

Capital as Power: A Study of Order and Creorder, Jonathan Nitzan and Shimshon Bichler, London: Routledge, 2009.

Abstract

Nitzan and Bichler's *Capital as Power* suggests that conventional theories of capitalism, Marxist and liberal alike, are unable to answer the question: what is capital? They argue that the basic units of Marxist economics, abstract labour and value, are unobservable and immeasurable, and hence 'non-existent' and 'fictitious'. Against Marxists, they argue that capital is not an 'economic' entity, but a symbolic quantification of power.

This review contends that what Nitzan and Bichler present as a critique of Marxism *as such* pivots on an incomprehension of dialectical thinking, and thus misses the mark. Furthermore, this absence in their readings of Marx is strictly correlative to the limits of their own theory-building. *Capital as Power* simply inverts the vulgar economism it finds in Marxist theories, presenting us with a theory in which capital is financial rather than productive, and symbolic rather than material. In doing so, it reproduces the one-sidedness it criticises, while discarding the possibility of analysing capitalism dialectically as a totality consisting of contradictory, but mutually presupposing, moments.

Keywords

Nitzan and Bichler, capital, power, Marx, dialectics

Capital is power. It is around this simple proposition that political economists Nitzan and Bichler build their most ambitious book to date, the four-hundred page long *Capital as Power*. This book can be read as a clarification and elaboration of the theoretical presupposition at the centrepiece of their previous productions, especially the excellent *The Global Political Economy of Israel* of 2002.¹ In a dazzling outburst of ambition and dissatisfaction with existing theories of capital, the first part of *Capital as Power* attempts to clear the ground for a new theory through the rejection of neoclassical as well as Marxist economics. While intertwined with the arguments of the first half, their own theory of capital-as-power takes centre-stage in the second half of the book. Conceptualising capital in terms of ownership rather than production, the basic subject-matter is not economics as such, but capital – capital understood as a question of *organised* and *quantified* power.

In order to demonstrate the obsolescence of neoclassical and Marxist approaches to capital, Nitzan and Bichler engage in criticisms of an impressive range of theories. On account of the sheer number of readings that form the base of their argument, their criticisms are more engaged, detailed and informed than most exchanges between neoclassical and Marxist economists themselves. In short, they have read their enemies. Certainly they have, but how, and how well? This question with regards to Marxism, and

1. In 2005, Nitzan and Bichler alleged that their *Global Political Economy of Israel* had been plagiarised by the Retort Collective in their successful analysis/manifesto on 'military neo-liberalism', *Afflicted Powers* (Retort Collective 2005). Nitzan and Bichler have published their extensive and well-documented complaints on their website <<http://bnarchives.yorku.ca/>>. While Nitzan and Bichler's complaint seems technically valid – Retort does rely on unreferenced passages from their book – the essayistic style of *Afflicted Powers* could warrant a plea for largesse.

in particular the Marxian dialectic, will structure the review at hand, leaving their instructive discussions of neoclassical economics to one side. As will be argued, Nitzan and Bichler fail to exhibit an understanding of the dialectic at play in Marx's *Capital*. This focus, however, is not to be understood as the Marxologist's defence of the 'true' Marx, but, rather, as a way to throw light upon Nitzan and Bichler's theory of capital itself, on its wants and merits. Thus, the assessment of *Capital as Power* will take a detour through the analysis of its method and epistemology, in an attempt to offer a critique of the structuring ideas of the book. In doing so, this review will try to practise the form of in-depth methodological analysis it finds lacking in Nitzan and Bichler's reading of Marx. Through this analysis, I will argue that Nitzan and Bichler's inability or unwillingness to engage with Marx's dialectical method marks the limits of their own approach. Specifically, their critiques of non-dialectical Marxist theories of value and capital remain stuck in a positivist or empiricist framework, which their own theory does not respect, and which the Hegelian Marx had more convincingly overcome – or sublated – a hundred and fifty years ago. I will thus argue that the poverty of their critiques of questionable Marxisms is an index of the limits of their own theory-building.

Capital as power

Before we depart on the discussion and analysis of Nitzan and Bichler's problematic relationship to Marx, it is useful to sketch out the basic tenets of their theory of capital. At the very root, the authors follow the American economist and social critic Thorstein Veblen in defining capital as a power to incapacitate, to decide over the use of things, or rather to decide *not* to use a thing. They illuminate this point by referring to the origins of the word 'private' in the Latin *privatus*, restricted, and to the verb *privare*, to deprive (p. 228). Thus, the defining characteristic of capital is not related to production and the extraction of surplus-value, but directly to private property itself, which is nothing but the power to deprive. 'The most important feature of private ownership is not that it enables those who own, but that it disables those who do not' (ibid.). Capital as defined *qua* private property is thus not a mode of production, but an institution of exclusion. This means that capital must be defined as a form of organised power separate from production, which is merely under the control of capital *qua* ownership. In this way, Nitzan and Bichler oppose two general 'entities': on the one hand *humane society*, and, on the other, *capitalist 'creorder'*, denoting 'a paradoxical fusion between being and becoming' of the capitalist system, imposing itself on society (p. 18). The former follows no preset pattern, and thus cannot be theorised; it is a mostly latent and invisible potentiality, which occasionally erupts 'often without warning, to challenge and sometimes threaten the institutions of capitalist power' (p. 21). Nitzan and Bichler more-or-less leave considerations of what we could call *class-struggle* at that remark, and proceed to what *can* be theorised, namely 'the dynamic order of those who rule', the capitalist *creorder* (ibid.). In effect, private property, which, for Marx, is a presupposition of capital (necessary, but not sufficient), for Nitzan and Bicher becomes capital-as-such, while the *sine qua non* of capital – the extraction of surplus-value through exploitation – becomes external to the concept of capital itself. The concept of capital is thus on the side of ownership, rather than what dynamically relates ownership and non-ownership.

Since capital is understood in terms of property, the source of the dynamic of the capitalist creorder is sought on the plane of the distribution, rather than of the production, of wealth. What, however, is found on this plane is simply a number of concrete, empirical capitalist actors, and the question of the dynamic of capital thus becomes one of the logic of those in possession of capital. In short: as property-ownership relations are the privileged nexus of the theory of capital, of capital understood as a 'creorder', questions of wage-labour, exploitation and class-struggle are disregarded. Hence Nitzan and Bichler understand modern industry to be subordinated to the ends of business-enterprises, which have only one interest: the accumulation of pecuniary wealth (p. 220). This statement, seemingly close to Marxism, is not simply taken to mean that production is ruled by the profit-motive. Rather, it is used as a lever to suggest that capital must be understood from the viewpoint of the business-investor, for whom capital 'has long been stripped of any physical characteristics' (p. 231). Thus, Nitzan and Bichler suggest that we leave behind production-centred theories of capital, and understand it as the business-investor does, as '*a pecuniary capitalization of earning capacity*' expressed *not* in equipment or physical wealth, but in terms of expected future earnings (ibid.).

Before we can introduce their reasons for not pursuing a theory of capitalist production, it is useful to look at their idea of *capitalisation* as capitalism's specific difference from other modes of private-property power.

Capitalisation as the commodification of power

The concept of *capitalisation* is absolutely central to Nitzan and Bichler's understanding of contemporary capital. In fact, Nitzan and Bichler argue, stressing the importance of the development of the *discounting-principle* by neoclassical economists Irving Fisher and Frank Fetter, capitalisation is a general principle or algorithm that is used to determine the price of all pecuniary assets understood as *claims on earnings*. In other words, capitalisation is the algorithm which gives claims to future earnings a price in the present, i.e., makes it possible to price an asset on the basis of its projected turnover rather than its present value. With this logic, bonds, shares, stocks, mortgages, bank-accounts, personal loans and real-estate ownership all become vendible income-streams (p. 156). Unlike commodities that are circulated, and whose value is calculated in a backward-looking accounting of inputs, capitalisation is severed from this circulation, since it is purely symbolic and forward-looking. For Nitzan and Bichler, the analysis of capital as a material-productive apparatus thus becomes redundant (p. 260). Capital is 'in itself' simply '*a symbolic representation of power*', 'neither a material object nor a social relationship embedded in material entities' (p. 7). Accordingly, they suggest that the analysis must start with finance. 'All capital is finance, and only finance' (p. 262). Capital is a symbolic architecture of social power, '*a mode of power*' rather than a mode of production (p. 263).

As the unit of capital, *price* is not a productive or utilitarian quantity, but a 'power magnitude', the unit with which capitalism is ordered (p. 307). Capitalisation is the algorithm that generates and organises the price of capital, and, as such, it is the 'universal symbol of capital' (p. 270). More precisely, capitalisation is the procedure through which capitalist power is commodified on the stock- and bond-markets, the algorithm of the commodification of power (p. 311), which produces a price from expected earnings, risk-

perception, hype and the expected rate of return. Thus, capitalisation is strictly a forward-looking question of how property can be capitalised, how power to deprive can be enhanced. Hence, it neither relates to the productivity of a fixed asset, nor to the abstract labour embodied in any asset, but to the power of a corporation's owners:

For the capitalist, the *real thing is the nominal capitalization of future earnings*. This capitalization is not 'connected' to reality; it *is* the reality. And what matters in that reality is not production and consumption, but *power*. (p. 182.)

As the reality of capitalists, capitalisation can be understood as 'the universal creed of capitalism' operating according to the nominal reality of power in 'the capitalist *nomos*' (p. 8). Capital as a whole is thus the creed and norms of those who own capitalisable assets. 'The "science of finance" is first and foremost a collective ethos. Its real achievement is not objective discovery but ethical articulation' (p. 184). Thus the order is akin to a system of belief in which the financial reality is taken as an 'exogenous given' by the investor, who then joins the *nomos* and (re)produces it by doing so. Within this *nomos*, capitalisation is simply the 'most adhered-to convention' (p. 211).

And, since struggle against capital from without is black-boxed as beyond theorisation, the primary focus becomes that of the struggle over distribution of pecuniary wealth between *dominant capital-groups*. Nitzan and Bichler suggest these can be measured statistically in terms of *differential capitalisation* (static comparison of rates of capitalisation) and *differential accumulation* ('dynamic' comparison of changes in rates of capitalisation) of groups of owners of capital (p. 313). These groups are caught in the architecture of their own internal struggle: 'Its individual members are forced to accept the very logic they impose on the rest of humanity' (p. 21).

The underlying driving force of large-scale capitalist organizations is not fundamentally different from that which propelled the rulers of earlier power regimes: they all seek to control nature and, ultimately, human beings. (p. 270.)

In sum, the dynamic of capital is the becoming-vendible of power, a dynamic embodied as a 'creed' in the actors found on the static plane of the distribution of wealth. Capital as a whole is thus, socially speaking, a system of norms (the 'capitalist *nomos*' and 'capitalist mode of power'), made up by individual capitalists following the logic of capitalisation. In this framework, class-struggle cannot be treated as integrally related to the theoretical account of *capitalisation*, even if it is invoked occasionally. The only struggle that is theorised directly is the intra-class struggle of dominant capitals, while inter-class struggle becomes a question of direct *dominance* (as deprivation and exclusion), and questions of structural dominance become disregarded as external to the theory of capital proper.

Neither basing the superstructure nor superstructuring the base

The reason for the absence of any theory of exploitation in *Capital as Power* is related to its rejection of that foremost theory of exploitation, namely Marx's. Nitzan and Bichler's rejection is based on the alleged inability of Marx to deal with what they see as the essential

form of capital, that is finance. Nitzan and Bichler's claim to be instituting a new paradigm in the study of capital is based on this idea that capital is pecuniary rather than productive. Readers of *Historical Materialism* will know that this opposition – productive or pecuniary – is problematic; capital, for Marx, is inherently *both*. Nitzan and Bichler's critique of Marxism can here help us understand the method and epistemology of *Capital as Power*. The question is how Nitzan and Bichler set up their rejection of Marxism and what readings of Marx they thereby preclude.²

In a passage from the book's introduction, we find distilled both Nitzan and Bichler's reading and their rejection of Marx. Echoing Marx's claim to put Hegel on his feet, they write that

Marx classified finance as 'fictitious' capital – in contrast to the 'actual' capital embedded in the means of production. This classification puts the world on its head. In fact, in the real world the quantum of capital exists as finance, and only as finance. This is the core of the capitalist regime. (p. 7.)

If Nitzan and Bichler are here coquetting with Hegel, it serves not to clarify their position. Rather, as we will see, it covers up the absence of what we could call 'the dialectic' (or rather, of a dialectical way of thinking, to avoid its reification as system or method) in their reading of Marx, as well as in their own theory of capital. According to the authors, Marx got things wrong because he was caught up in analyses of the concrete labour-process of workers and technology, and never managed to integrate the dependence of the labour-process on capitalist control, that is, on the accumulation of universal ownership-titles, viz. the 'form of capitalism' (p. 85). Nitzan and Bichler's claim is that Marx was preoccupied with the 'content' of capitalism, neglecting the analysis of its 'form'.³ Briefly put, Nitzan and Bichler read Marx's *Capital* as a productionist-materialist doctrine of political economy which leaves the power-dynamics of capitalism largely ignored. Marx, they assert, is caught in a 'materialistic trap' (p. 85). Following Veblen and the idea of money as the universal symbol of capital-as-power, Nitzan and Bichler asserts that 'capital simply is not a double-sided entity', but 'only a pecuniary magnitude', a nominal sphere ruling the material, quantity ruling quality (p. 231).

The conclusion that capital is the abstract rule of the universal equivalent (money) over the heterogeneous qualities of living labour and use-values mimics a dialectically informed Marxist critique of, say, the economism of the Second International, but the assertion that capital is *not* double-sided is a clear marker of Nitzan and Bichler's incomprehension of dialectical thought. For Marx, capital is not simply the abstract rule of money, but, more importantly – since money is the form of appearance of value – the real rule of value over living labour. Being unable to think capital dialectically, Nitzan and Bichler's criticisms of economism and empiricist materialism (wrongly presented as critiques of all Marxism *tout court*) hardly produce much more than the mirror-image of what they criticise. In their

2. As Marx wrote in proto-Wittgensteinian mode: 'Frequently the only possible answer is a critique of the question and the only solution is to negate the question.' (Marx 1973, p. 127.)

3. This claim betrays Nitzan and Bichler's unfamiliarity with the tradition of readings of *Capital* that stress the centrality of the concept of the value-form, from Isaak Rubin via Hans-Georg Backhaus to Moishe Postone and Christopher J. Arthur.

inversion of economism's non-dialectical reading of the base-superstructure metaphor, capital becomes pure superstructure, and the base the sphere of true humanity: 'When considered in isolation from contemporary business institutions, the principal goal of industry, its *raison d'être* according to Veblen is the efficient production of quality goods and services for the betterment of human life' (p. 219). Not only does the failure of their master, Veblen, in grasping the social process as a totality lead to an immediate distinction between productive and non-productive functions, as noted by Adorno in his perceptive critique of Veblen, but also to a humanist problematic.⁴ In the idea of industry as the production of goods for the betterment of human life, we find this lack of a politics of production expressed as the apolitics of the good life characteristic of humanism – as if industry can be understood in abstraction from the always contested social relations which structure it.

In line with this, Nitzan and Bichler enlist the philosophical weight of Thorstein Veblen and Lewis Mumford to characterise the conflict between dominant capital and humanity as an instantiation of a 'primal' conflict between creativity and power. Nitzan and Bichler also speak of this, without making the distinctions between the different manicheisms clear, as the conflict between democracy and power and between *industry* and *business*. Industry is the great pool of human creativity, cooperation and solidarity, a collective endeavour sabotaged and controlled by business (Veblen) or by *power-civilisation* (Mumford). What we could charitably see as a beautiful vision of what *could be*, as a universal potentiality – humanity, creativity, democracy and industry pure-and-simple – Nitzan and Bichler situate in a mythical description of neolithic society as an idyllic, dispersed and democratic state-of-nature. As Adorno says: 'The positivist permits himself to conceive of human potentiality only by transforming it into a given, something which actually existed in the past'.⁵

By not thinking the social process as a totality, Nitzan and Bichler relate business and industry 'causally', saying that, since capitalist industry is carried out for the sake of business, 'causality runs not from production to distribution, but from distribution to production' (p. 221). In its exclusive focus on distribution, into which 'industry provides no insight' (*ibid.*), their discourse conjures up the idea that production under capitalism is merely an effect of capitalist business. Business-history takes the place of labour-history. Their inability to think totality is also clear in the criticisms of Marx's 'materialist bias'. They read his assertion in the 1859 Preface to *A Contribution to the Critique of Political Economy*, that a 'distinct mode of production thus determines [*bestimmt*] a specific mode of consumption, distribution, exchange and the specific relations of these different phases to one another' as a form of reductionist materialism. They see the relation between production and distribution as a relation of determination between independent, autonomous spheres (p. 85), while, for Marx, distribution (of the means of production) is a moment within production.⁶

The price of refusing to theorise production and distribution, and, *a fortiori*, labour and capital as dialectically co-constitutive, is the abstract romanticisation of the former

4. Adorno 1997.

5. Adorno 1997, p. 88.

6. See the section 'Distribution and Production' in the 1857 Introduction (Marx 1973, pp. 94–98).

(industry/production/labour) and the disembedding of the latter from the former (business/distribution/capital). In this vision, class-struggle proper cannot be theorised: it is absent from both industry and business. The struggle, then, is a humanist one between the two. It is between two sets of abstract signifiers (industry/creativity/democracy vs. business/power/control), both of which, all too obviously, give away their moral value. If this is correct, then Nitzan and Bichler's political doctrine simply states, in all banality: one must stand on the side of good social relations against the bad.

Constructing and rejecting Marxism

To understand how Nitzan and Bichler can arrive at the dualisms sketched out above, it is useful to look more closely at their rejection of Marxism. In particular, their abandonment of class-struggle as a theoretical concept and the absence of a developed theory of capitalist production in *Capital as Power* can be understood in relation to their criticisms of Marxism.

In their all-out attack on Marxism, Nitzan and Bichler rehearse a plethora of well-known debates within Marxism and between Marxism and the neo-Ricardian school focusing on Sweezy, Steedman, Fine and Harris, and Foley.⁷ In two dense chapters, Nitzan and Bichler unleash an impressive cascade of problematisations, critiques and sardonic remarks, creating a densely mined field. Playing the part of true outsiders and paradigm-founders, they are able to condense a number of questions asked in different contexts from different political projects and research-agendas, and the even greater number of answers these give rise to, into so many phrasings of the same questions ('the transformation-problem', 'the problem of the definition of productive labour', 'the labour-theory of value'). These questions, completing the violent condensation of Marxism, in turn come to circle around the ultimate question: Is a Marxist economics possible at all? Meanwhile, within this overall refutation, Nitzan and Bichler continue with many insights from Marxism, more than readers unfamiliar with Marxism would be lead to expect by the vehemence of their criticisms.

Addressing all the criticisms that Nitzan and Bichler raise against the many strands of Marxism, let alone give answers to them, is neither possible nor of interest here. Much less should we want to defend Marxism 'in general', something a Marxist can only do by glossing over too many disagreements between Marxists or by posing as the true inheritor or supreme interpreter of Marx.⁸ Rather, we should inquire into Nitzan and Bichler's construction of this field, the constitutive omissions of this construction and the theoretical effects it produces.

In their attempt to found a new paradigm in the study of capital and to demonstrate the obsolescence of the Marxist approach, Nitzan and Bichler cleverly set up a test for Marx that he cannot help but fail. They interpret the – indeed central – concept of *socially-*

7. Sweezy 1942; Steedman 1977; Fine and Harris 1979; Foley 2000.

8. The field of Marxism as a whole cannot be judged from within Marxism, as this presupposes its being an object external to the subject of the judgement, or, in other words, that the subject of the judgement is not part of the object itself.

necessary abstract labour-time as the ‘elementary particle’ of Marx’s system, as that which underlies and founds the whole system, ‘Marx’s science’ (p. 122). Nitzan and Bichler understand Marx’s socially-necessary labour-time as the *undifferentiated universal quantum* that founds all value-rations. Furthermore, it is, they hold, the ultimate code of prices (as mediated through the labour-theory of value). Without the concept of socially-necessary labour-time, Marxism cannot understand wages, income-distribution and class-power, as well as crisis-tendencies and the historical development of capitalism. Having conjured up a beautiful and complete structure rising from the single elementary particle of abstract labour-time, Nitzan and Bichler sarcastically quip ‘[t]he key difficulty is that this particle – like God or the Ether – is forever beyond our reach’ (p. 88). This is the heart of Nitzan and Bichler’s ornate and extensive critique of Marxism. Indeed, their catalogue of criticisms of theories gathered under the signifier ‘Marxism’ circles around the critique of the concept of socially-necessary abstract labour-time, uniting their different criticisms theoretically. The problem with socially-necessary abstract labour-time, Nitzan and Bichler assert, lies in converting a given individual labour-time to socially-necessary labour-time and a given amount of concrete labour to abstract labour. This, they argue, amounts to a ‘make-or-break-predicament’ for Marx. For, if Marx bases his theory on these conversions and they cannot be performed, Marx’s theory has no basic unit and thus is no theory at all (p. 89). As value and surplus-value do not exist, Nitzan and Bichler reject the concept of exploitation as analytically distinct from oppression (p. 281).

For Nitzan and Bichler, the concept ‘abstract labour’ is materialist in a way most Marxists would consider vulgar, and a positive concept that can be understood in isolation from monetary relations. Since socially-necessary labour-time and value are supposed to be the ground for Marx’s theory of prices, they cannot at the same time be expressed in prices, as this would mean confusing that which is to be explained with its explanation, the *explanandum* with the *explanans*. The basic move of Nitzan and Bichler is to postulate that Marx tries (and fails) to derive the theoretical concept of abstract labour from empirically existing concrete labour, and to quantify either without recourse to money (p. 97). It is by ascribing to Marx this method of linear argument from empiricist premises that Nitzan and Bichler can set up the problem of this transformation from value to prices as the decisive, and ultimately insuperable, problem of Marx.

Abstract labour in Marx

For Marx, abstract labour is the answer to a question which seems rather odd from the viewpoint of the linear and empiricist logic that Nitzan and Bichler impose on him. The question is, what do commodities have in common when they are exchanged, what is their ‘third term’, their *tertium comparationis*? The oddity of the question is obvious: why should the exchange of use-values which are essentially different imply that the items exchanged have something in common?

If one simply presumes, as do Nitzan and Bichler, that Marx sets out the general principles of his theory in the first two sections of Chapter 1 of *Capital*, one would find that the shared property of the commodities exchanged has already been presented – *they are all use-values*. Or, we might say, from the point of view of exchange – there is a demand for all. And this was the answer that Aristotle, the father of the question, provided, an answer

which Marx found unsatisfactory.⁹ Indeed, concrete labour and use-value are both abstract concepts that jumble together activities and things that are fundamentally heterogeneous. In a certain sense, this formless mess of different activities and things is only grounded retroactively with the concepts of value and exchange-value. Whereas it might pragmatically make sense to fashion a common name such as use-value or utility to speak of all objects that people find useful, this point of unification is in the *name*; it is merely linguistic, naming difference from without. With the commodity-form, however, these fields of difference find an objective unitary expression beyond the subjective mental synthesis of the philosopher-economist.

What makes Marx's method fundamentally different from any empiricist approach is that the question of what commodities have in common in order to exchange does not so much point towards a shared substance existing in them prior to their exchange, but at what the commensuration of commodities in exchange posits. That is the question of what the becoming-commodity of the product of labour, i.e. its exchange in the market, does to the labour itself. The answer is not that it turns concrete labour into abstract labour, as Nitzan and Bichler would have it (along with some of the authors in their selective Marxist bibliography), but that it gives concrete labour an abstract social form. In general, as production of products becomes production for the market, commodity-production, the aim of producing use-values becomes subordinated to that of producing exchange-value. In short, concrete labour and use-value become dominated, but not eradicated, by the compulsion of market-competition to produce at or below the socially necessary labour-time.

This answer in turn only makes sense if, as Christopher Arthur has convincingly argued, one reads Chapter 1 of *Capital* as the initial breakdown of the systematic relations of generalised exchange, rather than of 'simple commodity-production'. This means that, in the dialectical reconstruction of how concrete labour 'becomes' abstract, capitalist production and thus money and wage-labour are all presupposed, but bracketed. It is precisely not a theoretical construction from some element which is understandable in isolation, but a *reconstruction*, which means that every element can only be understood in relation to the whole of which it is a part. Taking the first sentence in Chapter 1 of *Capital* into account, it is clear that Marx is not examining questions of production and wealth *in general*, but specifically '[t]he wealth of societies in which the capitalist mode of production prevails'.¹⁰ Marx starts his critique with the commodity, not because it is the foundation on which capitalism rests, some isolatable 'basic unit', but because it is the 'elementary cell' of capitalism, through which one can enter into the study of the system as a whole and study what really matters: the logic that unites and propels the system forward. And this we might call the dialectic: it is the thinking from the cell to the body, and from the body to the cell, in a movement of thought which declares primary neither a unit (as if it were a building block), nor the whole (as if it were a self-sustaining machine, a complete system), but rather places 'primacy' in the contradictions running through the different layers of the totality.

9. Aristotle 2000, p. 90; Marx 1976, p. 151.

10. Marx 1976, p. 125.

The question of socially-necessary abstract labour cannot be divorced from the question of money: capitalism is essentially a monetary system.¹¹ When Marx asks the question of what commodities have in common, we should avoid reading him as asking for a concrete shared material substance or origin. Rather, the question is how generalised exchange, for which both money and capitalist production are conditions, constitute the unity of commodities and labours *practically*.¹² Instead of reading Marx's exposition as a linear sequence describing how an amount of concrete labour becomes, or is calculated as, an amount of abstract labour, the logic of the commodity works both ways; as anticipation of a value expressed by a price, and as determination of value in the sale. Commodity-production and exchange describe this circle of constant anticipation and retroaction. The concrete labour expended on a product, of course, may be of no value if the product cannot be sold as a commodity: only from the point of view of the endpoint of the circle, the sale/non-sale, are the previous moments validated. In the actual price, the value of the commodity is being determined as a function of the fluctuations within the world of commodities; abstract labour is ruling concrete labour rather than simply being its product.

Within the value-relation and the value expression included in it, the abstractly general counts not as a property of the concrete, sensibly real; but on the contrary the sensibly-concrete counts as the mere form of appearance or definite form of realisation of the abstractly general.¹³

Abstract labour, thus, cannot be equated with any particular kind of labour-expenditure. On the contrary, it is the determination that any particular kind of labour-expenditure can fall under in so far as the labour is waged (i.e., sold as the commodity labour-power) and its product, be it a good or a service, is traded as a commodity. Abstract labour is not something that can be observed or measured directly, but the abstract social form of concrete labour under capitalist conditions of production.

And yet, in the Marx of Nitzan and Bichler, such ideas are absent. By and large, they read *Capital* not with or against Hegel, but as if Hegel had never lived. For instance, we can read their claim that capital is not a double-sided entity as an index of the absence of dialectical thought. Whilst the pertinence of a dialectical reading of *Capital* is indisputable,¹⁴ the rather tokenistic invocations of the word 'dialectics' throughout the book do nothing to make up for this absence.¹⁵ Lacking in the staging of the make-or-break predicament *Capital as Power* sets up against Marx are two fundamental dialectical principles. Firstly, the reconstruction of an integrated totality, viz. the task of dialectics, is inimical to linear

11. Arthur 2002, p. 12.

12. Arthur 2002, p. 100.

13. Marx 1978, p. 140.

14. See Rubin 2008, Backhaus 1980, and Arthur 2002 for a recent statement to this effect.

15. The ease with which *Capital as Power* glosses over the centrality of dialectical thought in Marxism is exemplified in the remark that 'Marxists, of course, express both the contradiction and its resolution dialectically rather than mechanically as we have done here, and certainly with far greater finesse; but their political conclusion is essentially the same.' (Nitzan and Bichler 2009, p. 29.)

arguments; each concept within the exposition makes sense only in relation to other concepts. Abstract labour must thus not only be read in relation to those concepts that precede it (such as concrete labour), but also in relation to the concepts that follow upon it (i.e. value and money), and within the totality of the exposition itself (importantly relating it to surplus-value, which, ultimately, is what gives sense to the capitalist chain, $M-C-M'$, and hence to abstract labour). Secondly, whilst Nitzan and Bichler ascribe to Marx an empiricist or positivist dualism between concepts and their objects, between theory and reality, between thinking and being, Marx does no such thing. As we will see, the absence of the dialectic in Nitzan and Bichler's account of Marx has the effect that socially-necessary labour-time is unthinkable as *real* or *practical abstraction*, and as an effect of *commodity-fetishism*. This, of course, means that it becomes difficult to understand how, for Marx, the specificity of power in capitalism is its abstract and impersonal character. As we will see, Marx, contrary to Nitzan and Bichler's claims, does have a concept of power, and an extremely dynamic one at that. Furthermore, I will argue, the poverty of their Marx can be read as a symptom of the poverty of their theory.

Illusion, truth and the obscure position of the critics

As we have seen, Nitzan and Bichler's critique of Marx is based on the claim that abstract labour must be fictional since it cannot be observed directly or induced from observables in a linear fashion. These rather empiricist-positivist criticisms could, however, easily be applied to their concept of power. Nitzan and Bichler reject Marxism with the help of principles that their own theory does not honour, and that Marx himself (with Hegel) would not accept.

In fact, it is tempting to point out a gap between their critique of Marx and their own methodology. If Nitzan and Bichler utilise empiricist or positivist reasoning in their attempted refutations, their own approach exhibits a pragmatist eclecticism that is more akin to their forebear Thorstein Veblen than to any positivist research-programme. What characterises their references to the history of physics, Mumford's mythical neolithic society, and Leibniz's concept of space, is a pragmatist interest in *examples* as tools of the understanding, bringing with it the difficulties of disguising metaphor as analogy and analogy as argument. Hence their somewhat metaphorical descriptions of societies as *megamachines* and conceptualisation of society-as-a-whole as a 'holograph' giving us 'the whole picture' seems to be in tension with their empyreal gaze into the inner workings of capitalism as a mode of power, and the myth-busting ethos they take on in their attacks on Marxism and neoclassical economics.

Thus, instead of raising the question of the social importance and the possible mystifications of neoliberalism and Marxism as problems requiring an analysis in their own right, the two formations are at times dismissed as if they were merely phrases to be dispensed with, and at others discussed as if they were only theory. On the one hand, their critique of Marxism is strictly external (but based on unclear criteria), on the other it is dubiously 'immanent'. This confusion between these two moments is what sustains them. Meanwhile, *social* critique of Marxism and neoliberalism – of their social conditions of possibility and existence – are by-and-large absent: even when *Capital as Power* very occasionally raises the question of the relation between theory, practice and production, as

in the statement that ‘neoclassical political economy is largely an *ideology in the service of the powerful*’ (p. 2), it is not without a tinge of instrumentalism, a limited mode of thought prevalent in the Marxian tradition – but mostly subordinated in Marx’s writings.

Because of their elimination of a dialectical reading of *Capital*, Nitzan and Bichler must claim an immediate identity between capital and power in ‘capitalist society as a whole’, and that the duality between economics and politics is a pseudo-fact, ‘a theoretical impossibility, one that is *precluded* by the very nature of capitalism’ (p. 30).¹⁶ In simply refuting these distinctions as false, the authors fall short of Marx’s insights into the mystifications of capital as products of capitalism itself and how these relate to relations of dominance in capitalism. For example, *Capital as Power* merely points out that power-relations become mystified and naturalised under capitalism, but does not explain how. When Nitzan and Bichler write that ‘Marx’s insistence that power pervades the system does not reject but rather necessitates the liberal duality of politics and economics’ (p. 26), as an argument that Marx’s theory is flawed, the central Marxian insight that the distinction between the political and the economic is not merely an illusion, but a product of social relations themselves, is missed. Nitzan and Bichler replace the possibility of thinking the unity in contradiction of objectivity and subjectivity, of being and thought, with the fantasy of a theory that plainly states the facts; instead of the complex immanent relation between contradiction and mediation, we get the external relation of immediacy and truth as opposed to plain lies, illusions and falsities. Meanwhile, we look in vain for reflections on the position from which Nitzan and Bichler speak their truths, and the ontological/epistemological status of these truths.

Fetishism as power

For Marx, the duality between economics and politics is not only a passive effect of the capitalist mode of production; it also gives form to subjectivity. It is a necessary appearance that has an effect of its own. This is the point of the account of commodity-fetishism, in which the relations between producers ‘take on the form of a social relation between the products of labour’ and appear as merely ‘economic’ relations.¹⁷ Fetishism is not simply illusion or an ideological ‘instrument’ of the powerful, but, rather, an effect of commodity-exchange itself, the subjective side of the objectivity of the value-form. Thus, Marx writes, when the social relations between producers do not appear directly as social relations, ‘but rather as material relations between persons and social relations between things’, they ‘appear as *what they are*’.¹⁸ When Nitzan and Bichler distinguish capitalism from previous ‘mega-machines’, they do so, not by offering a theory of commodity-fetishism, but by

16. In a brief and otherwise sympathetic reading of Giovanni Arrighi, they reject what they describe as his idea of a ‘contradictory interdependence’ of state and business, on the grounds that in this model the two remain ‘fundamentally distinct’ (pp. 277–8). It is useful here to remind ourselves of Gramsci’s good Hegelian point that the distinction between political society and civil society is methodological rather than organic. See Notebook 4, §38 (Gramsci 1996, pp. 177–87).

17. Marx 1976, p. 164.

18. Marx 1976, p. 166, my italics.

claiming that '[c]ontrary to earlier mega-machines that depended mainly on punishment, oppression, violence and terror, capital relies also – and often far more so – on reward' (p. 271). Raw violence and reward might be necessary for the reproduction of capital (as well as feudalism), but only Marx's concept of commodity-fetishism allows us to think power-relations under capitalism in their *specificity* as systematically de-politicising and atomising.

Naming and describing 'the whole'/displacements of explanation

The advantage of the Marxian dialectic is that it gives us a way to think the capitalist totality, not as a stable architecture, but as inherently split and driven forward by this split itself. To the extent that power is symbolised, it is never simply an external name imposed on the unnameable, but a product of the inherent contradictions of social relations, so many unstable attempts to mediate and neutralise class-antagonism. But, since mediations never fully resolve a contradiction, but only raise it to a higher level, we can understand all levels as unstable and ultimately failed attempts at symbolic closure. For example, as David Harvey and, recently, David McNally have pointed out with regards to the present crisis, finance-capital is not a simple distortion of sound productive relations. On the contrary, it springs from these relations themselves as a way to overcome the inherent crisis-tendencies of capitalist production and circulation, with the result that these are not solved, but reproduced on a greater scale.¹⁹ Because the Marxian dialectic understands the capital-totality as built up around and propelled ahead by contradictions, explanation of dynamics are on the level of the whole as well as its parts. With this theorisation, all partial descriptions have a greater context, while descriptions of the whole can never be divorced from explanations of the dynamics of the whole.

Nitzan and Bichler's theory of capital, on the other hand, is largely split between naming (posing as abstract explanation) and description. The logic of the relation between the two sides is not made clear. Hence, their efforts to theorise capital as a general synchronic mode of power does not convincingly integrate the naming of wholes that serve as ultimate macro-'explanations' ('the capitalist nomos', 'the capitalist mode of power') and descriptions, which pivot around statistical analysis of property- or 'power'-distribution, and specifically of 'dominant capital'.

Whether in the static model of *differential* capitalisation or the derived dynamic mode of *differential accumulation*, the analysis of capital is descriptive. Instead of thinking capital as a complex process of a whole consisting of heterogeneous parts, we get a statistical understanding of dynamism which, fundamentally, is based on the comparison of different homogeneous points in time. In other words, time is reduced to the difference between equivalent moments. The dynamic becomes a mathematical function of the static. To understand capital, it is not sufficient to be able to compute its magnitudes (found as static data), but to theorise the social logics by which labour, time and things become quantifiable. Meanwhile Nitzan and Bichler's thinking of the régime of quantification as a whole, without which each act of quantification would be derived of its sense, becomes the level of explanation. However, from the point of view of social theory, these wholes function as

19. Harvey 2006, Chapters 9 and 10; McNally 2009.

names, from the point of view of empirical analysis as frames. As names, these work as abstract universals or analytical constructs whose criteria of application are pragmatic rather than entailed by the accompanying descriptive efforts. As frames they simply work as tautologies: that totality within which individual capitalist action makes sense is that of the ‘capitalist *nomos*’. What this seems to miss from a Marxian viewpoint is the thinking of capital as a totality rather than as name, and the tools to explain rather than describe the distribution of wealth.

Since both the statistical dynamic and the abstract names are descriptive and denotative rather than explanatory, we must ask how the process can be explained. It seems that the introduction of abstract wholes such as *mega-machines* and capital cannot carry this burden.²⁰ The centrality of the concept of capitalisation can be read as symptomatic of an unanswered question of explanation: does this lie with the whole, the *nomos*, or the motives of the actors compared in the statistical models? What we can find here is a tension between individual subjectivity and social objectivity, the relation between which is nowhere made explicit. While the concept of the capitalist *nomos* as a power-architecture enslaving even its masters seems to stress the primacy of social objectivity (the universality of the *nomos* as social order), the theorisation proper of capitalisation as the dynamic axiomatic of capital is not integrally conceptualised as the logic of a system *sui generis*. Instead, capitalisation appears to be the subjective logic of capitalists from whose interactions the system springs. In the theory of capitalisation, objectivity is treated descriptively and capitalist agency becomes explanatory, whilst in the idea of the capitalist *nomos*, capitalist agency is very loosely described as an effect of social objectivity. Since the relations between these theoretical constructions are not made explicit, the oscillation appears as an inconsistency: is one or the other primary? It seems that Nitzan and Bichler would reject this opposition and say that they co-constitute each other. But, since their relation is simply postulated rather than demonstrated or reconstructed (something which is the very forte of dialectical thought) we are left with a circular argument or a tautology: the whole (the capitalist *nomos*) is nothing but its parts (capitalist enterprises), and the parts are nothing but those that act according to the norms of the whole. This means that Nitzan and Bichler’s theory proper of the logic of the development of capitalism – that of capitalisation – becomes agent-centred, bound up to a concept of power as an attribute and property of agents and their possessions, whilst the origin of the subjectivity of these agents is loosely referred to as the capitalist *nomos*, a somewhat more idealistic concept than the Marxian ‘mode of production’. The idea of the *nomos* prioritises the agency and subjectivity of capitalists (capitalisation as a ‘universal creed’) over the objectivity of social relations in general – including the relation between labour and capital. Hence, one class within the system becomes the privileged agent, whilst class-struggle in both its objective and subjective dimensions is disregarded.

On the level of epistemology, we might say that a similar displacement to the agent takes place, here centring on the scientist himself. We can discover this unity by going back to the gap between description and naming, between statistics and the names of social wholes, or between the empiricist critique of Marx and pragmatic theory-building of *Capital as Power*. Underlying all these is a certain *nominalism*, bridging on the level of epistemology the methodological gap between the two: the basic structuring presupposition is that the

20. This argumental movement is the exact opposite of Marx’s method of dialectical reconstruction of a whole from the abstract to the concrete.

world is external to the scientist, available as an object to be described and measured, named and framed. For this kind of thought, says Adorno of Veblen, ‘there is no whole, no identity of thinking and being, not even the notion of such an identity’.²¹ In rejecting the supposed dualities of Marxist theories, they posit a dualism between theory and reality for which there is no unity. Very briefly put, instead of positing the gaps and contradictions – between thought and being, between economics and politics, between abstract and concrete labour, etc. – as immanent to the world itself, i.e. instead of understanding the world as inherently and constitutively split – the split as the fundamental fact – the nominalist discourse entails a gap between theory and the world. However, as a disavowed presupposition re-emerges the subject; while clinging on to the fantasy of describing reality as something external, the scientists of capital cast their glance over both theory and the world (hence their ability to reject Marxism and neoliberalism for not getting capital right). One side of the duality between theory and reality, the scientist, swallows up the other, reality, but discovers it not. Instead of a theory of the contradictory unity of thought and being, we get the unconscious sublation of both in the mind of the theorist-baptiser. The theorist’s task becomes to understand reality at a distance, naming and categorising essentially external objects, instead of acting within it and changing it thereby.

Conclusion

Capital as Power provides valuable discussions and criticisms of political economy, Marxist as well as neoliberal. However, it never reaches the level of a *critique* of political economy proper, the level where Marxism moves beyond ‘critical political economy’, and becomes a theory – situated within the conflictual relations of bourgeois society – of the conditions of possibility of political economy, the categories of political economy, and the practices and agencies of capitalism.

The book is often informative and piquant in the detail, and very often fully compatible with Marxist insights, and interesting also when it is not. However, despite its grand ambitions, it never comes together as a whole. Caught in a critique of a reductionist and economistic Marxism, and without the tools of dialectical analysis, Nitzan and Bichler reproduce the dualisms ascribed to their enemies, replacing a supposedly one-sided theory of exploitation and class-struggle with an equally biased and agent-centred account of intra-class competition. Instead of a claim of the rock-bottom reality of production and the mystified realms of finance, we get the notion of the hard reality of capitalisation and a romanticised vision of ‘industry’. Nitzan and Bichler strive to overcome the vulgarities of economistic Marxism, but end up inverting them. Indeed, if economistic Marxism is a vulgarisation proper to Fordism, we could say that *Capital as Power’s* lopsidedness is fitting for post-Fordist financialised capitalism.

As rare as paradigm-shifts are, it is hardly surprising that Nitzan and Bichler’s book fails to convince overall. The reason for this failure is not, however, ambition as such. Ambition, surely both a cause and effect of the sweeping criticisms of Marxism, explains nothing; rather, as this review has argued, the problem lies in the very mode of thought proper both to the critique and the project itself, its detached nominalism and political humanism, so

21. Adorno 1997, p. 91.

fitting to the rôle of the concerned social scientist. Hence, in the background of this marginal squabble with the errant knights of Veblen lies a significant insight, unintentionally confirmed by the shortcomings of *Capital as Power*: Perhaps only with the dialectic can *Capital*, and only with *Capital* can capitalism be understood. Thus, living under the dominance of capitalism, we need the dialectic more than ever.

Reviewed by Bue Rübner Hansen
Queen Mary University London
buerhansen@gmail.com

References

- Adorno, Theodor W. 1997 [1967], *Prisms*, translated by Samuel and Shierry Weber, Cambridge, MA.: MIT Press.
- Arthur, Christopher J. 2002, *The New Dialectic and Marx's 'Capital'*, Historical Materialism Book Series, Leiden: Brill.
- Aristotle 2000, *Nicomachean Ethics*, edited and translated by Roger Crisp, Cambridge: Cambridge University Press.
- Backhaus, Hans-Georg 1980, 'On the Dialectics of the Value-Form', *Thesis Eleven*, 1: 99–120.
- Fine, Ben and Laurence Harris 1979, *Rereading 'Capital'*, New York: Columbia University Press.
- Foley, Duncan 2000, 'Recent Developments in the Labor Theory of Value', *Review of Radical Political Economics*, 32, 1: 1–39.
- Gramsci, Antonio 1996, *Prison Notebooks*, Volume 2, edited and translated by Joseph A. Buttigieg, New York: Columbia University Press.
- Harvey, David 2006, *Limits to Capital*, London: Verso.
- Marx, Karl 1976 [1867], *Capital: Volume 1*, translated by Ben Fowkes, Harmondsworth: Penguin.
- 1978 [1867], 'The Value-Form – Appendix to the 1st German Edition of *Capital*, Volume 1', translated by Mike Roth and Wal Suchting, *Capital and Class*, 4: 130–50, available at: <<http://www.marxists.org/archive/marx/works/1867-c1/appendix.htm>>.
- 1973 [1953], *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)*, translated by Martin Nicolaus, Harmondsworth: Penguin.
- McNally, David 2009, 'From Financial Crisis to World-Slump: Accumulation, Financialisation, and the Global Slowdown', *Historical Materialism*, 17, 2: 35–83.
- Nitzan, Jonathan and Shimshon Bichler 2002, *The Global Political Economy of Israel*, London: Pluto Press.
- 2005, 'The Scientist and the Church', available at: <http://bnarchives.yorku.ca/185/01/050731NB_The_Scientist_and_the_Church.pdf>.
- 2009, *Capital as Power: a Study of Order and Creorder*, London: Routledge.
- Retort Collective 2005, *Afflicted Powers*, London: Verso.
- Rubin, Isaak Illich 2008 [1928], *Essays on Marx's Theory of Value*, New Delhi: Aakar Books, available at: <<http://www.marxists.org/archive/rubin/value/>>.
- Sweezy, Paul M. 1942, *The Theory of Capitalist Development: Principles of Marxian Political Economy*, New York: Modern Reader Paperbacks.
- Steedman, Ian 1975, 'Positive Profits With Negative Surplus Value', *The Economic Journal*, 85, 337: 114–23.
- 1977, *Marx After Sraffa*, London: New Left Books.