and convincing definition of 'capital' or 'capitalism'. Second, there are at least three omissions—particular to England/Britain within a geopolitical context—that should be discussed in any attempt to explain the development of capitalism: the financial revolution and the Bank of England; the transition to coal energy;

and the capitalization of state power as it relates to war, colonialism and slavery. We conclude by calling for a connected-histories approach within the framework of capital as power.

4. Capital as Power: Energy and Hierarchy

Saturday, May 19, 9:30am

Energy and Institution Size

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Why do institutions grow? Despite nearly a century of scientific effort, there remains little consensus on this topic. I offer a new approach that focuses on energy consumption. A systemic relation exists between institution size and energy consumption per capita: as energy consumption increases, institutions become larger. I propose that this trend has to do with a general increase in social hierarchy that accompanies increases in energy consumption.

Growing through Sabotage: Energizing Hierarchical Power

Shimshon Bichler, Israel tookie@barak.net.il

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According to the theory of capital as power, capitalism, like any other mode of power, is born through sabotage and lives in chains – and yet everywhere we look we see it grow and expand. What explains this apparent puzzle of 'growth in the midst of sabotage'? The answer, we argue, begins with the very meaning of 'growth'. Whereas conventional political economy equates the growth with a rising standard of living, we posit that much of this growth has nothing to do with livelihood as such: it represents not the improvement of wellbeing, but the expansion of sabotage itself. Building on this premise, the article historicizes, theorizes and models the relationship between changes in hierarchical power and sabotage on the one hand and the growth of energy capture on the other. It claims that hierarchical power is sought for its own sake; that building and sustaining this power demands strategic sabotage; and that sabotage absorbs a significant proportion of the energy captured by society. From this standpoint, capitalism grows, at least in part, not despite or because of sabotage, but through sabotage.

5. Capital as Power: Culture, Taxes and Inequalities

Saturday, May 19, 2:00pm

Is the Power of Mass Culture Profitable?

James McMahon, University of Toronto, jamesmcmahon30@gmail.com

This paper will examine how and why political economic theories of mass culture have accumulated, but not settled, methodological issues about the meaning of value and the nature of productivity. Labour is certainly an important factor to any comprehensive study of capitalist mass culture, but it is our assumptions about economic productivity and not the ubiquity of wage labour that tells us we have to look at the latter in terms

of productive output. Therefore, if we use entirely different assumptions, we might be able to create stronger links between profitability and the ideological aspects of mass culture.

Trump's Corporate Tax Reform: What's Power Got to Do with It?

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This paper scrutinizes the Trump administration's rationale for corporate tax reform. It argues that the most important indicator of competitiveness is not the statutory (official) tax rate, but the effective tax rate — the actual amount of taxes that a company pays as a percentage of its total income. Utilizing the Compustat database, this study is among the first to comprehensively map the evolution of the effective tax rates of US corporations by jurisdiction (i.e. the tax rate they pay on domestic income versus the tax rate on their foreign income). Two main findings stand out. First, the research shows that there has been a long-term convergence between the federal and foreign effective tax rates paid by US corporations. Rather than the federal tax system hampering the competitiveness of US corporations, the rest of the world has been engaged in a decades-long process of convergence toward the US's low-rate corporate tax regime. The corporate tax cuts enacted by the president are likely to cause a downward spiral, resulting in another process of convergence at even lower rates across the world in the future. Second, a disaggregate analysis of the tax rates of large US corporations versus 'the rest' of the US corporations in the Compustat database reveals the highly uneven impact of corporate tax policy. For the top 50 US corporations, federal effective tax rates have been consistently lower than foreign effective tax rates. For 'the rest,' the situation is reversed: federal effective tax rates have been higher than foreign effective tax rates. Mostly importantly, over the past two decades, both the federal and foreign effective tax rates of the top 50 corporations have been declining relative to 'the rest', Trump's tax reform plan does not acknowledge this unevenness and is likely to enhance the power of dominant capital.

Theorizing Income-Wealth Inequality Data – a CasP Approach

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Over the last few years, Piketty et al. produced increasingly comprehensive income and wealth distribution analysis worldwide. In the USA, latest work include DINA - a full Distributional National Accounts methodology and data, as well as a long-term analysis of a full spectrum of assets capitalization. Going beyond neo-classical quantification of capital in 'real' terms, the data opens a window for a new CasP analysis of discount rates and the power dynamics that shape them, hence offering a theoretical framework for a better understanding of redistribution in general.

