

The Scientist and the Church

**Shimshon Bichler and
Jonathan Nitzan**

Copyright © 2015 Shimson Bichler and Jonathan Nitzan

All rights reserved.

Published by World Economics Association

<http://www.worldeconomicsassociation.org/>

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, or by any means, electronic, mechanical, photocopying, recording or otherwise without prior permission, in writing, from the publisher.

About the Authors

Shimshon Bichler teaches political economy at colleges and universities in Israel, while Jonathan Nitzan teaches political economy at York University in Toronto. Their co-authored books include *The Global Political Economy of Israel* (Pluto, 2002) and *Capital as Power: A Study of Order and Creorder* (Routledge, 2009). All of their publications, reviews, interviews, conference presentations and course material are available for free under the Creative Commons license from *The Bichler & Nitzan Archives* (<http://bnarchives.net>).

Content

<i>List of Illustrations</i>	xi
Introduction	1
The First Mode of Power	2
Democratic Writing	3
Autonomy	3
Science and Church	4
The Science of Society	5
Marxism	5
Value Theory	6
The Capitalist Mode of Power	7
Crisis	8
Re-searching	9
Interviews	10
The Scientist and the Church	11
The Capitalist Mode of Power	13
1 Capital as Power: Toward a New Cosmology of Capitalism	15
Abstract	15
The Capitalist Cosmology	16
Foundation I: Separating Economics from Politics	17
Foundation II: The Galilean/Cartesian/Newtonian Model of the Economy ...	19
Foundation III: Value Theory and the Duality of Real and Nominal	21
The Rise of Power and the Demise of Political Economy	23
The Neoclassical Golem	25
The Neo-Marxist Fracture	26
The Capitalist Mode of Power	27
Capitalizing Power	27
Industry and Business	29

Differential Accumulation	32
Toward a New Cosmology of Capitalism	34
2 The Asymptotes of Power	37
Introduction	37
What If?	39
Pending Collapse	40
The Argument	41
Major Bear Markets	41
Capital <i>as</i> Power	44
The Quantitative Dimension: Capitalization	44
The Relational Dimension: Distribution and Redistribution	48
The Asymptotes of Power	50
National Income Shares	53
Components of National Income	57
Components of Non-Labour Income	60
Components of Capitalist Income	64
Components of Corporate Profit	67
Components of After-Tax Profit	69
Rest of the World	71
Summary and Extrapolation	74
Appendix: Proxies of Dominant Capital	77
3 The Capitalist Algorithm: Reflections on Robert Harris' <i>The Fear Index</i>	80
The New Financialized Order	81
Autonomous Machine Learning	82
The Myth of the Machine	83
Differential Capitalization	83
Enter Fear	84
Capitalizing Panic	85
Crisis	87
4 How Capitalists Learned to Stop Worrying and Love the Crisis	89
Accumulation of What?	90
Unemployment and the Capitalist Income Share	91
Employment Growth and the Top 1%	95
How Capitalists Learned to Stop Worrying and Love the Crisis	96

5	Still About Oil?	98
	Abstract	98
	The Triangle of Conflict	99
	Scarcity and the Price of Oil	100
	<i>Scarcity and the Price of Oil</i>	101
	<i>The Ups and Downs of Oil Prices</i>	101
	<i>The Scarcity Puzzle</i>	103
	From Absolute Accumulation to Differential Accumulation	105
	<i>Capital as Power and Differential Accumulation</i>	106
	<i>Dominant Capital and Differential Accumulation Regimes</i>	108
	The Weapondollar-Petrodollar Coalition	109
	<i>The Petro-Core and the Oil-Producing Countries</i>	109
	<i>It's All in the Price</i>	111
	<i>The Arma-Core</i>	113
	<i>Western Governments, Particularly the U.S.</i>	114
	<i>From Free Flow to Limited Flow</i>	115
	Energy Conflicts	116
	<i>The Stylized Patterns</i>	117
	<i>Another Angle</i>	119
	The Universal Logic	121
	The Broader Vista	123
	<i>Reversal of Fortune</i>	123
	<i>Breadth and Depth</i>	124
	<i>Energy Conflicts and Stagflation</i>	126
	Middle East Energy Conflicts and Differential Accumulation Cycles	127
	<i>The Rise of Stagflation (late 1960s – early 1980s)</i>	127
	<i>The Resurgence of Amalgamation (mid 1980s – late 1990s)</i>	128
	<i>Systemic Crisis (early 2000s – present)</i>	128
	An Omen?	129
	Appendix: What Do Economists Know about Scarcity?	131
	Re-searching	133
6	Imperialism and Financialism: The Story of a Nexus	135
	Abstract	135
	Introduction	136
	PART I: THE SCHOOLS	137
	Empires and Finance	137
	Monopoly Capital	138
	Black Hole: The Role of Institutionalized Waste	140
	Dependency	142

Red Giant: An Empire Imploded	144
PART II: AN EMPIRICAL INQUIRY	146
Capital Flow and Transnational Ownership	147
The Shifting Locus of Ownership	151
The Global Distribution of Profit	153
The Engine of 'Financialization'	156
Concepts and Methods: How to Measure 'Financialization'?	156
The Inconvenient Facts	159
The End of a Nexus?	164
7 No Way Out: Crime, Punishment and the Capitalization of Power	166
Abstract	166
Introduction	167
The Questions	168
Georg Rusche	173
The Puzzle	176
Incarceration and Exploitation	178
Re-search	179
Decompose	181
Crime and Punishment	182
Taking Stock	188
Interviews	191
8 The 1%, Exploitation and Wealth:	
Tim Di Muzio Interviews Shimshon Bichler and Jonathan Nitzan	193
9 Capitalism as a Mode of Power:	
Shimshon Bichler and Jonathan Nitzan Interviews by Piotr Dutkiewicz ...	210
The Scientist and the Church	235
10 Aki and Friends	237
The Other Logic	239
The Hidden Factor	241
Autonarchy	243
The Wandering Circus	245
The Chain of Stories	249
On Simplicity and Proportions	250
The Scientist and the Church	252
Self-Consciousness and Autonomy	253

Aki and Friends	255
11 The Scientist and the Church	257
PART I: INTELLECTUAL ACCUMULATION BY DISPOSSESSION	258
The Politicization of Oil and Commercialization of Arms Exports	259
From 'Free Flow' to 'Limited Flow'	260
The Theoretical Predicament	264
The Scarcity Thesis: Prices and Power	267
The Trappings of Power	270
The Commercialisation of Arms Exports	272
Methodology	275
The Weapondollar-Petrodollar Coalition: Too Perfunctory	276
PART II: NOVELTY AND DOGMA	278
We've Said it All Along	278
Free Thinking versus Doctrine	279
Marxism in Crisis	280
Marxism in Retreat	283
<i>Le Dernier Cri</i> : 'Overaccumulation Crisis'	285
The 'New Imperialism'	286
New Imperialism or New Capitalism?	287
PART III: EPILOGUE	289
Correspondence	289
<i>Afflicted Powers</i>	294
Form and Content	294
The Stamp of Property	298
'Giving Full Credit': A Case Study of Referenced Plagiarism	298
More Correspondence	302
A Dialectical Conclusion	305
<i>References</i>	306

Illustrations

Figures

1 Capital as Power: Toward a New Cosmology of Capitalism

1	Business and Industry	30
2	Business and Industry in the United States	31
3	The Petro-Core's Differential Accumulation and Middle East 'Energy Conflicts'	33

2 The Asymptotes of Power

1	U.S. Stock Prices in 'Constant' Dollars	42
2	S&P 500: Price and Earnings per Share in 'Constant' Dollars, 1871-2011 ..	47
3	Market Capitalization and After-Tax Profit of the Top 0.01% of U.S.-based Corporations (Shares of U.S. National Income)	49
4	Distributive Shares: A Hypothetical Exposition of Levels and Rates of Change	51
5	Shares of U.S. National Income	56
6	Compensation of Employees and Non-Labour Income as a Share of U.S. National Income	57
7	Number of Employees and Compensation per Employee in the United States	59
8	Capitalist and Other Non-Labour Income as a Share of U.S. National Income	61
9	Proprietors' Income, Rent and Indirect Taxes less Subsidies as a Share of U.S. National Income	62
10	Proprietors' Income as a Share of U.S. National Income: A Decomposition	63
11	Pretax Profit and Net Interest as a Share of U.S. National Income	65
12	Net Interest as a Share of U.S. National Income: A Decomposition	67
13	Corporate Profit as a Share of U.S. National Income and the Effective Corporate Tax Rate	68

14	U.S. After-Tax Profit: NIPA vs. the Top 0.01% of Corporations	70
15	Rest of the World: Receipts and Payments of After-Tax Profit	72
16	Income Share of the Top 10% of the U.S. Population	75
17	The Underlying Magma: Income Share of the Top 10% of the U.S. Population vs. the Correctional Population as a Share of the Labour Force	76
4	How Capitalists Learned to Stop Worrying and Love the Crisis	
1	U.S. Unemployment and the Domestic Income Share of Capital 1920-2013	92
2	U.S. Unemployment and the Domestic Income Share of Capital, 1947-2012	93
3	U.S. Income Distribution and Employment Growth, 1900-2013	96
5	Still About Oil?	
1	'Scarcity' and the 'Real' Price of Oil	102
2	OPEC and the Petro-Core	111
3	Differential Earnings per Share and the Relative Price of Crude Oil	113
4	Energy Conflicts and Differential Profits: The Petro-Core vs. the <i>Fortune 500</i>	118
5	Energy Conflicts and Differential Profits: Integrated Oil Companies vs. the World	120
6	Amalgamation and Stagflation	125
7	'Real' Oil Prices and CPI Inflation in the Advanced Countries	127
6	Imperialism and Financialism: The Story of a Nexus	
1	Ratio of Global Gross Foreign Assets to Global GDP	149
2	Shares of Global Gross Foreign Assets	152
3	Net Profit Shares of Listed Corporations (% of World Total)	154
4	Net Profit Shares of Listed FIRE Corporations (% of Region)	160
5	Cash Flow Shares of Listed FIRE Corporations (% of Region)	162
6	EBIT Shares of Listed FIRE Corporations (% of Region)	163
7	No Way Out: Crime, Punishment and the Capitalization of Power	
1	Income Share of the Top 10% of the U.S. Population	169
2	U.S. Income Distribution and the Correctional Population	171
3	U.S. Correctional Population as a Share of the Overall Population	172
4	U.S. Unemployment and the Correctional Population	177
5	U.S. Unemployment and the Correctional Population	180
6	U.S. Serious Crime and Murder Rates (per 10,000 persons)	183
7	U.S. Serious Crime and the Intensity of Punishment	185
8	U.S. Unemployment and Serious Crime	186

9	U.S. Unemployment and the Intensity of Punishment	187
---	---	-----

**9 Capitalism as a Mode of Power: Shimshon Bichler and Jonathan Nitzan
Interviews by Piotr Dutkiewicz**

1	The Petro-Core's Differential Accumulation and Middle East 'Energy Conflicts'	225
2	The Underlying Magma: Income Share of the Top 10% of the U.S. Popula- tion vs. the Correctional Population as a Share of the Labour Force	230

Pictures

10 Aki and Friends

	Akiva (Aki) Orr with Two Friends	237
--	--	-----

Tables

2 The Asymptotes of Power

1	Major U.S. Bear Markets (constant-dollar calculations)	43
2	Deconstructing National Income	54

Introduction

Human society, one may argue, is propelled by a dynamic clash of two primordial drives: creativity and power. The urge to invent confronts the impulse to conserve, the desire to change contests the quest to impose, the will to transcend conflicts with the impetus to restrict, harness and sabotage. It seems that the ever-present need to create something new always stands against the itch to redistribute and appropriate.

Arthur Koestler described this clash, somewhat romantically, in his masterful history of cosmology, *The Sleepwalkers* (1959). His lone scientists grope in the dark. They search for cues, hints and leads. They often stumble, falling flat on their faces. Rarely do they know exactly what they are looking for. But they go on. And then, suddenly, comes a revelation. The scientist sees a spark. Many a time the spark fizzles out and dies. But sometimes it persists long enough to ignite a fire. Novel ideas, syllogisms, explanations, equations and theories start to emerge in quick succession. Before long, a whirlwind of light builds up in the middle of the darkness. The whirlwind twists and turns, drawing in other scientists, generating more light, more ideas, more findings. In rare cases, it even gives rise to a totally new cosmology.

But this creativity is never easy to manifest. Wherever they go, the scientists find themselves faced with a monolithic wall of resistance. Confronting them are the dominant power institutions of society, the opaque and seemingly impenetrable complex of church, academy, state, army and business organizations that control and leverage the prevailing beliefs, ideologies, dogmas and paradigms. Occasionally, a single scientist manages to break through the wall. Kepler, Galileo, Newton, Maxwell and Einstein, among others, were immortalized for doing so. But of those who try, the vast majority fail and sink into oblivion. The odds are overwhelmingly against them. To

challenge power with creativity is to risk your life, job, reputation, family and future – as the heroic Cecilia Paine, the first to discover what stars are made of, was to learn the hard way (see Chapter 11). Those who contest the dogma – like the poet in George Orwell’s *Keep the Aspidistra Flying* (1936) – face ridicule, poverty, life in the shadows. No wonder most people end up taking the safe route of consent, moving obediently with the herd.

The First Mode of Power

Many of those who examined the clash between creativity and power – from Socrates and Plato to Freud and Marcuse – searched for universal drives and inhibitions, for the eternal underpinnings of Eros and Civilization. But while the drives and inhibitions may be universal, their social manifestations are often unique. The clash of creativity and power is the engine of the social *creorder* – the ongoing creation of order that propels and transforms all historical societies. And so, whatever its sources, this clash is always specific to the mode of power in which it is manifested.¹

The first mode of power we know of was born in Mesopotamia, about six thousand years ago. Although the conflict between the inventive creators and their imposing rulers was rarely if ever recorded, the *effects* of this conflict are amply documented.² The archaeological remnants and written tablets attest the invention of organized agriculture and planned irrigation – as well as the subjugation of large populations to a rigid palatial regime of canal digging and maintenance, field work and animal husbandry. We have evidence of innovative construction, including the invention of the ‘building block’ (mud brick) and advanced architecture – as well as the extensive use of hard labour to erect religious/statist monuments for the glory of the gods-rulers. And this record sits well with the Mesopotamian myth-of-creation-read-power-relations. According to this myth, the gods had invented human beings simply so that they . . . could work for them: ‘Let him [man] be burdened with the toil of the gods, that they may freely breathe’ (Frankfort *et al.* 1946: 185; see also Kramer 1956: Ch. 13)

The Mesopotamians are believed to be the first to have invented writing – and therefore the ability to articulate, develop and record complex ideas, art, poetry and literature. But the writing they invented was also kept deliberately complicated, accessible only to a narrow stratum of priests, palace officials and clerks. Along with Mesopotamia’s complicated number system, writing became an effective means of exclusion, a way to organize the mode of power, control the dogma and hold the underlying population in line.

¹ The societal consequences of creativity and power were central to the works of Thorsten Veblen (1898, 1904, 1919, 1923) and Lewis Mumford (1934, 1961, 1967, 1970). On the concept of *creorder*, see Nitzan and Bichler (2009: 305-306 and Chapter 1 below).

² For classic accounts, see Jacobsen (1943), Frankfort *et al.* (1946), Frankfort (1948, 1951), Kramer (1956) and Evans (1958). For a comparative study of early civilizations, see Trigger (2003).

Democratic Writing

But the sabotage exerted by a mode of power, no matter how totalizing, is never complete. Force always invites and creates a transformative counterforce, and that is what eventually happened with writing. In due course, the elites' stranglehold over this complex symbolic technology was loosened. The key breakthrough might have occurred in the fifteenth or fourteenth century BCE, in the Egyptian turquoise mines of Serabit el-Khadim in the Sinai Peninsula. The walls of these mines reveal an easy-to-read alphabetic script, the first radical departure from the complicated Egyptian hieroglyphs.³

We don't know who invented this ingenious script. Perhaps it was the western-Semitic Apiru, or Amurru, who worked as zapping labourers in the imperial mines. Being semi-nomadic and relatively independent, they probably weren't pulped into total submission by the Egyptian Sun-God king. And maybe, possibly as a consequence of disputes with their employer, they invented a new form of writing to contest and resist their harsh treatment. Whatever their identity and reasons, though, the alphabet they created set off a revolution: it started the democratization of knowledge, an open-ended process that seven centuries later would give rise to science and philosophy.

Autonomy

Science and philosophy were born in the Greek poleis of the fifth century BC.⁴ Historically, it was a giant quantum leap. In the midst of an oriental world, controlled by despotism, tyranny and god-kings, there emerged, suddenly and without warning, a new culture based on democracy, science and philosophy. The roots of this transformation remain heatedly debated, partly because the character of the Greek polis was so special, if not entirely unique. For the first time in history, man no longer slaved for the gods and their earthly representatives.⁵ From a lowly, subservient creature, he became the centre of the universe. The human being was now recognized as the creator of the *nomos* (society), while the human mind was made the final interpreter of the *physis* (nature). Gone was the heteronomous rule of kings and priests. Instead, there arose an autonomous society, conceived, created and regulated by its own members. And with open autonomy came explosive creativity. The art and science of philosophy, literature, dialogue, mathematics, logic, theatre and history all flourished. This burst of creativity owed much to the elimination of external power and arbitrary coercion: it was driven not by force and adulation, but by idle curiosity and the quest for

³ See for example Givon (1978), Naveh (1987) and Nitzan and Bichler (2009: 267). The precise dating of this script remains debated. Recent discoveries date a similar script in Egypt's Western Desert to the nineteenth century BCE.

⁴ For an enlightening analysis of this birth, see Castoriadis (1991).

⁵ Although women and slaves were liberated only millennia later, the principles that emancipated them were the same as those that liberated Greek men.

truth; it throve not on obedience and dogma, but on scepticism and self-criticism; and it was fuelled not by conflict and violence, but by the love of life and the admiration of beauty.

In an autonomous society, where humans are neither subservient to nor in command of others, their agreement is predicated on common logic, broad dialogue and inclusive planning. And that is what happened in some of the poleis. Autonomy went hand in hand with the Pythagorean invention of the *proof* – the need to *convince* your equals using logical, agreed-upon principles. And there was more than pure logic here. The concept of proof was complemented and greatly enriched by the recognition of human limitations and the desire to transcend them – hence the critical bent of historical narrative, the bitterness of tragedy and the ridicule of comedy. In this way, the democratic quest for pure knowledge both implied and depended on the desire to understand the beauty of the universe and the urge to create a good society. This triangular model of philosophy-science-democracy is perhaps the greatest societal invention ever.

Science and Church

The third historical leap in the conflict between creativity and power happened in the sixteenth century, with the emergence of capitalism.⁶ This emergence was accompanied by a deep political-scientific revolution. Cities and towns were growing in leaps and bounds, the printing press was spewing out new books, pamphlets and scientific articles, and more and more people were becoming mesmerized by novelty and hooked on change.

The crown achievement of this revolution was the mechanical worldview spearheaded by Kepler, Galileo and Newton. The introduction of this new cosmology exposed the inherent conflict between scientific *re*-search and static dogma. The new scientists still feared the authorities and were keen to avoid the wrath of the Holy Inquisition, and Galileo, whose open-ended explorations challenged the Church's Aristotelian dogma, was nearly executed by Pope Urban VIII. But the fault line of the *ancien régime* was now laid bare for all to see. The power of the monarchy, nobility and Church was increasingly viewed as dark and backward. And even if the people of that epoch hadn't quite realized it, we can say that, for the first time in history, the good of society was explicitly associated with forward-looking novelty and creativity, progressive education and political freedom.

⁶ The seeds of this leap are beautifully narrated in Umberto Eco's Middle-Age thriller, *The Name of the Rose* (1983).

The Science of Society

The mechanical-bourgeois revolution gave rise to the first science of society – the study of ‘political economy’. Adam Smith and David Ricardo, the key founders of this new discipline, were social scientists: they searched for the natural laws of society; they looked for the rules that governed production, consumption and exchange; and they developed the first theories of prices. Their science was deeply revolutionary. It contested the old regime and offered a totally new framework to understand and benefit from the new. But their innovative achievements were soon arrested and eclipsed by the rising academic church of neoclassical political economy, later to be renamed and scientifically suffixed as ‘*economics*’.

Headed by Stanley Jevons, Leon Walras, Carl Menger, Alfred Marshall and John Bates Clark, the neoclassicists abandoned the open-ended intellectual inquiry of their classical predecessors, replacing it with a narrow, rigid dogma. By the late nineteenth century, capitalism was clearly victorious, and the role of bourgeois theorists was no longer to attack, but defend. There was a pressing need for a new, secular religion, and the neoclassical economists rose to the occasion. They articulated a new faith and nominated themselves its principal gatekeepers. To ward off outsiders, they erected insurmountable disciplinary walls and replaced plain text with indecipherable mathematical scriptures. To extinguish free thinking, they imposed impossible-to-believe assumptions. To eliminate open dialogue, they carefully restricted the questions economists were allowed to ask. And they triumphed.

A century later, their neoclassical faith reigns supreme. Having more followers than all of the world’s religions combined, their dogma dominates the mindset of rulers and subjects alike. It justifies and regulates the capitalist mode of power. And faced with no real competitors, it seems almost unassailable. But then, that is often what hubris looks like when a regime approaches its peak power, just a short moment before it falters.

Marxism

Whereas the neoclassicists sought to defend the victory of capitalism, Marx and his followers tried to annul it. A man of his time, Marx was deeply influenced by the scientific-mechanical revolution. But whereas the bourgeois theorists of society used their science to tie humanity to the machine, Marx’s goal was to liberate it from it. He wanted to develop an alternative, *universal* social science, an emancipatory, rational framework for a new social order born out of the contradictions of the old.

Eventually, though, Marxism went into retreat. Its liberatory impulse was fatally wounded by the totalitarian record of Soviet regimes, its autonomy was compromised by frequent realignments with Communist Party shifts and changing political fashions

and its scientific vitality was drained by attempts to reconcile Marx's scriptures with the rapidly changing reality.

The consequences of these developments were dire. Like bourgeois political economy, Marxism also disintegrated. But whereas bourgeois political economists eagerly endorsed and hastened this disintegration by creating mutually exclusive 'social sciences', Marxists tried to hold onto the former universality of Marx's theory – even when that universality was no longer there. Since the late nineteenth century, Marxism was gradually fractured into many different and often contradictory sub-disciplines. Its original totality gave rise to irreconcilable diversity, and its scientific research programme gradually succumbed to increasingly rigid dogmas and anti-scientific, postist sentiments. By the second half of the twentieth century, it no longer offered a cohesive theoretical and empirical account of capitalism, let alone a convincing alternative to it.

Value Theory

Perhaps the most important – and paradoxically least recognized – consequence of these developments is the collapse of value theory. Capitalism is a commodified social order. Everything in this order – including the central process of capital accumulation – is related to everything else through prices. This is why the classical cosmology of capitalism – both bourgeois or Marxist – started from and was based on a theory of value.

But that is no longer the case: nowadays, there is *no viable theory of value*.

Marx's labour theory of value rests on the elementary particle of socially necessary abstract labour time – but that particle, while perhaps intuitively appealing in Marx's time when the joule was first invented, can no longer be identified and quantified in today's capitalism. And the situation is even worse with neoclassical value theory: the elementary particle of this theory – the 'util' – was already deemed quantitatively meaningless by the theory's own founding fathers, and no neoclassicist has managed to prove them wrong since.

The net result is that neoclassical and Marxist theories now hang on the thread of cognitive dissonance. They conceive capitalism as a quantitative mode of consumption and production, but the material/productive units on which their theories depend – the util and socially necessary abstract labour time – are entirely fictitious. They think of capital as if it were a quantifiable economic entity, but the way in which they 'measure' this supposedly real entity is, in fact, completely arbitrary and forever irrefutable.

The Capitalist Mode of Power

Our own work, which started when we were students in the 1980s, seeks to break this impasse. It calls for a new cosmology of capitalism: one that sees capital not as a productive economic category but as capitalized power, and that conceives and researches capitalism not as a mode of production and consumption but as a mode of power. The articles collected in this volume outline the general contours of our approach and flesh out some of our recent research. The first ten papers were written during the period of 2012-2015, while the last one – *The Scientist and the Church* – was posted on our website in 2005. All are reproduced here in their original form.

The book is divided into five thematic sections. The first section (Chapters 1-3) sketches our notion of the capitalist mode of power. Chapter 1 takes on the common foundations of liberal and Marxist political economy. It dissects the conventional dualities of politics/economics, real/nominal, productive/unproductive and base/superstructure; it examines the mechanical assumptions underlying both the neoclassical utilitarianism of supply, demand and equilibrium and the Marxist materialism of exploitation and accumulation; and it shows how the rise of new power institutions, organizations and processes during the late nineteenth century made both approaches decreasingly relevant and increasingly dogmatic.

The alternative, we argue, is to bring power back in: to conceive power not as an extra-economic entity that distorts or supports capital from the ‘outside’, but as the basic relationship that *defines* what capital is in the first place. We should think of accumulation not as the amassment of utils or dead labour, but as the capitalization of power writ large. And to be able to do so, we need a new, *power* theory of value. We need a theory that is based not on production as such, but on the conflict between creativity and power; that focuses not on capital in general, but on dominant capital in particular; and that deals not with absolute accumulation, but with differential accumulation. Such a theory, we believe, can help us better understand the capitalist mode of power – as well as what needs to be done in order to undo it.

Of course, in order to develop such a theory, we need to restart from scratch, to go to the Cartesian roots, so to speak. A power theory of value requires a new political anthropology of capital as power; it needs to identify, articulate and analyse the foundational elements of the capitalist mode of power; and it has to create new methods to decode the logic, triumphs and crises of capitalized sabotage. The remainder of this book offers a sample of such endeavours.

We begin in Chapter 2 with the ‘Asymptotes of Power’. No power, including capitalist power, is ever compete. Since power is always exerted against opposition, it is inherently bounded, so the first thing we need to examine is the asymptotes, or limits, that this opposition creates. Using the United States as our case study, the chapter offers an analytical framework for such an inquiry. By progressively decomposing the redistribution of U.S. national income – and the forces that this redistribution reflects

– we show how the ongoing systemic crisis has been tightly linked to U.S. capitalism approaching its multiple asymptotes of power.

Chapter 3 reflects on Robert Harris' financial thriller, *The Fear Index*. The popular perception, mirrored in the novel, is of a system running amok. According to this conventional creed, finance has now taken over production, speculators have substituted for investors and automated investment algorithms have replaced human discretion. It is as if the unchecked processes of financialization have totally 'distorted' capitalism.

Or have they? From the viewpoint of capital as power, there has been no distortion at all. Capital is finance, and only finance – or, in our terminology, capitalization. And capitalization is not an addendum to a mode of production and consumption, but the regulator of a mode of power. A symbolic representation of power, finance-read-capitalization measures the ability of owners to overcome resistance and automate society, to create a differential megamachine whose *raison d'être* is to beat the average and exceed the normal rate of return. In this sense, the capitalized rituals of 'finance', 'speculation' and 'automated trading' – along with the strategic sabotage they engender – represent not a muted form of capitalism, but the purest.

Crisis

The second section of the book (Chapters 4-5) deals with crisis. In Chapter 4, we disaggregate the processes of growth and stagnation. Conventional political economy, both liberal and Marxist, associates accumulation with overall economic growth and prosperity and *decumulation* with overall stagnation, unemployment and crisis. From the viewpoint of capital as power, though, this association need not hold. Capital here represents not the accumulation of 'things', whether counted in utils or labour hours, but a differential measure of redistributive power. And since capitalized power operates through strategic sabotage, there is good reason to expect differential accumulation and aggregate prosperity to move in *opposite* directions – which is exactly what has happened in the United States since the Second World War.

From the 1940s onwards, the distributive income share of capitalists has moved positively with the rate of unemployment, while the share of the top 1% has moved inversely with the growth of employment. No wonder capitalists have learned to stop worrying and love the crisis.

Chapter 5 extends the analysis of crisis to the global arena, examining the historical links between differential accumulation, the corporations and governments of the Weapondollar-Petrodollar Coalition and Middle East 'energy conflicts'. According to the pundits, Middle East wars are hopelessly complex, often irrational and almost always unique. Regardless of how we approach them – whether we use the conventional or radical viewpoints of international relations, the idiosyncratic perspectives of culture and religion, or the economic standpoint of resource 'scarcity' – these wars are

difficult to understand and reason, let alone generalize about. In short, they are, by and large, *sui generis*.

But as we show in this chapter, these specificities and irrationalities could all be enfolded into the universal logic of modern capitalism – the differential accumulation of capital. Using our notion of capital as power, we find remarkably stable regularities linking the eruption of Middle East energy conflicts, the differential performance of the Weapon-dollar-Petro-dollar Coalition and global shifts in the nature of differential accumulation. Over the years, our research has shown these regularities to have remained more or less unaltered since the late 1960s, and that stability has allowed us to predict – in writing and, in the first two conflicts, *ahead* of time – the three episodes of the Gulf Wars series.

Re-searching

The third section of the book (Chapters 6-7) emphasizes the need to constantly re-examine our convictions and research our findings. In Chapter 6, we zero in on a basic constant of Marxist political economy – the nexus between imperialism and financialism. For many Marxists, this nexus is central to understanding the transformation of capitalism – yet the historical role they ascribe to that nexus has changed dramatically over time. The main change concerns the nature and direction of surplus and liquidity flows. In the early twentieth-century version of the nexus, the surplus was said to be exported to the colonies; in the neo-imperial theory of Monopoly Capital, it was domestically absorbed by the core countries themselves; in the World Systems version, it was imported from the dependent periphery; and in the more recent thesis of hegemonic transition, it has taken the form of global liquidity that U.S.-led financialization sucks in from the rest of the world.

Now, using the very same concepts to explain very different and often opposing processes is already confusing enough – particularly when nobody knows exactly what the surplus is, let alone how to measure it. And the confusion is only amplified when theorists advance arguments for which they furnish little or no evidence. This latter point is illustrated by empirically examining the hegemonic transition thesis. According to this thesis, the United States has been leading the global process of financialization – yet the facts show the exact opposite: based on its differential profitability, the U.S. financial sector appears to have been the *lagger*, not the leader in this process!

Chapter 7 explores the role of crime and punishment in the capitalist mode of power. The starting point is the ‘Rusche thesis’: the argument, made by George Rusche in the 1930s, that the ebb and flow of crime and punishment are closely related to the tightening and loosening of the labour market. The thesis never gained many followers: mainstream criminologists have tended to ignore it, while their Marxist counterparts, although often sympathetic, have been unable to empirically substantiate it. But, as the chapter shows, this wholesale rejection may very well be the result of a simple

misreading. Much like the early twentieth-century astrophysicists who misread the spectrometer measurements of solar radiation, today's criminologists have been misreading the connection between unemployment and crime: they have been looking at the right data, but in the wrong way.

A proper *re-reading* of U.S. statistics shows that Rusche was right on the mark: over the past century, the ups and downs of crime and punishment have been positively correlated with variations in unemployment, exactly as he predicted. Moreover, the correlation is so tight that there is almost no need for any other explanation!

But the nearly perfect fit contains two glaring exceptions. While the thesis holds under the normal circumstances of 'business as usual', it breaks down in periods of systemic crisis: during the 1930s and the 2000s, unemployment increased sharply, but crime and the severity of punishment, instead of rising, dropped perceptibly. This anomaly, we suggest, might be related to the nature of capitalist power and resistance to that power. Under normal circumstances, the counterforce to the capitalist sabotage of unemployment is largely personal and often criminal, hence the positive correlation; whereas during a systemic crisis the counterforce becomes more collective and political, hence the negative correlation.

Interviews

The fourth section of the book contains two wide-ranging interviews (Chapters 8-9). Nowadays, interviews are commonly seen as second-rate means of communication, a way to simplify difficult ideas for quick consumption by the impatient masses. Our interviews here, though, are different: they are long and thorough, and they don't cut corners.

In our books and articles, we have often found ourselves evading important issues whose elaboration would have taken us far afield and off topic. Although important, somehow these issues were deemed less urgent than the subject we ended up working on. And so they remained largely unaddressed, accumulating dust at the bottom of the still-to-deal-with heap.

And then came the systemic crisis. The calamity opened up a Pandora's Box of unanswered – and often unasked – questions, and it offered us the opportunity to deal with many of those bottom-of-the heap issues. So when Tim Di Muzio and Piotr Dutkiewicz suggested that we conduct lengthy, open-ended interviews, we gladly agreed.

The interviews deal with a variety of related topics and questions. They include, among issues, the notion of 'the market' and how it relates to our concept of capitalized power; the question of whether 'capitalism' is still the appropriate term to describe the world we live in; the fundamental difference between capital and wealth; the crucial significance of theory and research for political action; similarities and differences

between Marxism and our own theory of capital as power; the role of labour and production in the power theory of value; how the labour theory of value misinforms the class struggle; and the historical link between productive and unproductive labour on the one hand and mass murder on the other. The list goes on.

The Scientist and the Church

The final section returns to the theme of the book (Chapters 10-11). It begins with a eulogy to a scientist who enlightened us, the late Akiva (Aki) Orr. In Hebrew, his family name, 'Orr' (אור), means 'light', and we would like to suggest that this is not a mere coincidence. Aki Orr was a true path-breaker. As co-founder of the first radical political movement in Israel, the Marxist-Trotskyite MATZPEN, he and his friends were the first to shed new light on the Palestinian-Israeli conflict. As a universal activist, he was associated with numerous revolutionary movements around the world. And as an autonomous intellectual, he befriended and was close to many innovative scientists, thinkers and artists. His books and activism touched the lives and transformed the thinking of many.

Aki charted his own independent path. He never held an official position; he never drew a salary from any academic or political organization, established or contrarian; he never received any research funding. He was keen on understanding the world, and he explored it not in order to gain fame or earn a profit, but to better society. As a universalist, he loathed intellectual property rights and distributed his writing for free and without any legal protection. Many of his path-breaking ideas were later lifted, nonchalantly, by academics who, as it turned out, had 'known it all along'.

Chapter 11, titled 'The Scientist and the Church', deals with this type of appropriation. The concrete focus of the piece, originally written in 2005, is the UC Berkeley group 'Retort', but the lesson to be drawn from it is a general one. Retort here represents the dark forces of intellectual sabotage, the anti-scientific stance of the academic church. Dressed as a radical, 'Marxist' collective of professors-activists, the group plagiarized our broad theories, historical narratives and concrete arguments, along with our concepts, methods and research results. The uplifted material – massaged and calibrated to look and feel like novel-yet-legitimate Marxism (no less) – was neatly packed into a timely, politically-correct book on the second 'Gulf War'. The book was quickly printed by a politically-correct publisher, promoted by politically-correct journals and distributed to the unsuspecting, politically-correct laity. It looked like a real gem, certainly on the authors' CVs.

Unlike the venturing scientist Akiva Orr, Retort was steadfastly guarding the academic gates. Whereas Aki was interested in open-ended inquiry, creativity and novelty, Retort was keen on keeping the (Marxist) faith intact and the dogma unchallenged. Aki encouraged research in directions that might end up contradicting his own

– indeed, once convinced, he didn't hesitate to abandon the dogmatic aspects of Marxism in favour of Castoriadis' approach. By contrast, Retort was quick to disarm the innovators, dispossessing their insights as if they were theirs all along. Unsurprisingly, the radical UC Berkeley – which, incidentally, invented the first computerized tool to detect plagiarism – refused to expose its distinguished professors, while those who published-promoted the Retort fraud in the first place declined to print our contestations. But, then, these are the ways of the Church.

And that must be a sign of hope. The violence of the academic church is evidence of an underlying counterforce, a sign that creativity, novelty and the quest for truth are lurking under the surface. Wherever we find people such as Aki and his friends, we find light. Despite the Retort squads, the rigid academic dogmas and the mind-numbing Facebooks, there are always free-spirited creators, scientists and artists who look for a spark. Like any other mode of power, capitalism too creates its own negation – the quest for the light, the search for the 'Orr'.

References

- Castoriadis, Cornelius. 1991. The Greek *Polis* and the Creation of Democracy. In *Philosophy, Politics, Autonomy. Essays in Political Philosophy*, edited by D. A. Curtis. New York and Oxford: Oxford University Press, pp. 81-123.
- Eco, Umberto. 1983. *The Name of the Rose*. Translated from the Italian by William Weaver. 1st ed. San Diego: Harcourt Brace Jovanovich.
- Evans, Geoffrey. 1958. Ancient Mesopotamian Assemblies. *Journal of the American Oriental Society* 78 (1, Jan.-Mar.): 1-11.
- Frankfort, Henri. 1948. [1978]. *Kingship and the Gods. A Study of Ancient Near Eastern Religion as the Integration of Society & Nature*. Oriental Institute essay. With a new Preface by Samuel Noah Kramer. Chicago: University of Chicago Press.
- Frankfort, Henri. 1951. *The Birth of Civilization in the Near East*. London: Williams & Norgate.
- Frankfort, Henri, H. A. Groenewegen-Frankfort, John Albert Wilson, Thorkild Jacobsen, and William Andrew Irwin. 1946. *The Intellectual Adventure of Ancient Man. An Essay on Speculative Thought in the Ancient Near East*. Chicago: The University of Chicago press.
- Giveon, Raphael. 1978. *The Stones of Sinai Speak*. Tokyo: Gakuseisha.
- Jacobsen, Thorkild. 1943. *Primitive Democracy in Ancient Mesopotamia*. *Journal of Near Eastern Studies* 2 (3, July): 159-172.
- Koestler, Arthur. 1959. [1964]. *The Sleepwalkers. A History of Man's Changing Vision of the Universe*. With an Introduction by Herbert Butterfield, M.A. London: Hutchinson of London.
- Kramer, Samuel Noah. 1956. *From the Tablets of Sumer. Twenty-Five Firsts in Man's Recorded History*. Indian Hills, Colo.: Falcon's Wing Press.

- Mumford, Lewis. 1934. *Technics and Civilization*. New York: Harcourt Brace and Company.
- Mumford, Lewis. 1961. *The City in History. Its Origins, Its Transformations, and Its Prospects*. 1st ed. New York: Harcourt Brace & World.
- Mumford, Lewis. 1967. *The Myth of the Machine. Technics and Human Development*. New York: Harcourt, Brace & World, Inc.
- Mumford, Lewis. 1970. *The Myth of the Machine. The Pentagon of Power*. New York: Harcourt, Brace Jovanovich, Inc.
- Naveh, Joseph. 1987. *Early History of the Alphabet. An Introduction to West Semitic Epigraphy and Palaeography*. 2nd rev. ed. Jerusalem: Magnes Press Hebrew University.
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge.
- Orwell, George. 1936. [1999]. *Keep the Aspidistra Flying*. San Diego: Harcourt Brace.
- Trigger, Bruce G. 2003. *Understanding Early Civilizations. A Comparative Study*. Cambridge and New York: Cambridge University Press.
- Veblen, Thorstein. 1898. [1934]. *The Beginning of Ownership*. In *Essays in Our Changing Order*, edited by L. Ardzrooni. New York: The Viking Press, pp. 32-49.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise*. Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.
- Veblen, Thorstein. 1919. [1964]. *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell.
- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press.