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Capitalizing a future unsustainable: energy, finance and the fate of market civilization (Video Podcast)

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Capitalizing a future unsustainable: energy, finance and the fate of market civilization (Video Podcast)

Abstract

Debates on peak oil and other non-renewable energy resources that power modern industrial economies are becoming well known - if only in caricature.

Keywords

unsustainable, market, future, capitalizing, fate, finance, energy, civilization, podcast, video

Disciplines

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Forum on Capital as Power
CRISIS OF CAPITAL, CRISIS OF THEORY
Conference Program
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October 29-31, 2010
York University, Toronto
York Lanes, Rooms 280N & 280A

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ATTENUATED TIMETABLE

Friday October 29 th	Saturday October 30 th	Sunday October 31 st
10:00-10:30am REGISTRATION Welcoming Remarks Barbara Crow, Associate Dean Faculty of Liberal Arts and Professional Studies	9:00-10:30am (IV) <i>CRISES</i> 7. Alan Walks 8. Sandy Brian Hager 9. Joseph Baines	9:30-11:30am (VIII) <i>CAPITAL AS POWER III</i> 18. Jordan Brennan 19. Andrew Lichterman 20. Anibal Nicolas Saldias 21. Kevin Sutton
10:30-12:00pm (I) <i>THE VALUE CONTROVERSY</i> 1. George Comninel 2. James Parisot 3. Fred Day	10:45-12:15pm (V) <i>METHODS & INSTITUTIONS</i> 10. Jongchul Kim 11. Mike Lapointe and Nima Chooback 12. D.T. Cochrane	11:45-1:00pm (IX) <i>ROUNDTABLE</i> <i>Capital, power and the future of political economy</i>
12:00-1:15pm LUNCH	12:15-1:30pm LUNCH	
1:15-2:45pm (II) <i>CRISIS OF CAPITAL, CRISIS OF THEORY</i> 4. Leo Panitch 5. David McNally	1:30-3:00pm (VI) <i>CAPITAL AS POWER II</i> 13. Sean Starrs 14. Jeffrey L. Gower 15. Tim DiMuzio	
3:00-5:00pm (III) <i>CAPITAL AS POWER I</i> 6. Jonathan Nitzan	3:15-4:45pm (VII) <i>KEYNOTE ADDRESS</i> 16. Herman Schwartz 17. Randall Germain	

FRIDAY OCTOBER 29th

SESSION I: THE VALUE CONTROVERSY
10:00-11:30am

CHAIR: Jordan Brennan (York University)

1. The Nature of Value and the Fetishism of Commodities
George Comninel, Faculty Guest Speaker, York University
(comninel@yorku.ca)

2. Capital as Power: A Marxist Critique
James Parisot, Binghamton University, SUNY
(jpariso1@binghamton.edu)

In *Capital as Power* Nitzan and Bichler suggest that the Marxist attempt to understand the nature of capitalism has run into irreconcilable limits. Many of the categories central to Marxist thought such as socially necessary labor time, productive and unproductive labor, the 'political' and the 'economic', etc. are logically problematic and can't explain the nature of capital accumulation. Their alternative, the theory of capital as power, then attempts to provide a cogent alternative framework to explain the dynamics of capitalism.

This presentation responds to both their critiques of Marxism and their alternative. I argue, first, that the categories Nitzan and Bichler critique need to be situated within proper methodological context more clearly than they are in *Capital as Power*. Secondly, their alternative is a diversion from the sociological attempt to move past appearances to understand the deeper workings of society. By rejecting Marx's method, they then reject an analysis of the inner workings of capitalism, and fall back on a descriptive analysis of capital that cannot explain the precise phenomenon it sets out to.

3. Against the Claims of Capital: Reconstructing Hodgskin's Labour Defended

Fred Day, Manchester Metropolitan University (F.Day@mmu.ac.uk)

When Thomas Hodgskin published his *Labour Defended* it was, in part, a response to the economic crisis of 1825. He investigated the nature, character and use of Capital within society and production. As Marx noted Hodgskin's work "burst forth" with the recognition that Capital was not productive in the sense usually assumed within capitalism.

Hodgskin also realised that the quantification of Capital was impossible and thus pre-empted the later Cambridge Capital controversy. His writings on business cycles looked at credit booms and inevitable crunches, particularly in relation to credit based investments in railway enterprises. Most importantly, perhaps, was his recognition of Capital as "the power of one man, however obtained, over the labour or produce of labour of another".

His understanding on the nature of value is usually and mistakenly portrayed as a Labour Theory of Value. As early as 1825 he recognised value as subjectively determined by the consumer, but integrated this into an economics that respected labour as the sole active force. In contrast to his contemporaries, economic progress for Hodgskin amounted to endogenous technology growth.

Thus there is much that could be gained from revisiting Hodgskin's economics and indeed reconstructing his understanding of credit cycles, endogenous growth, Capital as power, and the nature of value. To this end this paper presents an introductory exposition of Hodgskin's heterodoxical economics so that they might not only enlighten our modern position but further our understanding of capital, growth, value and power.

SESSION II: CRISIS OF CAPITAL, CRISIS OF THEORY

1:15-2:45pm

CHAIR: Sean Starrs (York University)

4. The Crisis of Capital and the Crisis of Theory

Leo Panitch, Faculty Guest Speaker, York University
(lpnitch@yorku.ca)

5. Transformations in Capital, Transformations in Theory

David McNally, Faculty Guest Speaker, York University
(dmcnally@yorku.ca)

SESSION III: CAPITAL AS POWER I

3:00-5:00pm

CHAIR: D.T. Cochrane (York University)

6. Systemic Fear, Modern Finance and the Future of Capitalism

Jonathan Nitzan, Faculty Guest Speaker, York University
(nitzan@yorku.ca)

SATURDAY OCTOBER 30th

SESSION IV: CRISES

9:00-10:30am

CHAIR: Jongchul Kim (York University)

7. Canada's Housing Bubble, Neoliberalism, and the Canadian State: An Empirical and Theoretical Exploration

Alan Walks, University of Toronto (alan.walks@utoronto.ca)

The mainstream media, and even the Prime Minister of Canada, have given the impression that over the 2000s the Canadian housing market did not enter into a 'bubble' and that the Canadian banks remained above the fray of the global financial crisis due to prudent financial regulations and practices, in turn not requiring any 'bailout'. This paper challenges these assumptions. First, it empirically examines the relationship between the run up in mortgage and other credit, and the increase in housing values across major Canadian metropolitan regions. Canadian urban areas are shown to exhibit very similar unsustainable increases in real estate values as occurred in the United States and other developed nations. Second, the paper examines the state response to the financial crisis, and finds that in fact the Canadian banks were bailed out to virtually the same degree as in the United States, albeit through different means and with little public scrutiny, and no democratic accountability. Third, the paper considers the implications of Canada's housing bubble and the state policy response for how the crisis will play out as it continues to unfold across metropolitan Canada. Finally, the paper theorizes the Canadian state response within a realm of categorical possibilities adopted or proposed across the globe. It argues that the Canadian response is likely to augment, rather than minimize, the likelihood that the country will find itself in an even deeper crisis as the global economy lurches into the future.

8. US Public Debt and the Global Financial Crisis: Sustainability or Redistribution?

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

This paper offers some preliminary findings from a broader research project on the political economy of US public debt since the 1970s. Specifically, it engages with recent debates within economics regarding the sustainability of US public debt in the wake of the current financial crisis. What is remarkable about these often vicious debates is that they have done little more than rehash and defend conventional assumptions about public debt that have existed since the Keynesian/monetarist rift a half century ago. The central argument of this paper is that the problem with these debates isn't the answers given, but the questions asked in the first place. With their penchant for aggregates, the various perspectives within these debates make no attempt to examine the political economic struggles that underpin the historical expansions and contractions of public debt in the US. Who are the winners and losers within these struggles and how does this change over time? How do we link the oscillations of public debt to the process that matters most: capital accumulation? The capital as power approach developed in this paper seeks to highlight empirically the redistributionary struggles over public debt in the US. The analytical focus on redistribution, rather than

sustainability, leads to a radical reassessment of the role of public debt in capitalist societies; one based on disaggregate power concepts, categories and accounting methods.

9. Do the Contango: Commodity Futures, Capitalist Restructuring and the Making of the Global Food Crisis

Joseph Baines, York University (jbaines@yorku.ca)

In 2008 a massive hike in food prices pushed 250 million people into the ranks of the world's hungry. The number of people without enough food increased to over one billion, the highest amount ever recorded. This unprecedented rise in global hunger was the result of a conjunction of developments, ranging from the drought that hit Australia, the floods that overran Northern Europe, the new craze for biofuels and the volatility in wheat markets. The paper seeks to make sense of the last contributory factor, giving particular attention to the role of actors involved in the buying and selling of commodity futures in increasing the price of wheat. In making sense of the relationship between commodity futures and the commodities themselves, John Maynard Keynes' 'normal backwardation' hypothesis will first be explored. It holds that the price at which traders pay for a given commodity future is typically lower than the anticipated price of the actual commodity at contract expiry. According to Keynes, this difference between the commodity's 'forward price' and its 'spot price' reflects the premium for the risk that the investor assumes in buying the future and as such the difference tends to narrow as the contract reaches maturity. The paper will then demonstrate that in the years leading up to the present global food crisis it was not normal backwardation that reigned supreme in the market for wheat futures, but 'contango.' This term refers to a curious situation in which the forward price for a commodity far exceeds its spot price, so that instead of the futures price rising to converge with the actual price, the actual price rises to catch up with its stubbornly high futures price. The paper will identify the main capitalist actors to whom contango has recently benefited and analyze their possible role in engineering this financially rewarding but humanly catastrophic process.

SESSION V: METHODS AND INSTITUTIONS

10:45-12:15pm

CHAIR: Sandy Brian Hager (York University)

10. Trust and Power

Jongchul Kim, York University (jazzchul@hotmail.com)

As argued elsewhere (Kim 2010a; 2010b), goldsmith-banking (and modern banking in general) is the institutionalization of the double ownership scheme, trust; and the evolution of private credit-money into public currency in early modern England required the formation of group identity – the modern nation-state and business corporations. This presentation develops the ontology of early modern credit-money, by examining how the concepts of trust, person (identity), property, and representation had evolved and how they explain the origin and evolution of modern credit-money in early modern England. I argue that that these concepts converge into the scheme of trust and that the institution of capitalist money is a trust scheme. My argument of "capitalist money as trust" has important affinities with the notion of "capital as power." Both "capitalist money 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 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, later, joint-stock banking have grown. Arguably, the concept of trust constitutes a central nature of the capitalist form of power.

Kim, J. C. (2010a). The London Goldsmith-Bankers' Institutionalization of Trust. *Business History*. Forthcoming.

---. (February 26-8th, 2010b). The Roles of Group Identity in the Evolution of Credit-Money in Early Modern England. *Presented in Eastern Economic Association Conference*. Philadelphia, USA.

11. Power Dynamics and Institutional Change: New Avenues for Action within Political-Economic Institutions

Mike Lapointe and Nima Chooback, University of Western Ontario (mlapoin5@uwo.ca)

The evolution of the capitalist mode-of-production has facilitated a myriad of different domestic and international institutional structures throughout the previous two centuries. This paper will argue that these institutions have evolved as a function of the inherent contestation that occurs within them between a number of social, economic, and state actors, each of which acts upon their own particular and often mutually-exclusive interests. As it is these institutional structures that organize our material reality, understanding how the power-dynamics within these structures 'shift' through time can provide valuable insight into how we can confront an increasingly ambiguous economic situation following the 2008 market collapse. Focusing on the 'qualitative' aspect of capital understood as 'organized power', this paper will use Jonathan Nitzan and Shimshon Bichler's analysis within their 2009 work *Capital as Power* as a framework to discuss the ways in which contemporary political-economic institutions change through time, and what the implications of those changes are for social organization and human self-actualization.

12. Naming Your Price: The Role of De Beers' Advertising in Setting Diamond Prices

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

In *Capital as Power*, Nitzan and Bichler describe price as the 'fundamental unit' of the capitalist order. The determinant of prices, they argue, has never been impartial, isolated markets balancing supply and demand. Rather, prices are wholly constructions of the *nomos* – the legal-cultural-economic institutions of society. As such, firms are neither 'price takers' nor 'price makers' in the usual sense. Instead, price emerges through a performative 'dialogue' that business dominates, but does not singularly command.

This paper will examine how De Beers Consolidated Mines made its voice heard in establishing the price of diamonds in the 1940s. It began to raise the volume on its already considerable voice in the diamond-price dialogue as a response to a crisis of falling earnings in the American market. The company undertook, for the first time, advertising directly to consumers. Included in the ads were average price ranges for various sizes of diamond. As well, the ads touted the role of the jeweller in selecting an appropriate stone. Further, the ads downplayed size in favour of the 4Cs – carat, cut, clarity and colour – as the basis for price. All these elements were a response to the rise of mail retailers, selling at a distance, focused on size and touting the lowest prices. The De Beers' advertisements worked to undermine these price-cutting efforts, elevate the role of the jeweller and face-to-face sale and re-establish confidence in the diamond as an object of inherent value.

SESSION VI: CAPITAL AS POWER II

1:30-3:00pm

CHAIR: Jordan Brennan (York University)

13. The Rise of China in an Era of Transnational Capital

Sean Starrs, York University (Sean.starrs@yahoo.ca)

A rising tsunami of opinion amongst policy, journalist, and academic circles is that we are currently witnessing a structural shift in power from the West to East Asia, and in particular to China. The global financial crisis, despite indeed being global, has only magnified the waves of this tsunami; but will it evolve into a typhoon or simply quietly wash up on the shores (much like talk of Japan 'surpassing' America in the 1980s)? In this paper I shall argue that, for a late-comer like China in the contemporary era of transnational capital, there are inherent structural limitations to the export-led industrialization growth model pioneered by Japan, and that East Asia continues, and will continue into the foreseeable future, to depend on exporting to deficit countries, namely the United States. Furthermore, drawing upon original research from databases such as Thompson Reuters SDC and Bloomberg Professional, I shall demonstrate that, despite America's trade deficit with China (or perhaps because of it), American capital owns much more of Chinese capital than the latter do of American capital. Drawing upon an understanding of ownership conferring differential power as per the 'capital as power' framework, I shall argue that this presents further structural constraints on a 'rising China', and has only deepened with the recent global financial crisis.

14. The Social Ontology of Documents and Capital as Power

Jeffrey L. Gower, University of Buffalo

The philosopher Barry Smith's theory of document acts provides deep insight into how people create and use documents to change the world by bringing about new social institutions. Physical documents, such as those for patents and real estate, and the related acts that humans do with documents, have allowed the development of social institutions by assigning deontic powers to foment modern legal and financial systems. The formation of a binding document between two or more parties may spring forth new duties and obligations, various ownership rights, create new organizations, or serve as a basis for collateral, among many others. But what gives a document the power and authority to perform the status function assigned to it by the collective intentionality of a particular society? Most discussions to answer the above question center on political power of institutions and the collective acceptance of a society of the deontic powers given to an institution. However, this line of argument, while very useful, lacks in some situations. Nitzan and Bichler's theory of Capital as Power (CasP) becomes useful in explaining the status functions of various documents. In this presentation, I compare patent documents from the U.S. and China using CasP as a tool to analyze the institutional power behind these documents.

15. Peak Oil, Global Finance & Social Reproduction

Tim DiMuzio, University of Helsinki (timothy.dimuzio@helsinki.fi)

Debates on peak oil and other non-renewable energy resources that power modern industrial economies are becoming well known – if only in caricature. Some argue that as carbon energy becomes ever more expensive in the 21st century, there will be new resource wars and a general breakdown of social order. Others, however, predict a relatively peaceful transition to green and clean forms of energy production and consumption and see the seeds of this transition growing stronger in the annals of capitalization. While these are important debates, very little has been said about the historical relationship between fossil fuel energy, the emergence of capitalization as the dominant logic of accumulation and high energy intensive forms of globalized social reproduction. In order to address this lacuna, I use a power theory of value approach to offer a preliminary assessment of this tripartite relationship during three historical eras: 1) the pre-fossil fuel age, 2) the age of fossil fuels, and 3) the age of decline.

SESSION VII: KEYNOTE SPEAKERS

3:15-4:45pm

CHAIR: Jonathan Nitzan (York University)

16. Bankrupt Banks, Bankrupt Theories: What Will Academics Learn about Power from the Crash?

Herman Schwartz, Keynote Speaker, University of Virginia
(hms2f@virginia.edu)

17. The Rearticulation of Financial Power after the Great Freeze

Randall Germain, Keynote Speaker, Carleton University
(randall_germain@carleton.ca)

SUNDAY OCTOBER 31st

SESSION VIII: CAPITAL AS POWER III

9:30-11:30am

CHAIR: Sean Starrs (York University)

18. The Historical Specificity of the Crisis in Canada

Jordan Brennan, York University (jbrennan@yorku.ca)

Since the onset of the Great Recession a series of debates have unfolded over its causes, its consequences and the appropriate policy responses. Some debates [for instance, Eichengreen and O'Rourke 2010] have attempted to characterize the current crisis by contrasting measures of 'economic health' in 2007 with 1929. But from the standpoint of capital as power these debates have ignored the most crucial measure of all: differential accumulation by dominant capital groups. The purpose of my presentation will be to try to identify the unique features of the current crisis as it pertains to Canada. While previous crises (namely the recessions of 1990, 1981 and 1974) were either inflationary or disinflationary the current crisis has been outright deflationary. This fact raises an important question: do the deflationary tendencies of the current crisis signal differential deaccumulation for dominant capital groups?

19. Military-Industrial and other Complexes: Organizational Strategies and the Shape of the Modern World

Andrew Lichterman (amlichterman@comcast.net)

In *Capital as Power*, Jonathan Nitzan and Shimshon Bichler describe a world where sectors of capital strive for dominance. This approach provokes a question: how do the constellations of organizations that constitute segments of "capital," compete?

Nitzan and Bichler describe how some particular capital constellations such as a "Weapondollar-Petrodollar coalition" have gained ascendance. This paper will explore further certain aspects of competition among capital factions. Disaggregating both "capital" and "the state," it will sketch a world dominated by large organizations that deploy particular combinations of technology, bureaucratic technique, and ideology to extract a privileged wealth stream from the rest of society. In the prevailing form of modernity, a principal mechanism of "exploitation" is the management by these large organizations of their relationship to the world around them. These organizations form long-running alliances, manifested differently in particular state contexts, across the boundaries between "public" and "private."

Drawing on the author's experience in movements against nuclear weapons and nuclear power, this paper will examine how these organizational strategies and alliances affect issues ranging from technology choice to trade policies to questions of war and peace. It will provide examples of how this approach may contribute to sharpening loosely defined concepts like the "military-industrial complex" and can

increase understanding of particular developments, such as the recent U.S.-India nuclear deal. It also will offer speculations on the implications of such an approach for concepts of class and development.

20. No Title

Anibal Nicolas Saldias, University of Toronto
(nicolas.saldias@utoronto.ca)

The exposure of the twin crises that affect Marxist and neoclassical theories of value, which Bichler and Nitzan effectively elucidate, and their proposed alternative conception of value, 'differential accumulation', must go further; it must create a new 'terrain' of debate that reformulates the basis of the social sciences, and politics. I will argue that the questions that spring from the critique initiated by Bichler and Nitzan must be clarified and amplified into a broader hegemonic project that applies the logic of their political-economic critique to much wider active political project. Hegemony, as Antonio Gramsci notes, quoting Chantal Mouffe, "does not prevail by virtue of its intrinsic logical character but rather when it manages to become a 'popular religion' ". For example, neoclassical economics, for all its logical and empirical faults, is still hegemonic because embedded within its 'scientific' pretences is an 'ethico-politico' articulatory moment: homo economicus.

Consequently, we must go beyond the empirical/idealist critiques into a critical understanding of knowledge, because acceding to the former conceptions immediately concedes the ground to the opposition's terms and logics. Thus, recognizing the constitutive role of hegemony means actively creating a new 'horizon' of discourse, which will then re-interpellate subjects qua subjects. We cannot limit our attack on the scientific inconsistency and contradictions of other economic theories by positing a new theory of value alone; ultimately, this project must combine that critique into a much larger, positive, active, political project against 'actually existing capitalism', via a Gramscian 'war of position'.

21. The Scramble for Substitutes and the Struggle for Alternatives: Authoritarian and Democratic Responses to Peak Oil

Kevin Sutton (ksutton@yorku.ca)

Oil shocks regularly threaten the stability of industrial capitalism. We are approaching the largest of such shocks: the peak in world oil production. Responses to this challenge reflect a combination of two broad strategies. The 'scramble for substitutes', appropriates alternative energy sources to maintain the fossil-energy grid. The 'struggle for alternatives', utilizes remaining fossil-energy sources to develop alternative energy infrastructure.

The first strategy involves the creation of synthetic crude substitutes from non-conventional sources, benefiting those with propertied interests in crude while intensifying the social and environmental costs of conventional production. This strategy depends upon the expansion of authoritarian social structures. The second strategy seeks high energy returns with minimal social and environmental consequences. This is a direct challenge to the vested oil interests and corresponds with a project to democratize the global system.

These strategies reflect a deep tension in the rise and fall of complex social structures. I articulate this tension as it relates to energy flows and explain the role of oil production in the rise of industrial capitalism. Then, I review the development of fossil fuels and alternative energies in the US. I conclude with the prospects for reigning in authoritarian trends and fostering democratic alternatives.

SESSION IX: ROUNDTABLE

11:45-1:00pm