

Rupturing the Dialectic: The Struggle against Work, Financial Crisis and Beyond¹

by
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Abstract

In a period in which capital has been on the offensive for many years, using debt and financial crises as rationales for wielding austerity to hammer down wages and social services and terrorism as an excuse for attacking civil liberties, it is important to realize that the origins of this long period of crisis lay in the struggles of people to free their lives from the endless subordination to work within a society organized as a gigantic social factory. In both the self-proclaimed capitalist West and socialist East the managers of that subordination, whether in private enterprise or the state, repeatedly found their plans undermined by people who refused to play by their rules and who elaborated activities and social relationships that escaped their control. The refusal of their rules meant crisis for the managers; the elaboration of other ways of being – whether characterized as the crafting of civil society or as autonomous self-valorization – meant crisis for and freedom from society-as-work-machine. As always, the capitalist response has involved instrumentalization and repression; basically its managers have sought to harness what they could and eliminate what they couldn't. For a long time instrumentalization was most obvious in the West and repression was most obvious in the East, yet both were always at play everywhere, and everywhere those responses were resisted and often escaped. It was that resistance and those escapes that led to the unleashing of the monetary weapons of financialization and their current employment to convert crisis-for-capital into crisis-for-us. It is in past and present resistance and escapes that we must discover both our weaknesses and our strengths in order to overcome capital's current offensive and to elaborate new worlds. It is the overall thesis of this paper that Marx's labor theory of value still provides vital aid in helping us understand these historical developments.

A new chapter in the unfolding Eurozone debt crisis seems to have begun with mass protests in Portugal against the latest austerity measures. After putting up with earlier attacks on their standard of living, growing numbers of Portuguese citizens are now following the lead of Spanish and Greek protests against the imposition of even harsher measures. Once again, I should think, all Europeans should be asking themselves why such vicious measures continue to be pushed by the banks and the International Monetary Fund with the backing of the political leaders of the Eurozone – given that such measures have clearly had the effect of inducing depression, raising unemployment and lowering standards of living. But then, these are only the most dramatic cases. Similar questions could be asked about the more general austerity approach to economic recovery that has been adopted by European and American policy makers in response to the depression brought on by the global financial crisis after 2008. Certainly the way

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² A Prefatory Personal Note: Given the intellectual, philosophical and probable political diversity of those gathered at this conference, I think it behooves me to note at the outset of these remarks that I have come to the analysis and politics that I will set out here through a personal trajectory that has passed through science and economics on the one hand and a variety of engagements in social struggles on the other. Although I entered college bent on refining my scientific skills, I left it with a Ph.D in economics. The transition from the one to the other came about in response to participation in the American Civil Rights and Anti-war movements which led me out of the laboratory, into the streets and into a search for some intellectual framework for grasping the tumultuous events in which I had been involved. I was drawn to economics because it seemed to deal most directly with the structures against which the civil rights and anti-war movements were struggling: those of an economic inequality organized, in part, through racial hierarchies and those of an American imperialism that sought to extend that inequality globally in a post-colonial world where pacified pools of labor could be pitted against existing militant ones.

Unfortunately, economics turned out to provide, indeed to have always provided, since its beginnings in the self-serving writings of the mercantilists, not only a justification for such a world but strategies and tactics for creating and managing that world. What it lacked in the 1960s when I was studying the subject in school, were any direct ways of grasping the struggles *against* that world – the struggles in which I and millions of others were engaged. Eventually some economists would try to adapt game theory, operations research, thermodynamics and chaos theory to handle the contestation that repeatedly frustrated the strategies implied by their elegant theoretical models – but never with much success. Even before I completed my Ph.D I decided that economics was very much part of the problem and not part of the solution.

Casting about for alternative approaches I wound up studying Marx and, to a lesser degree, Hegel – both of whom were familiar with what economists call the classical political economy of the 18th and 19th Centuries. My interest in Marx was obvious – because his entire life and work were dedicated to overthrowing the capitalist grip on the world, he inevitably dealt with the struggles that subverted and threatened to transcend that world. My interest in Hegel was less obvious. On the one hand, a course on the Hegel's *Phénoménologie de L'Esprit* at the Université de Montpellier had drawn my attention to his analysis of the master-slave relationship, but it was primarily to his *Science of Logic* and *Philosophy of Right* that I turned in trying to make sense of Marx's exposition of his labor theory of value in the early chapters of Volume I of *Capital*. In both cases I discovered how these two authors grasped not only the dialectics of class struggle, but also, in their different ways, the tendencies of capital to infinite expansion and totalization. But whereas I found Hegel's analysis, however critical, to be ultimately accepting of capitalism, I found in Marx not only an analysis of capital's efforts to endlessly reimposed *its* dialectic but, more importantly, an analysis of the struggles that repeatedly ruptured, subverted and, sometimes strove to create post-capitalist futures in the present.

those policy makers bailed out the very financial institutions whose speculations and fraud brought on the crisis – while doing little for the millions who have suffered the consequences – set the tone for all that has followed.

The severity of the austerity measures adopted has, of course, varied from country to country and policy makers have sought to convince those less severely affected that those being more harshly punished have deserved it. Thus, apparently, many Germans have been convinced that the profligate Greeks have only been getting what they deserve for trying to live extravagantly beyond their means. Certainly this is the way the situation is often portrayed in the United States, especially by those calling for the government to adopt more extreme austerity measures at both state and federal levels, despite the spread of protest that followed the Occupy Wall Street movement.

While each particular local situation certainly deserves detailed historical analysis to reveal the dynamics of these unfolding dramas, I think the last forty years have provided us with more than enough experience to postulate some general characteristics of the nature and sources both of “debt crises” and of the punishing policies that have generally been adopted to deal with them. As a contribution to such postulation, I propose three theses.

Thesis #1: what most people think of as the current global crisis, commonly dated from the onset of financial crisis circa 2008, is only the latest phase of a much longer and more general global crisis of capitalist command that has been going on for over forty years and has involved a whole series of financial crises.

Thesis #2: that longer, general crisis has been brought about by a panoply of struggles that have ruptured the fundamental substance and sinew of capitalist society: its subordination of peoples’ lives to work (or labor)³. The depth of the crisis – for capital – is the reason for the brutality of its responses, responses that have included, but have by no means been limited to, the imposition of austerity.

Thesis #3: Marx’s labor theory of value, by providing a theory of the value of labor to capital, continues to provide insights into what it means to subordinate life to work and the roles money plays in that subordination. It also reveals the possibilities of rupture in both the roles of money and in subordination itself. Moreover, the struggles that have generated the current global crisis – and continue to thwart capitalist counterattacks – have also repeatedly crafted alternative ways of being in which work ceases to be a vehicle of social control and becomes one of many modes of human self-realization, both individual and collective.

Although I will elaborate briefly on the first and second theses, what follows will deal primarily with the third on Marx’s labor theory of value.

Thesis #1: what most people think of as the current global crisis, commonly dated from the onset of financial crisis circa 2008, is only the latest phase of a much longer and more general global crisis of capitalist command that has been going on for over forty years and has involved a whole series of financial crises.

Because I, and others, have written quite a bit about this elsewhere, I want to make just two points here.⁴

The first point is to situate my position among the many analyses that have been put forward as explanations of how the last four decades have unfolded. Basically, my position embraces the general argument that a cycle of working class struggle in the late 1960s and early 1970s ruptured the dynamics and institutions of capitalist control that were

³ As will become obvious, I use the terms work and labor interchangeably. In this I differ from some, e.g., Frederick Engels and Hannah Arendt, who distinguished sharply between the two. In Engels’ case, in a footnote to Chapter 1 in the Fourth German edition, he wrote, “The English language has the advantage of possessing two separate words for these two different aspects of labor. Labor which creates use-values and is qualitatively determined is called ‘work’ as opposed to ‘labor’; labor which creates value and is only measured quantitatively is called ‘labor’ as opposed to ‘work’.” Arendt, in her book *The Human Condition* (1958) devotes two entire chapters to distinguishing between labor and work. Labor, she argues, is an inevitable and eternal part of “the human condition” and designates the activity of humans qua *animal laborans* who produce everything that is quickly consumed as part of “the ever-recurring cycle of biological life.” There is, she says, a compulsory repetition in labor “where one must eat in order to labor and must labor in order to eat.” Work, on the other hand, she associates with more durable production which occurs when humans qua *homo faber* violently transform elements of nature (e.g., cutting down trees for lumber, quarrying and mining the earth for stone and minerals) in the process of fabricating the physical things and world that humans share and give continuity to human society through time and generational changes.

⁴ This understanding of the crisis was formulated in the early 1970s on both sides of the Atlantic – among the Italian theorists of workers’ autonomy and kindred spirits in England, France and North America – and elaborated in a large number of articles, journals and books. For a brief overview see the prefaces and introduction to my book *Reading Capital Politically* (2000) or *Polityczne czytanie Kapitału* (2011).

associated with what some call the Keynesian Era and what others call the period of Fordism. This argument differs from most traditional Marxist theories of crisis that have located the causes of the tumultuous events of the last forty years in such mechanisms as the tendency of the rate of profit to fall, chronic underconsumption, overaccumulation, disproportionality or the inherent tendency of monopoly capital to run out of profitable investment outlets.

The second point is simply a reminder, and here I will just paraphrase an excerpt from my preface to the German edition of *Reading Capital Politically*: The contemporary history of financial and monetary crises includes the following list of events, which is by no means exhaustive : the crisis in early 1970s of the Bretton Woods system of fixed exchange rates and the replacement of that system by one of flexible exchange rates among major currencies; the New York City fiscal crisis of the mid-1970s in which the imposition of austerity set a pattern which is still with us today; repeated crises in the flexible exchange rate system that led to “dirty floats” and drove European policy makers to search for stability through a return to at least locally fixed rates; accelerating inflation in the late 1970s that produced negative interest rates and led to a sudden tightening of US monetary policy that triggered the global depression of the early 1980s; the resulting international debt crisis that began in 1982 when Mexico effectively defaulted on its international debts; the collapse of the stock market and US Savings & Loan industry in the late 1980s; the crisis of the European Exchange Rate Mechanism (ERM) in 1992; the Peso Crisis of 1994; the Asia crisis of 1997; the Russian financial crisis of 1998; the repeated failures in the late 1990s to implement the European Monetary Union; the Turkish financial crisis in 2000; and the 2001-2002 financial crisis in Argentina.⁵

Thesis #2: that longer, general global crisis has been brought about by a panoply of struggles that have ruptured the fundamental substance and sinew of capitalist society: its subordination of peoples’ lives to work. The depth of the crisis – for capital – is the reason for the brutality of its responses, responses that have included, but have by no means been limited to, the imposition of austerity.

Again, because this argument has been made elsewhere, and is, to some degree, repeated in the elaboration of Thesis #3 below, I will just quote a brief sketch of how not only the onset of crisis but resistance to capitalist counterattacks explain the failures of those counterattacks and the recurrence – or continuation – of crisis throughout this period.

“The Bretton Woods agreements had to be abandoned because restrictive Keynesian policies could not bring accelerating wage growth back into line with productivity. Popular resistance to the consequences of “automatic” exchange rate adjustments forced repeated central bank interventions to moderate both adjustments and consequences. The New York City fiscal crisis was the direct result of the successful struggles of both waged (especially public employees) and unwaged in that city whose gains undermined business control of the metropolis. The sudden tightening of US monetary policy at the end of the 1970s began the capitalist counterattack against global inflation, i.e., against the success of workers in defending real wages despite high unemployment and rising prices driven by jacked up energy and food prices. The quadrupling of oil prices in 1973-74 was the result of OPEC governments’ desperate search for greater income to cope with the rising demands of the oil-producing proletariat of those countries. The second great jump in oil prices at the end of the 1970s was triggered by the revolution against the US-installed Shah in Iran – a revolution that threatened to spread throughout the region and dramatically heightened regional governments’ needs for more revenue to cope with discontent. The international debt crisis of the 1980s – known in Latin America as the “lost decade” – although triggered by suddenly high interest rates and consequently impossibly higher debt repayment obligations – was rooted in all those struggles which had driven local capitalists and governments to borrow hundreds of billions of petrodollars to finance both concessions and repression. The speculative financial booms that burst in 1987 sending the stock market plunging and crippling the Savings & Loan industry in the United States was the result of financial deregulation that had been pushed through in response falling real interest rates caused by accelerating inflation, i.e., the continuing power of workers to push up money wages and force concessions in response to increased energy and consumption prices. The neoliberal policies of austerity and “structural adjustment” imposed on debtor countries such as Mexico were dictated by the International Monetary Fund as conditions necessary for the rollover of debt by creditor banks; those conditions mandated attacks on previous concessions to workers. Examples included: the demand for the de-indexation of wages, currency devaluations aimed at undermining real wages, the slashing of government expenditures that subsidized consumption, the privatization of state enterprises that by passing control to the private sector would sever previous deals cut between workers in those firms and the state, and the opening of capital markets to foreign investors to broaden the resources available to take advantage of the attacks on local labor forces and further

⁵ »Das Kapital« Politisch Lesen: Eine alternative Interpretation des Marxschen Hauptwerks (2012)

subordinate local conditions to global capitalist needs. The opening of local capital markets to foreign investors – for both direct investment and “hot money” speculation – laid the basis for the Peso, Asian and Russian crises of the 1990s. The repeated failures of European governments to meet the monetary and fiscal targets agreed upon as necessary for monetary union were the result of widespread popular resistance to the required policy moves. The halting progress from the snake through the European ERM to monetary union was set back again and again by widespread grassroots opposition, both before and after the near failure of the Maastricht Treaty in 1992.”⁶

This sketch, I hope, will not only remind everyone of a history that capitalist politicians, policy makers and media do their best to drain from our memories, but will indicate how the protests unfolding in Greece, Spain and Portugal against the imposition of austerity measures – aimed at reducing standards of living to the point where people will accept to work at dramatically lower wages with far fewer benefits – are nothing new but an all too familiar story we have witnessed and participated in for many years.

Thesis #3: Marx’s labor theory of value, by providing a theory of the value of labor to capital, continues to provide insights into what it means to subordinate life to work and the roles money plays in that subordination. It also reveals the possibilities of rupture in both the roles of money and in subordination itself.

The elaboration that follows provides a theoretical, and to some degree an historical, defense of Marx’s labor theory of value and its continuing relevance to our understanding of the current crisis and our thinking about strategies to be followed in dealing with it. This defense takes the form of a reinterpretation of that theory justified partly by logic and partly by appeals to experience. Although in my first comment on Thesis #1 above I associated myself with others who argue that the long crisis of the last forty years has been caused and perpetuated by working class struggle, many of those others do not share the interpretation that follows – as will become clear in the exposition.

The Labor Theory of Value

As a graduate student in economics I was taught all of the usual reasons why the labor theory of value – whether that of Adam Smith, David Ricardo or Karl Marx – was inadequate to the needs of economists and why it had been quite reasonably replaced by a neoclassical microeconomic theory based on preference and marginalism. In the analysis of production, labor is reduced to a one-dimensional, purely quantitative variable inside a production function and in the analysis of labor supply to something to be avoided – where it is supposed that people only give up leisure and consent to work in exchange for money. All other aspects of labor were shunted out of economics and left to sociologists, psychologists and industrial engineers.

However, having been involved in the civil rights movement, I could not help noticing how it had been motivated not only by the desire to vote but by black revulsion against being consigned to the worst jobs at the bottom of the wage hierarchy or to unwaged domestic labor – made onerous and lengthy by the lack of resources – in Southern shacks or Northern tenements and ghettos. Having been involved in the anti-war movement, I could not help noticing how the struggles of Southeast Asian peasants for independence – from colonial or neocolonial masters – were motivated, in part, by the desire to escape not only exploitation but the associated drudgery of plantation and other forms of imposed labor. Having been involved in the struggles of students I couldn’t help but notice that our part of the anti-war movement grew out of and continued to elaborate the revolt against work in schools – against the imposition of pre-determined curriculum – and for the creation of spaces and time where we could study what we felt we needed to investigate. As the feminist movement erupted in the late 1960s and early 1970s, I could not help but notice that women were not only demanding equal wages and freedom from violence, but also access to less alienating jobs and escape from the endlessness of isolated domestic labor. All these experiences suggested the gross inadequacy of the very limited mainstream economic analysis of labor. Where to turn?

On the one hand, I might have migrated from economics to another field, say sociology, where labor was analyzed in greater depth, but what I knew of that field seemed more dedicated to helping capitalists manage worker alienation and discontent than contributing to struggles against work. Or, there was always philosophy; studying Sartre had led me to Hegel who had confronted the role of labor, if not the struggle against it. But the more progressive voices in that field in the United States at that time – listened to by those in the student movement and counterculture – either largely ignored work, e.g., the chorus of voices celebrating various Eastern religious

⁶ This passage is also from the preface to the German edition of *Reading Capital Politically*.

philosophies, or read work more through the theoretical framework of Freud than of Marx, e.g., Herbert Marcuse in his *Eros and Civilization* (1955) and in those days Freud was increasingly under attack by feminists as an apologist of patriarchy. The eventual translation and diffusion within the United States of the writings of various Continental philosophers – by, for example, the journal *Telos* – was dominated by phenomenology, critical theory and structuralism – especially in the pernicious form purveyed by Louis Althusser (et alia) who not only ignored workers’ struggles but dismissed Hegel, and Marx’s use of Hegel as unscientific wastes of time. Marx’s own writings, which I would later discover did include considerable treatment of workers’ struggles against work, were largely ignored at the time.

The overtly “Marxist” thinkers in the US who were best known by participants in the New Left because they repeatedly addressed many of the issues that concerned us, such as the Vietnam War, imperialism and struggles in the Third World, were those associated with the journal and publishing house *Monthly Review*. Unfortunately, neither founder Paul Sweezy nor his co-author, economist Paul Baran paid little attention either to labor *per se* or to the labor theory of value. Sweezy gave a summary of one traditional Marxist interpretation of the labor theory of value in his *Theory of Capitalist Development* (1942) but then went on to adopt a theory of surplus quite different from Marx’s, namely Paul Baran’s, who had laid it out in his book *The Political Economy of Growth* (1952). Sweezy and Baran collaborated to produce *Monopoly Capital* (1966) which was theoretically based on their non-Marxist theory of surplus and a very Frankfurt School preoccupation with the irrationality of capitalism. That said, *Monthly Review Press* did produce an American edition of Ronald Meek’s *Studies in the Labor Theory of Value* (1955) and, much later, Harry Braverman’s *Labor and Monopoly Capitalism* (1974).

Let me comment briefly on Sweezy and Meek’s treatments of the labor theory of value – both of which are rooted in the work of earlier orthodox Marxists, much of whose work was not available in English during most of the post-WWII period.⁷

In Sweezy’s case the key moment of his analysis is his explanation of the reasonableness of the concept of “abstract labor”. Drawing on Marx’s comments in the *Contribution to the Critique of Political Economy* (1859), he points out that the abstractness of labor corresponds to the rapid change in job structures and high mobility of workers from one kind of labor to another. This is the situation in which, and here he quotes Marx, “the abstraction of the category ‘labor,’ ‘labor in general,’ labor sans phrase, the starting point of modern political economy, becomes realized in practice.” After a brief discussion of the measurement of value in terms of “socially necessary” labor time, and the “problem” of reducing skilled labor to simple labor, Sweezy then goes on to make an argument that will soon allow him to abandon Marxist value theory completely, namely that the correspondence between values and prices depends on competition. Once he and Baran perceive that capitalism has passed from a “competitive” stage to a “monopoly” one, neither this, nor much else in Marx’s core theory remained relevant.

Meek’s treatment of abstract labor paralleled Sweezy’s, drawing on the same sources but with somewhat more use of Volume One of *Capital*. His analysis of the “reduction problem” is similar, as is his emphasis on the role of competition. His interpretation leads him to equate abstract labor with simple labor, as can be seen when he writes, “Marx, then, defined the value of a commodity at any given time and place as the amount of socially-necessary simple labor required to produce it . . .”

Now, for me there were two striking things about both Sweezy and Meek’s presentation of Marx’s theory: first, the total absence in their discussion of abstract labor of class struggle, and second, a similar absence of any substantive discussion of Section Three of Chapter one of *Capital* that deals extensively with the *form* of value.⁸ In short, I found little in either author’s treatment of the core concepts of Marx’s labor theory of value that addressed the struggle against work.

⁷ Among those earlier Marxists upon whom Sweezy drew were Franz Petry, Michael Tugan-Baranowsky, Rudolf Hilferding, Henryk Grossmann, Evgenii Preobrazhenskii and Maurice Dobb.

⁸ “There is no need,” wrote Meek, “for us to follow Marx’s rather complex analysis of the ‘elementary’, ‘expanded’ and ‘money’ forms of value in any detail.” (p. 173) He then quoted Engels’ saying that all that detail was just about how the problems of barter exchange were solved by the emergence of money.

Nor were the various Marxist-Leninists (Stalinists, Trotskyists and Maoists) who critiqued Baran and Sweezy's deviations from Marxism any more illuminating.⁹ Nowhere in the Marxist literature to which I had access did I find much help in determining whether there was anything of use in Marx's analysis of labor and his labor theory of value that would help understand the struggles against work I had observed and participated in. So I settled down to examine his writings on my own.

The result was a rather short manuscript, first drafted in 1974 and revised until publication in 1978 as the book *Reading Capital Politically*. In it I set out the results of my researches in the form of a reinterpretation of Chapter One of Volume I of *Capital* – albeit a reinterpretation that drew upon other texts, both within *Capital* and elsewhere. The overall conclusion of my readings, and of the book, was that *Marx's labor theory of value can be read as a theory of the value of labor to capital* – as its fundamental means for the organization and domination of society. Unlike the usual readings of Marx – pretty much since Engels' *Origin of Family, Private Property and the State* (1884) – that have interpreted him as celebrating labor as the defining trait of humankind, as believing (in a manner roughly paralleling Hegel's treatment in the *Phénoménologie*) that only through labor could workers achieve working class self-consciousness, as having argued that only through struggle could self-conscious workers liberate their work and themselves from alienation and exploitation and achieve an eventual communism realized as a society in which everyone finds self-realization through un-alienated labor – I argue that while Marx saw labor as the fundamental means of capitalist domination and working class struggle as the only means of ending and getting beyond that domination, liberation would involve *not just* the coming-into-being of a free *homo faber* but also of human beings who would no longer be defined solely by their work but for whom work would only be one of many potentially fulfilling means of self-realization. This interpretation, while sharing some elements of more traditional Marxisms, refocuses our attention on struggles against work and for the liberation of time and energy for activities of individual and collective self-valorization – in a manner I find consistent with what I have experienced within various social struggles and have observed elsewhere.

It is my argument that if we bring to bear much of what follows in *Capital* on our reading of the methodical but abstract exposition of his labor theory of value in most of Chapter 1 of Volume I – beginning with “abstract labor” and ending with the “money-form” of value – we discover how *all of the characteristics of value being analyzed are also characteristics of the antagonistic class relations capital is able to impose and are therefore resisted, challenged and often ruptured by those capital seeks to dominate through the imposition of work*. One result is to see how, within capitalism, *money embodies all the essentials of those antagonistic relations and therefore, becomes a terrain of struggle as capitalists try to use money to manage and expand their social order while workers resist that usage, often subverting money for their own purposes while seeking to escape that order*.

Chapter 1, of course, is only the beginning of Marx's analysis of the nature of money and its roles in the class struggle. Although most of Marx's analysis in all three volumes of *Capital* is carried out in terms of value, Chapters 2 and 3 of Volume I elaborate his exposition of the money-form of value, especially its role as universal equivalent and universal mediator, Chapters 19-22 of Volume I deal with how capital seeks to use the money wage to both hide and increase exploitation, Chapter 31 of Volume I briefly treats the role of the state in the capitalist manipulation of money, Volume II situates money within more detailed circuits of capital and Volume III discusses the money-form of surplus value – profit – while providing the beginnings of an analysis of one domain specializing in the capitalist manipulation of money, and through money of the class relation: the financial sector. Beyond *Capital*, of course, there are the many other places – especially his journalism – where Marx recorded his own extensive tracking of the capitalist use of money and its class role in the various crises of his time. Here I will only focus, briefly, on some aspects of his analysis in Chapter 1 of *Capital* that I think are particularly important in understanding class struggle – in order to clarify my analysis of the current use of “financialization” within the class struggle of our times.

Before I lay out what I think are some of the most important ways in which the relations being analyzed in Chapter 1 are also relations characteristic of the class relation, I want to make one final preliminary comment. Although I refer to my reading of Marx as an “interpretation”, I do not pretend that this interpretation tells us “what Marx really

⁹ The publication of Baran and Sweezy's *Monopoly Capital*, in particular, set off a whole series of critiques by various more or less orthodox Marxists such as Mario Cogoy, David Laibman and David Yaffe, as well as various self-styled “radical economists” such as Samuel Bowles, Herbert Gintis, David Gordon, Thomas Weisskopf, Anwar Shaikh and Richard Wolff. Spurred on by such controversies, by the middle of the 1970s the first major “return to Marx” in 20th Century was well underway within university courses being offered by veterans of the New Left who found positions in academia and within a proliferating number of outside study groups devoted to reading *Capital*.

meant.” One reason for this is because I am no Marxologist; a great many of Marx’s texts – now available in the MEGA – are inaccessible to me because I do not read German. A second reason is that I have come to agree with those who argue that there is no such thing as definitive interpretations.

Abstract Labor, the Substance of Value: Work-as-Social-Control

Chapter One of Volume I of *Capital* was organized by Marx, as has often been noted, in the manner of Hegel’s *Science of Logic*, proceeding from the abstract to the more concrete (more concrete in the sense of more determinations). At the same time it is worth noting that Marx’s step-by-step, methodical exposition of his theory – in “the manner of a school text-book” – was chosen so that anyone could understand, including “young people, etc., who are thirsting for knowledge.”¹⁰ Whereas in the beginning of his *Logic*, Hegel strips down *being* to discover *nothingness*, and then reconciles the two in the dialectical moment of *becoming*, Marx’s initial dissection of *commodities* – concrete use-values, produced by various kinds of labor for exchange – leads not to nothingness but to *labor in the abstract*. As Sweezy, Meek and many others have noted, Marx argues that we can meaningfully abstract from the concrete forms of labor and see abstract labor as the *substance* of value. He then goes on to analyze in section two the *measure* of value and in section three, the *form* of value. Although most Marxists have been content to accept the logic of Marx’s argument, *the key question for me has been what semantic sense does it make to abstract labor from its various, concrete forms?* The traditional answer, contained in those passages of Marx cited by Sweezy and Meek, points to the malleability of labor under capitalism, to the ever changing array of labor tasks and associated redistribution of workers among them and suggests that if, over time, the particular content of labor is increasingly secondary then it makes sense to speak of labor abstracted from that changing content. But in what sense is it *secondary*? Clearly there are some important passages in *Capital* where the particular content of labor is vitally important to Marx’s analysis.

In Chapters 12-15 of Volume I of *Capital*, for example, repeated alterations in the technical composition – the shop floor arrangement of workers, tools, machines, and raw materials – are shown to have been historically essential in maintaining or regaining control over the working class. Moreover, “control” means, above all, the ability to keep people working. Although the capitalist class has historically exercised many other kinds of control – some violently coercive, e.g., wars of conquest, slavery, beating, gassing or shooting workers on strike, torture and rape in police stations, prisons and mental hospitals, some more subtle, e.g., the mechanisms of cultural and political hegemony that preoccupied Gramsci, the Frankfurt School theorists, the Situationists and many others – the overwhelmingly dominant form of control, around which all others are organized, the form of control that eats up most of most people’s time and energy, is work. Both *how* people are forced to give up most of their time and energy to working for capital and the *particular kinds* of work people have been forced to do have been extremely important, but the *how* has been a means to an end and the *kinds* of work have been secondary to the mere fact of working. All forms of concrete labor, skilled or unskilled, complex or simple, serve the same basic purpose within capitalism: they provide the fundamental means by which capital organizes, controls and dominates people’s time and thus society. All kinds of labor eat up people’s lives, or as Marx liked to put it in Gothic terms: capital “vampire-like, lives only by sucking living labor”. Moreover, capital doesn’t just suck *some* “living labor”; it sucks as much as it has the power to suck and in the process sucks the stuff of life itself: time and energy. During periods when it has succeeded in expanding its power, it has imposed more and more work – see Marx’s detailed history in Section Five of Chapter Ten of *Capital* on the working day (where his “vampire-like” comment can be found), or his analysis of the expansion of colonialism. Perhaps more to the point today are the contemporary efforts by capital to reverse decades of success by workers at *reducing* work by imposing longer and more intense working hours, on the job and off. This is why I say Marx’s labor theory of value is a theory of the value of labor to capital.

To those Marxists who have traditionally argued that the value of labor to capital is the production of commodities that can be sold at such prices as to realize a surplus value or profit, I respond as follows. “Yes, but as some capitalist ideologists, e.g., Irving Kristol in his *Two Cheers for Capitalism* (1978), and many socially and politically aware capitalists have recognized, in a well-functioning, growing economy where capitalists are in firm command, the primary role of profit is the re-imposition and expanded imposition of work, or, in the terms Marx uses in Chapter 25 of Volume I of *Capital*: the expanded reproduction of the class relation.” Clearly the realization of *surplus* value is a necessary condition for the continued imposition of any concrete labor (or set of concrete labors)

¹⁰ Marx to Engels, June 22, 1867, Karl Marx and Frederick Engels, *Collected Works*, Vol. 42, p. 384.

and thus for the continued realization of value *tout court*, i.e., of labor-as-social-control. Moreover, as Marx wrote at the beginning of Section Two of Chapter Ten of *Capital*, “Capitalism did not invent surplus labor.” Obviously, earlier dominant classes imposed work on subservient classes – slaves, serfs, etc. – that went beyond what they had to do for their own survival. What then did it invent? His answer: the *endless* imposition of labor. Whereas in earlier class societies the amount of surplus labor was limited by the particular concrete work requirements of the masters, e.g., a pyramid for a pharaoh, a temple for a Greek religious cult, a castle for a feudal lord, in capitalism the imposition of work and the realization of value and surplus value goes on endlessly, as long as the system manages to survive. As capital commodifies more and more of life, as it converts more and more human activities into commodity producing, value producing, and surplus-value producing labor, as it sets part of that labor to converting ever more chunks of non-human Nature into mere resources for processing by more labor, as it turns even unwaged activities, e.g., home life and school life, into the work of producing and reproducing the commodity labor power (the ability and willingness to work for capital), it turns society – first local and regional, then national and continental, and finally global – into one giant work-machine, organized according to its own logic.

But as we all should know, the entire history of the construction of this global work-machine has simultaneously been a history of resistance to the imposition of capitalist work and to the logic of its organization, of revolt against the exploitation it requires and against the alienations it produces and of revolutionary struggles to free life from the endless subordination to work in order to gain space, time and energy to elaborate alternatives. Thus the class relations of capitalism have always been *antagonistic* relations and because work has been the fundamental form of domination the struggle against work has always been at the heart of resistance, rebellion and the search for autonomy – no matter the particular content of the autonomy sought in particular struggles.

The labor theory of value, as formulated by Marx as a theory of the value of labor to capital provides a theory that captures both labor as the substance of capitalist domination and many of the characteristics of the antagonistic class relations it imposes and seeks to maintain. In Chapter 1 Marx’s exposition assumes capital’s dialectical relationships are well managed and stable. But, as he points out later in Chapter 3 of Volume I of *Capital*, these relationships have the possibility of being ruptured. In the case of the dialectic of “abstract labor” rupture would involve stripping various kinds of human activity of their common usefulness to capital as a means of social control.¹¹

Piecemeal, such ruptures occur every time people engage in activities, either on the job or off, that do *not* contribute to the expanded reproduction of the social relationships of capital. So, for example, when the workers in 18th Century London shipyards diverted their woodworking skills to “scraps” of lumber they appropriated on the job to make things they could use at home, or sell, or when, in the 20th Century, workers in the Red Star Tractor Factory in Budapest used their machines to make “homers” for similar purposes, those activities ruptured the capitalist appropriation of their skills, energy and time as means of social control.¹² When students sitting in class rooms ignore their professors while carrying on text-message conversations with their friends, or shirk their homework in favor of pursuing their real intellectual agenda, they are rupturing the production of labor power and capitalist control over their lives.

Collectively, workers obviously rupture expanded reproduction when they go on strike. Students do the same when they walk out of or shut down schools. And the revolutionary overthrow of capitalism would abolish the material grounds of the concept of “abstract labor” entirely and reduce the meaning of the word “work” to its vernacular sense of putting out a lot of effort. Human activities would continue to exist in all their variety but there would no longer be any reason to lump those activities (that currently fit Marx’s definition of “labor/work” within capitalism) under a single rubric.¹³

The Measure of Value

¹¹ In the process not only would the concept of abstract labor become irrelevant but so too would the associated notion of a generic concept of labor (or work) – as laid out by Marx in Section 1 of Chapter 7 of Volume I of *Capital*. See H. Cleaver, “Work is Still the Central Issue! New Words for New Worlds” (1999) in Ana Dinerstein and Machael Leary (eds.) *The Labour Debate: An Investigation into the Theory and Reality of Capitalist Work*, Hampshire: Ashgate, 2002.

¹² On the shipyard workers see: Peter Linebaugh, *The London Hanged: Crime and Civil Society in the Eighteenth Century*, London: Verso, 2006). On the Budapest factory workers see Miklos Haraszti, *A Worker in a Worker’s State*, London, Penguin, 1977. The original manuscript was written in 1972 and titled *Darabbér* (Piece-rates); it was suppressed by the Hungarian State but eventually published in Germany (1975) and in England and France (1977).

¹³ Cleaver, “Work is Still the Central Issue!” op.cit.

As indicated above, in the discussion of Sweezy and Meek's treatment of the labor theory of value, as in many earlier orthodox treatments, the central problem of measurement was believed to be that posed by the existence of varying levels of skill among different workers and of varying levels of complexity in different jobs. Given my interpretation of the meaning of abstract labor as the substance of value, i.e., as the particular attribute of labor as vehicle of social control, their problem is not one I share. If the substance of value is the mere fact of working for capital and thereby being under its control, then from this point of view, an hour of socially necessary labor, simple or complex, skilled or unskilled, serves the same social and political purpose. Why "socially necessary"? Because *when the value of labor to capital is its value as a vehicle of social control and domination, then the value of any particular product to capital is the amount of labor it can impose in its production*. Concretely, that amount varies from production unit to production unit, according to varying levels of labor skill and productivity, so for capital *at the social level of the class relation* (as opposed to mere local worker-capitalist ones) it is the *average* time labor that can be imposed in producing some commodity that measures its value to capital as a whole. Recognizing this leads to some reinterpretation of other aspects of his theory.

First, as mentioned above, in Chapters 12-15 of Volume I of *Capital*, the strategy of relative surplus value, driven by working class success in forcing down the working day through the rupture of some particular composition of class power, plays out through capitalist investments in changing the technical (and thus organic) composition of production, e.g., introducing new machines, in order to raise the productivity of useful labor. The results, when successful, are first, the reduction of the per unit value of output, and second, through this, a reduction in the value of labor power and rise in the rate of exploitation. Now, please note: for capital the reduction of the per unit value of some product means *a reduction in the average amount of work that can be imposed (abstract labor) to produce each unit and therefore a reduction in the opportunities to use the production of that product as a vehicle for imposing work and social control*.

Second, even further along – in Volume III of *Capital* – we find Marx arguing that this strategy of raising the organic composition of capital and, in the process, reducing the amount of work that can be imposed to produce each unit of output undermines the class relationship itself, which is, after all, based on the imposition of work. As this strategy comes to be applied in production process after production process, in industry after industry, the problem of finding the means to impose work, and the social control it provides, becomes greater and greater. Solving it requires all kinds of off-setting innovations such as the creation of new products (and new production processes) – and therefore new opportunities to impose labor. It hardly matters if the new products contribute only very marginal advantages over existing ones or if they are downright detrimental to the general welfare; as long as they provide profitable new opportunities to impose work, their production helps keep people busy and the system growing.

This contradiction – between the way capital organizes society and the way this strategy undermines its ability to impose that organization – has not been merely theoretical but has become manifest at several different moments in the history of capitalism.

One such moment, within the United States, was in the late 1950s and early 1960s when the rapid spread of automation in manufacturing led economists and other policy makers to worry about where the jobs were to go to be found to maintain the full employment mandated by the working class and judged necessary to avoid the kind of social upheaval prompted by the high unemployment of the 1930s.¹⁴ The solution that emerged in the 1960s was the rise of the service sector, whose low levels of productivity provided great opportunities for imposing work. Inevitably, of course, the same dynamic has been developing in the service sector and, once again, undermining the usefulness of that sector as a domain in which lots of work can be imposed.

A second set of such moments in the 1960s that raised the same question arose in the South where the importation of capital intensive technologies in production failed to provide enough jobs to absorb rapid increases in urban populations brought on by rural enclosures on the one hand and by increased mechanization of agricultural production on the other. This problem haunted a generation of "development economists" as well as policy makers in the North fearful that the absence of jobs in the South would lead to political upheavals and mass migrations that

¹⁴ The Full Employment Act of 1946 codified that mandate, charging the federal government with the responsibility to so manage the economy as to avoid socially disruptive levels of unemployment. It was a one important element in the overall Keynesian strategy with which capital sought, and was largely able for a time, to limit and harness workers' struggles (more on this below).

would far outstrip the need for immigrant labor in the North. The “solution” in those cases, if it can be called a solution, was provided from below: the rise of the informal sector in which people have found myriad ways of surviving in cities without waged jobs.

A third such moment came with the high and persistent unemployment in the North that followed the Great Recession of the mid-1970s and the Carter-Volcker-Reagan Depression of the early 1980s that, in turn, triggered the international debt crisis and soaring unemployment in both North and South. The failure of the subsequent upturn in production to generate enough jobs to dramatically reduce unemployment resulted, on the one hand, in much debate among policy makers about “jobless recoveries”, and on the other hand, in an “end of work” literature that proliferated in the 1980s and 1990s. That literature included Andrés Gorz’s *Adieux au Proletariat* (1980), *Les Chemins du paradis* (1983) and *Métamorphoses du Travail* (1988), Toni Negri’s *Marx oltre Marx* (1979), Jeremy Rifkin’s *The End of Work* (1995) and Stanley Aronowitz’s *Jobless Future* (1995). All of these works suggested that if capitalism could no longer impose enough work to guarantee most people income, then income should be increasingly divorced from jobs. Negri, who had already begun to critique the “law of value” in the early 1970s, portrayed these developments as being the historical realization of Marx’s prediction, in the *Grundrisse*’s “fragment on machines”, that the rising organic composition of capital would eventually undermine labor as the basis and measure of value.¹⁵

More recently Negri and his collaborators have argued that the undermining of labor as the basis and measure of value has occurred not because rising productivity has reduced labor to a secondary factor of production, but because the “new nature of work” makes it impossible to differentiate between work and non-work, and thus to measure the former. This argument has evolved through the elaboration of two concepts, one, “the general intellect”, plucked from the above mentioned “fragment on machines” and another, “immaterial labor”, designed to capture what are viewed as increasingly hegemonic forms of labor. This elaboration first unfolded in various issues of the French journal *Future Antérieur* in 1991-1992 and became central to a whole research agenda whose results have been published in subsequent issues of *Future Antérieur*, then in the journals *Multitudes* (2000-), *Luogo Comune* (1990-1993) and *Derive Approdi* (1993-) and in a whole series of books, including Christian Marazzi’s *Il posto dei calzini* (1994), Michael Hardt and Toni Negri’s trilogy: *Empire* (2000), *Multitudes* (2004) and *Commonwealth* (2009), Paolo Virno’s *Gramatica della moltitudine* (2001), Yann Moulier-Boutang’s *Le capitalisme cognitive* (2007) and Virno’s *Multitude: Between Innovation and Negation* (2008).

In the “fragment on machines” Marx used the term “general intellect” to evoke all of the accumulated mental labor, scientific and technological, that was embodied in those machines that capital was increasingly using as part of its relative surplus value strategy to limit and control workers’ power.¹⁶ In the literature cited in the previous paragraph, this “general intellect” became a concept that denotes not only the product of scientific and technological mental labor but of other kinds of “immaterial labor” labor as well, such as affective labor, communicative labor, creative labor – pretty much all kinds of labor other than the manual sort said to have preoccupied Marx in the mid-19th Century. As these kinds of labor have become ever more central to the production of wealth in capitalist society – most obviously in the computer industry, in the production and commodification of information, in the various entertainment industries (television, film, computer games), in medical and financial services – “immaterial labor”, it is argued, has not only become hegemonic but has become virtually omnipresent in society. In this view, most clearly expressed by Negri in adapting yet another concept from Marx, capital has been achieving not only the “real subsumption of *production*”, i.e., the re-shaping of production according to its own needs, but has been achieving the “real subsumption of *society*”, i.e., reshaping of all of human activities as work that contributes to its expanded reproduction.

But, Negri et al argue, as all human activities are being subsumed by capital as work, it becomes impossible to distinguish work from non-work, “the division between work time and non-work time” breaks down. Under such conditions, he argues, appropriating a concept from Foucault, life becomes “biopolitical labor” and it becomes impossible to quantify and *measure* labor-that-produces-value (abstract labor) as something distinct from other human activity. Therefore, Negri has written, “When the time of life has entirely become the time of production . . .

¹⁵ Toni Negri, “Crisis of the Planner-State: Communism and Revolutionary Organization,” (1971) in Toni Negri, *Revolution Retrieved: Selected Writings on Marx, Keynes, Capitalist Crisis & New Social Subjects*, 1967-1983, London: Red Notes, 1989.

¹⁶ The centrality of mental labor in Marx’s analysis was made quite explicit in Chapter 7 of Volume I of *Capital* where he famously noted that the worst of human architects was better than the best of bees because humans thought out their projects in advance.

when exploitation has reached such dimensions, its measure becomes impossible.”¹⁷ Of course, Negri goes on to argue that under these conditions exploitation has not disappeared, it has simply been “thrown out of all economic measures; its economic reality becomes fixed in purely political terms.”¹⁸

This whole line of argument is clearly premised on an *economic* concept of labor value quite distinct from the kind of understanding I have laid out above in which the substance of labor value (abstract labor) is precisely its very political usefulness in providing the most fundamental vehicle of capitalist domination and control. From this point of view, the capitalist process of subsuming not only what we normally think of as production but of all kinds of other social activities has certainly involved an extension of capitalist power and control, but hardly an immeasurable one. Moreover, this process has been going on throughout the history of capitalism, but especially since workers began to succeed in forcing down the length of the official working day, e.g., the struggle between English workers and capitalists that Marx analyses in Part 6 of Chapter 10 of Volume I of *Capital* or much of the history of a parallel struggle in the United States laid out in David Roediger and Philip Foner, *Our Own Time: A History of American Labor and the Working Day* (1989). Marx argued that it was precisely workers’ successes in these struggles that *forced* capital to shift the emphasis in its strategies of control from absolute surplus value to relative surplus value. What he failed to explore, but later generations of Marxists have explored, is how those successes also *forced* capital to colonize the time workers liberated from waged labor.

However, that colonization has been so studied by such a wide array of scholars, including Marxists, that it is a bit surprising to read Negri and Hardt present the “subsumption of society” as essentially a Post-Fordist phenomenon of the age of Empire. To study the history of such colonization – and I prefer colonization to subsumption because colonization has always been resisted and has never been complete – is to see, among other things, that because capital has always been well aware of its own limits, it has always sought to *measure* the degree of subsumption achieved, and continues to do so. Those hired to conduct such measurements – from the managers of waged workers to government bureaucrats – are well aware that such measurement is neither easy nor very accurate. It is harder, for example, to measure the productivity of service labor than it is to measure the productivity of manufacturing labor.¹⁹ It is also harder to measure just how much time and energy is actually devoted to the reproduction of labor power in the home than it is to measure official working hours in factories, offices and fields. But even the latter has never been easy, given the heterogeneity of both labor and products, given the ambiguities involved in defining the use-values of commodities, e.g. to what degree does the use-value of a Mercedes lie in its ability to transport one from here to there, or in the status its mere possession accords its owner (or licensee) and given the endless, covert ways waged workers shirk on the job.

The concept of abstract labor, however, short-circuits these problems by seeing that regardless of the productivity of an hour of work time, that hour is an hour of life absorbed in the self-reproduction of capital and turned against workers as a vehicle of capital’s control over them. From this point of view, the capitalist preoccupation with measuring productivity lies in determining, as best it can, just how much control over people can be achieved through the imposition of various labor processes. This is true whether the labor processes involved are those of the factory, field or office, or those of the kitchen, bedroom or school. In the former, the capitalist preoccupation with measure is currently signaled by the pervasive spread of what are called “metrics”, i.e., this or that measure of work accomplished in a given period. But this preoccupation has also long haunted capital outside the domains of waged work.

Let me take just one example: schools. Ever since workers began to succeed in shortening the hours of waged work and extracting their children from mines and mills and factories, capital has succeeded all too well, to use Foucault’s terms, in *incarcerating* children in schools in order reduce their humanity to the willingness and ability to work for future employers. The school thus became a new terrain of class struggle where battles have been fought over the content of what goes on there. The working class demand that their children have the time and freedom to learn in

¹⁷ “Quand le temps de la vie est devenu entièrement temps de production, qui mesure quoi? . . . quand l’exploitation atteint de telles dimensions, sa mesure devient impossible.” p. 34 in Toni Negri, “Valeur-travail: crise et problèmes de reconstruction dans le post-moderne,” *Futur antérieur*, No. 10, 1992.

¹⁸ *Ibid.*, p. 35.

¹⁹ The problems here include not only the measurement of the amount of work, but even the measurement of the “product” being produced by that work. For instance, what exactly is the “product” of psychiatric services? Economists often dodge the problem by measuring the monetary value of output, however it is defined, but they know that by so doing they are forced to assume that “the market” actually provides a reasonable proxy measure of the products themselves.

order to improve their lives so as to exceed, to some degree, their parents' achievements has been confronted and largely instrumentalized by capitalists who have, on the one hand, sought to define "achievement" purely in terms of one's job and position in the wage/salary hierarchy, and on the other hand, to structure schools in the same hierarchical manner that they have shaped their businesses. Already in the 19th Century, observers such as Friedrich Nietzsche and Thorstein Veblen were critiquing this "subsumption" of learning by capital.²⁰ As the 20th Century unfolded, the capitalists sought to incorporate the latest developments in industrial management into the management of schools. Nowhere has this been demonstrated more clearly than by Raymond Callahan in his *Education and the Cult of Efficiency* (1962). Moreover, as Callahan discovered while exploring a largely ignored history of school administration, those efforts to transfer the methods of "scientific management" from the factory to the school involved extensive efforts to *measure* success, i.e., measure the degree to which work was being successfully imposed in the schools. Today, at the very moment that Negri and Hardt pronounce measure to be impossible, state committees and school administrators are devising, and imposing, new methods of measure to determine just how much actual work is going on, by both students and teachers – and they are doing this at every level of the school system right up through the university.

What might it mean to rupture or subvert capital's measurement of work, of its estimation of socially necessary labor time, of just how much labor can be imposed in the production of any particular commodity? There would seem to be two senses in which this is not only possible but has been widespread: one, in which the very processes of measurement are subverted, and second, by actions which don't disrupt the processes of measurement but cause changes in the amount of socially necessary labor time inimical to capitalist goals. Capital's interest in measurement, after all, is not neutral; its various strategies sometimes demand more work, e.g., absolute surplus value strategies for increasing the length of the working day, and sometimes less work, e.g., relative surplus value strategies for decreasing the socially necessary labor time per unit of production.

First, the subversion of measurement is often achieved by workers who succeed in hiding what is actually involved in their work from those scientific managers or industrial engineers tasked with measuring what they do. Details of such subversion can be found in many accounts of struggles at the point of production. Let me give just two illustrations, one from waged labor and one from unwaged labor. In the case of waged labor, an ex-manager of an East Coast plant producing telephones told me the story of how his workers hid what they actually did from the company for whom they worked. They were paid on a piece-work basis, which meant that the more units they produced the more they got paid. To maximize their income they developed work methods more efficient than those designed by the company engineers. The result was that the level of productivity in this particular plant far exceeded that of other plants and the workers earned more than workers at other plants. As a result, the company dispatched engineers to discover how this was being achieved. If they could generalize whatever had changed, they could attribute the increased productivity to technical changes and lower piece rates, cutting wage costs and raising profits. However, when the engineers came to study the situation, the workers (with the tacit approval of the amused manager – he liked his workers to be happy and disliked being an overseer) reverted to following the original instructions given to them by the company. As a result the engineers could find no explanation for the higher productivity and when they departed, the workers went back to using their own methods for generating higher productivity and higher pay. Unlike the workers in the Hungarian factory mentioned above, the organization of a union and negotiated contract made it impossible for the company to reduce piece rates on that one plant, so the workers continued to earn their higher pay and the company's ability to accurately measure the amount of work required to produce a unit of output was subverted.

In the case of unwaged labor, let me take, once again, the example of students. In resisting the imposition of school work, students often cheat. Now cheating takes many forms but many methods are clearly designed to dramatically reduce the amount of time students have to spend studying, i.e., doing work teachers impose upon them, and because cheating is expressly banned in schools, they must hide their actions from their teachers (and school administrators). Such motivations have clearly been behind long-standing practices of smuggling answers into tests, or copying answers from other students' answer sheets. They have also been behind the contemporary surge in students using

²⁰ See Friedrich Nietzsche's 1872 lectures "On the Future of Our Educational Institutions" and Chapter 14 on "The Higher Learning as an Expression of the Pecuniary Culture" in Thorstein Veblen's *The Theory of the Leisure Class* (1999) as well as his later book *The Higher Learning in America: A Memorandum on the Conduct of Universities by Businessmen* (1918). The essence of these critiques were rediscovered by students in the 1960s and turned against what they called "universities as factories." In recent years, as business has been increasing its influence on the structure of schooling, a whole new body of literature has emerged critiquing the "corporatization" of education.

the internet to seek out, download and turn in (often with very little modification) papers written by someone else. In both cases, the amount of time and energy students find it necessary to divert from the rest of their lives into school work is reduced. As a result individual teachers have very little ability to measure the amount of work students actually do so that grades and, ultimately, diplomas turn out to be poor measures of the amount of work students are actually willing and able to do for either teachers or future employers. Not only has measurement been subverted here, but so has the production of labor power.²¹

Second, in the section on abstract labor, I pointed out how the withdrawal of any time and energy – individual or collective – from activities that capital has sought to shape as commodity producing labor undermines its ability to harness and control people’s lives. In the waged job place such withdrawals may be momentary or chronic, partial or total. Obviously anything less than total – which makes any measurement impossible – would *increase* the socially necessary labor time of production. For instance, both work stoppages that increase the time necessary to produce some commodity and sabotage that results in work having to be done over again, would obviously have this effect. According to what I have said above, any such increase would require the imposition of *more* work to successfully produce some commodity and thus an increase in the socially necessary labor time necessary for its production. In the abstract, more work is good for capital, but as the discussion of capital’s relative surplus value strategy should suggest, such increases in the amount of work that has to be imposed contradicts efforts to increase productivity and reduce the per unit value of the commodities being produced (and, indirectly, the value of labor power) in order to lower costs and increase profits. In other words, work stoppages and sabotage undermine capital’s relative surplus value strategy by increasing costs and reducing surplus value and the rate of profit. Moreover, by now it should be clear that the ability of capital to continue the imposition of labor (and of labor-as-social control or abstract labor) in the production of any particular commodity depends upon its ability to impose surplus labor and to realize surplus value and profit; unprofitable forms of production are abandoned and cease to provide terrains for keeping people busy and under control.

The Form of Value

In *Capital*, Volume I, Chapter 1, Marx’s analysis of abstract labor as the substance of value in Section One and of its measurement in Section 2 is followed by a dense examination in Section 3 of the form of value – an analysis that has been mostly ignored by most Marxists – but turns out to be very useful in understanding the class dynamics of such phenomena as money, credit, debt and the present repressive period of financialization, the imposition of austerity and the widespread resistance that has exploded in response.

His analysis of the form of value is laid out in four steps, each of which adds and examines new determinations to those previously discussed. The same is true when the analysis continues in the subsequent chapters. Although this is true throughout the book, I want to focus on how these oft neglected sections provide not only an elaboration of his labor theory of value, but illuminate both the nature of the antagonistic class relations of capitalism and a theory of money in those relations – a theory further developed in the second and third chapters and in many other parts of the three volumes of *Capital*.²² This requires repeatedly mapping important concepts in his analysis from the abstract world of commodity exchange to the more concrete world of the class relation.

In the first step of his analysis of the form of value, the passages on the simple form, the primary emphasis is on its qualitative characteristics, especially the way in which meaning is a function of the form.²³ The importance of this section was spelled out by Marx in a letter to Engels in 1867: “The economists have hitherto overlooked . . . that the *simplest form of the commodity*, in which its value is not yet expressed in its relation to all other commodities but only as something *differentiated* from its own natural form, embodies the *whole secret of the money form* and

²¹ Just last week, a lead article in the October 14, 2012 issue of the *Chronicle of Higher Education* titled “Grades Out, Badges In” proclaimed “Grades are broken . . . college grades are inflated to the point of meaninglessness – especially to employers who want to know which diploma-holder is best qualified for their jobs.” The article then goes on to discuss current experiments with the substitution of “badges” for grades and suggests that “One key benefit of education badges could simply be communicating what happens in the classroom in a more employer-friendly form.”

²² How I understand the fourth section of Chapter 1, on fetishism, is implicit in my reading of the previous three sections as not just determinations of commodity exchange in the abstract, but as denoting aspects of the class relations capital tries to impose. My reading is aimed precisely at defetishing the categories by grasping them as moments of the class struggle.

²³ Marx’s analysis is focused on the qualitative aspects of the relationship even when dealing with quantitative relations; he does this, in part, by *assuming* equality in exchange – an assumption that he later uses to differentiate his theory of exploitation from cheating in exchange.

thereby, *in nuce* (in embryo), of all bourgeois forms of the products of labor.”²⁴ The text is elaborated in terms of the exchange of random commodities but allow me to focus on the exchange between the commodity labor power – that workers are forced to sell – and money (or the wage) that capitalists use to buy that labor power.²⁵ Outside of the labor market, individuals’ abilities and activities are diverse and autonomous from capital, they are not “workers” *per se*; they are, perhaps, subsistence farmers, or coopers, or shipwrights, or vagabonds, or traveling players, or highway robbers, but they are *not* part of capital’s active army of laborers.²⁶ Without the power to force workers into the labor market, would-be employers cannot turn money into capital; they have no one to dominate and exploit. In the *Phénoménologie* Hegel pointed out that the masters require slaves to be masters, indeed require slaves to recognize themselves as slaves for the masters to recognize themselves as masters. So too here, capitalists cannot be capitalists without workers; they cannot control people except if and when those people accept their role as workers and recognize the capitalists as masters. In the language of the Hegel’s *Science of Logic*, a language adopted by Marx, this is a relationship of *reflexive mediation* – where the relationship of a thing to itself is mediated by a second that reflects some aspect of the thing back to itself, as a mirror reflects an image. In this kind of relationship within capitalism people are only defined as workers when they enter into a waged relation with some employer; the wage they receive shows them to themselves, to capital and to others as workers.

Indeed, in traditional orthodox Marxism, this definition has not only been accepted as defining the working class, but given orthodoxy’s belief that work differentiates human being from other kinds of being, it celebrates both work and people qua workers – not because they struggle against work but because they are only one revolutionary step away from finding complete fulfillment in un-alienated work freed from capitalist domination and exploitation.²⁷ Inevitably, this celebration has been accompanied by a disparagement of those without a wage who have not been considered part of the working class and their struggles have not been considered an integral part of working class struggle. Unwaged housewives, students or peasants have often been told that if they want to join the class struggle they needed to get a job and a wage. However, as we will see, the labor market is not the only vehicle for the capitalist induction of people into the working class.

However, as I have argued above, for every dialectical relationship that capital imposes, or for every moment of the dialectic, there also exists the possibility of its rupture. In this case, there is the possibility not only of the temporary rupture of this mediation (say through absenteeism, soldiering on the job, strikes or insurrections – when wage deals are broken and workers withdraw from production and, sometimes, from the labor market) but of complete rupture (successful revolution) that would liberate the workers from capital once and for all. Throughout his active political life Marx observed, noted and often analyzed and wrote about such withdrawals, especially when they happened on a large scale, e.g., strikes over wages or working hours, insurrections such as the 1848 Revolutions or the Paris Commune. He paid less attention to the molecular withdrawals of individuals or small groups that repeatedly rupture capital’s ability to define people as workers, but several generations of Marxists have largely filled that gap with detailed examinations of on-the-job struggles.²⁸

What is also missing in *Capital* – and for a long time in the work of Marxists who came later – is any detailed analysis of how capitalist success at organizing the activities of the unwaged has spread these relations of reflexive mediation throughout society. As we know from his analysis of both primitive and on-going accumulation, Marx

²⁴ Marx to Engels, June 22, 1867, Karl Marx and Frederick Engels, *Collected Works*, Vol. 42, p. 384.

²⁵ In terms of Marx’s exposition the analysis of this exchange is not reached until Chapter 6 on “Sale and Purchase of Labor Power” – a discussion that necessarily includes the wage (the money form of the value of labor power) which obviously hasn’t yet been introduced in Chapter One. However, when we do examine the sale of labor power for the wage as an example of the simple form of value we already begin to see an important aspect of money within capitalism: its role in buying labor power is, simultaneously, its use of money to bring people under its control as workers.

²⁶ Capital may see them as part of the unwaged “reserve army of labor” but whether they will eventually be willing to prostitute themselves in the labor market always remains to be seen and will depend on the dynamics of their struggles.

²⁷ Nowhere has this been more obvious than where orthodoxy has ruled, e.g., the Soviet bloc, with its socialist work ethic, its celebration of Stakhanovites, its financing of heroic statues of workers and its cultivation of “socialist realism” in literature and the arts.

²⁸ The work in the 1950s of the American Johnson-Forest Tendency and that of the French Socialisme ou Barbarie group marked a turning point in Marxist attention to day-to-day struggles. In their wake came a great many detailed studies of the dynamics of on-the-job struggles. The work of Romano Alquati and Raniero Panzieri in Italy is particularly notable. Both researched factory conditions and published articles in the early 1960s in *Quaderni Rossi* (1961-1966) that were subsequently collected in Alquati, *Sulla Fiat* (1975) and Panzieri, *La Ripresa del Marxismo Leninismo in Italia* (1975). Mainstream sociologists, of course, with their research largely financed by capitalist institutions, had long studied such struggles. Economists, on the other hand, having shuffled off such concrete worries about work, largely ignored such struggles until forced to confront labor market segmentation and efficiency wages by a new generation of young radical economists in the late 1960s.

was well aware of how business and the state created a “reserve army” of the unemployed through enclosures and then tried to organize it: via “bloody legislation”, poor laws, workhouses, prisons and the military (e.g., impressment).²⁹ But nowhere that I have found did he discuss *reflexive mediation* as an aspect of the various relationships between capital and the unwaged. Yet clearly this was indeed one aspect of those relationships. Poor people only became “paupers” when so defined by poor laws and work houses. Those who lived off the land only became “poachers” when enclosures made hunting illegal and those who hunted were caught and prosecuted by the courts. The same was true with beggars, gypsies or freed slaves who only became “vagabonds” when begging and wandering was outlawed. Africans lived all sorts of lives until colonialism not only enclosed their lands but enslaved them. And so on. All of these kinds of unwaged relationships continue in our time (including slavery albeit mostly hidden in covert factories, isolated farms, homes and the dens of sexual traffickers). But progressively, since the late 19th and early 20th Centuries as workers were successful at fighting for shorter working hours, adult workers succeeded in imposing child labor laws and male workers succeeded in marginalizing female waged labor, two very large pools of unwaged labor have emerged in that part of the reserve army that Marx called “latent”: children in schools and women in homes.³⁰ In the former, children suffer from years of imposed unwaged labor and in the latter women find themselves condemned to life sentences of unwaged, and often isolated, domestic labor. In both cases we can find relations of reflexive mediation of the sort Marx analyzes in his section on the simple form of value.

One example of unwaged work I have already discussed is schoolwork where repeated business intervention has shaped “education” into a hierarchy of work and power that includes not only the waged work of administrators, staff and teachers, but also the unwaged work of students. Within that hierarchy the basic work of one and all is the producing and reproducing of labor power. In the relationship between teachers (or professors) and students we see not only the hierarchical organization of authority and power – waged teachers have much more the power to impose work and discipline on unwaged students than vice versa – but also the same kind of reflexive mediation characteristic of the labor power – capital relationship elsewhere. Teachers can only be teachers if their students do the work the teachers seek to impose, accept their authority and see themselves as students.

Unfortunately, not only do many allow this relationship to define them as students but they also accept the grades imposed by teachers as legitimate quantitative measures of their quality as students, i.e., of their abilities and knowledge. High grades become ego-boosting; low grades cause anxiety and depression – a chronic and rampant problem. Similarly, all too many teachers embrace the power they have over students and have no problem ranking them quantitatively with grades, rewarding hard work and punishing the refusal to work. Here too, teachers may judge themselves all too readily in terms of the degree to which they have succeeded in getting students to do the work they have sought to impose and/or the degree to which those students have succeeded in meeting or exceeding the goals set for them.

Of course, just as waged teachers (like other waged workers) can refuse capitalist command and subvert or withdraw from the relationship (subverting by actually helping students learn rather than imposing work and withdrawing either temporarily in strikes, e.g., the recent one in Chicago, or permanently, e.g., the high drop-out rate of teachers who flee their long, intense working hours and low pay), so can unwaged students, either individually (cheating, truancy or dropping out – usually branded deviant or delinquent behavior) or collectively (student movements to change the content and structure of education, to refuse higher costs or to create free spaces for learning, e.g., the recent student struggles in Quebec) and in so doing refuse to do the work their teachers would impose and liberate time and energy for autonomous learning. As many of us have discovered, we have often *learned* far more during such withdrawals than we ever did in the classroom or bent over class preparations or homework outside of it. In

²⁹ In Section 3 of Chapter 25 of Volume I of *Capital*, Marx discussed how capital’s tendency to substitute machinery for labor coupled with the ups and downs of the business cycle repeatedly pitch waged workers into the unwaged “industrial reserve army”. But in Section 4, his analysis of that reserve was limited to dividing it into three sections: the *floating reserve* (those looking for waged work), the *latent reserve* (those who might, at some point, enter the labor market, e.g., hard pressed agricultural workers) and the *stagnant reserve* (adult paupers able to work, orphans and pauper children who might be able to work) Beyond these “reserves”, he argued, the “surplus population”, cast off in the process of capital’s development also includes those unable to work due to injuries, disease or old age and those that he classified as lumpenproletariat: “vagabonds, criminals, prostitutes” who were, he judged, not likely to ever go looking for a wage.

³⁰ Throughout most of the 18th and 19th Centuries, with a few exceptions – such as the schools for working class children created near his textile factory by the capitalist reformer Robert Owen – most capitalists were doing their best either to incorporate children into factory labor or confine them in workhouses. Schools were for the children of capitalists, not workers. By the time Marx was writing *Capital*, Owen’s efforts to spread his practices had come to naught and the driving of women and children into factories had proceeded so far that Marx thought it was undermining the very reproduction of the working class.

short, this dialectical moment of reflexive mediation can be, and has been, ruptured by the unwaged, just as it can be, and has been, ruptured by the waged.

In the second step of Marx's analysis of the form of value, the passages on *the expanded form*, the primary emphasis is again on qualitative relationships but one of them has a very quantitative dimension. Whereas in the simple form the exchange relation between X and Y, or between labor power and capital, was random and individual, in the expanded form we see the potentiality for the relationship to exist, or to be imposed, throughout the entire world of commodities, including the entirety of the labor market. In class terms, ideally workers have the possibility not just of selling their labor power to one capitalist but to any capitalist; capitalists, on the other hand, strive to create a world where they can buy labor anywhere and everywhere because people have been forced into the labor market all over. As Marx pointed out in Chapter 31 of Volume I of *Capital*, toward the end of his discussion of "primitive accumulation", colonialism was essentially the extension of the enclosure of the commons and the imposition of labor markets throughout the world.³¹ Capitalism, in other words, tends toward *totalization*, the imposition of its own way of organizing society everywhere. It seeks to convert all human activities into commodity producing work, including the production of the commodity labor power, and to convert all elements of human life – both things and relationships into commodities. Because of the absence of any theoretical limit to the variety of human activities or to the variety of elements that play roles in those activities, there is no theoretical limit to capitalist expansion; it is, therefore, at least potentially, *infinite* (a tendency that for a long time has been nicely captured by many science fiction novels and movies that have portrayed capitalism expanding off-planet³²). In the language of post-structuralist literary theory, capital (not Marx) has sought to impose its own "master narrative" not only on this world but eventually on the universe.

At the same time, of course, every successful resistance to commodification, every successful defense of the commons, every successful refusal of work, whether in the factory, office, school or home, has created another limit to capitalist expansion, has thwarted its ability to totalize and to expand indefinitely. The problem, Marx writes, with the expanded form as a *representation* of capital's tendency toward totalization and infinite expansion is that it is but a patchwork or mosaic of multiplying, but still distinct, relationships; it is, in Hegel's terms "a bad infinity".

In the third step of Marx's analysis of the form of value, the bad infinity of the expanded form is overcome in the *general form*. The overcoming is achieved by Marx pointing out that if any commodity can be exchanged for any other, or in the case of the labor market, any individual or groups' labor power can be sold to any capitalist, then some particular commodity, or capital in general, can serve as a *universal equivalent* that expresses the value of the commodity (e.g., labor power) being sold. Once again, the emphasis is on the particular quality of the relationships. In this case the universal equivalent also plays the role of *universal mediator* among everything else. In terms of the class relationship capital seeks to mediate among all members of the working class or groups of workers. Here we find Hegel's analysis of *sylogistic mediation* – where the relationship between two things is mediated by a third – lifted straight out of the Book of the Notion and applied to the world of commodities, which in capitalism not only includes but presupposes the labor market and its antagonistic class relationships.

How does capital mediate the relationship between itself and the working class in the labor market? Although the wage (its bestowal or its withholding) has been the central vehicle, it has been complemented by many others – including the repressive use of force (company goons, police or military), labor law to impose contracts, labor market segmentation in which some workers are hired directly and others are hired through various forms of outsourcing, e.g., through employment agencies that do the usual work of personnel officers, sorting and sifting job applicants to find those most willing to work. The difference in modes of hiring may be structured along racial, ethnic, gender or age lines, e.g., it is common in the United States for employers to hire cheap immigrant labor through informal labor contractors. Schools and independent testing companies mediate between employers and

³¹ In retrospect this was the most important social and political aspect not only of colonialism but also of post-colonial counterinsurgency campaigns – such as the US efforts to pacify the populations of the South – and anti-nationalist, nation building efforts to limit obstacles to international trade and investment. Although the anti-war movement may have limited the butchery of US efforts in Indochina, it failed to prevent the subsequent induction, after the wars ended, of the war-weary populations into the global labor market and their use by capital against higher waged workers elsewhere. Something similar can be said of how covert, then overt struggles in the Soviet Union and Eastern Europe ended Communist Party rule, but, unable to implement comprehensive alternative projects, delivered those populations into the hands of Western capitalists to be used against *their* workers.

³² The recent decision of the US National Aeronautic and Space Administration to hand off the development of the next generation of orbital shuttle craft to the private sector is one depressing step in this direction.

potential hires when job offers are made contingent on various forms of certification. Where some family members are waged and others are not, the needs of the latter are used to pressure those looking for work to accept low wages and bad working conditions. Ideology, mass media, racial, ethnic and gender divisions of the labor force are all used to mediate the class relationship.

Beyond the labor market, both in the domain of waged production labor and in that of the unwaged labor of reproduction we can find capital seeking to impose these kinds of mediation again and again. On the job, capital has traditionally insisted upon its authority – what Marx called its despotism and in the United States is called “managerial prerogative” – to organize every last detail of production and thus to mediate the relation between workers, tools and machines and among workers. Where capital has been successful in paying some workers more and other workers less along age, gender, race or other lines, job tasks are allocated along similar criteria, e.g., locals get the better paid jobs, immigrants get the less paid jobs. In such job hierarchies capital seeks to use each level to mediate, i.e., help control and absorb the anger, of those below it. Where workers have had the power to impose labor unions and collective bargaining on capital, the latter has also sought to transform those unions into vehicles of mediation in which union officials, from shop stewards to top union bosses, serve business by getting the rank and file workers to abide by contract agreements (even when their employers are not doing so), sometimes using persuasion and sometimes using violence. Off the job, in the school and home, capital has also sought to organize things so that it can regulate/mediate the relations of reproduction.

I have already pointed out the systematic intervention of business in schooling; part of that intervention has involved mediating the relationship between teachers and students by shaping curriculum and testing and by setting administrators over both teachers and students with the power to impose rules on both that pit them against each other, e.g., forcing teachers to impose work pits teachers against students, using student evaluations against teachers pits students against teachers. As Hegel pointed out, complete syllogistic mediation requires that in any triadic set each moment mediates the relationships of the other two. In this case, the set of administrators-teachers-students – capital has sought to organize schools so that each group mediates the relationships between the other two.³³

In the home, capital has done much the same, through the state, by shaping laws to define marriage and family, laws to regulate intra-family relationships and the distribution of wages so as to divide the family between waged and unwaged and pit them against each other – thus poisoning the relationship between spouses and between parents and children. Waged husbands have been expected to control their unwaged wives; both parents have been expected to control their children. Controlling unwaged wives has meant making sure they do the domestic work of producing (procreating) and reproducing labor power – that of their husbands, themselves and their children. Controlling unwaged children has meant bringing them up to accept the capitalist way of life, in part by playing truant officers and study hall monitors, i.e., making sure that their kids actually go to school and do their homework. Failure to do the former is usually punishable by law.

Once again, for every imposed mediation, there is the possibility of its rupture through struggle that may either bypass or destroy the existing mechanisms of mediation. In the labor market, the most obvious rupture is the out and out withdrawal of participation through refusal to search for a job. In the United States obtaining unemployment compensation from the state while only *pretending* to look for work has become, for some, a veritable art form. On the job, the direct appropriation of things and time, including the use of capitalist-owned equipment for non-work purposes, ruptures capital’s attempts to mediate and control the waged work place. Wildcat strikes refuse the mediation of the trade union bureaucracy and existing contracts. Student walk-outs refuse the mediation of teachers, of “representatives” in student governments, of curriculum and of official administrators.³⁴ The women’s movement has repeatedly refused the mediation of men, of marriage laws, and of commercial definitions of beauty – all shaped by capital to mediate and maintain a gender hierarchy to women’s detriment. Civil Rights movements, which in the US began with blacks but soon spread to Hispanic Americans, Native Americans and Asian Americans, have all refused and ruptured both legal and extra-legal mediations that have organized racial and ethnic hierarchies.

³³ A somewhat more detailed discussion of the various forms of mediation can be found in Chapter Five of my book *Reading Capital Politically*.

³⁴ In the US in the 1960s, students repeatedly bypassed mediation of professors and administrators to directly confront Boards of Trustees – whose role in overseeing universities is roughly equivalent to that of Boards of Directors in overtly for-profit corporations. In the 1999 strike at UNAM, the Autonomous National University of Mexico (the largest in Latin America) that lasted almost a year, students and parents bypassed professors and university administrators and aimed their struggle directly at the state. As so often happens, they developed new organizational methods – loosely based on those used within the indigenous Zapatista rebellion. In the Arab Spring and Occupy movements of the current period we see this same bypassing, and thus rupture, of virtually all the traditional forms of capitalist mediation.

In the **fourth and final step** of his analysis of the form of value, in the *passages on the money form*, Marx argues that the essential universal equivalent which comes to express the value of all commodities is money. What is true of all commodities, is also true of the commodity labor power whose value is expressed by its monetary value, its price, e.g., the wage.³⁵ Put differently, of all the mediators that capital uses to manage the relationships among things and among people, money is the most pervasive. The price form is thus one moment of the more comprehensive money form. Qualitatively everyone who earns a wage by selling their labor power to capital is in a similar situation. Quantitatively, the amount of their wage or salary measures both the value of their labor power and their value to capital, while situating them within an elaborate money income hierarchy designed to pit them against each other such that they can all be controlled, i.e., kept in the labor market and kept at work.

As Marx argues in Chapter 6 of Volume I of *Capital*, the value of labor power is determined by the amount of socially necessary labor that must be allocated to producing everything necessary for its reproduction, i.e., the labor required to produce the means of reproduction, however simple or complex they may be, for any part of the labor force at any point in history. The wage, paid to workers, is intended to be used to purchase those necessities. In his day, Marx, like the classical political economists before him, could comfortably call the means of reproduction the “means of subsistence” and speak of a “subsistence wage” – given that a great many workers lived very near mere biological subsistence, with their income rising a little above it when labor markets were tight, but all too often falling below biological subsistence when the demand for labor lessened. With little or no savings, laid off low waged workers suffered from malnutrition, starvation and disease.³⁶ Yet, over time, *some* workers became well enough organized to fight successfully for higher wages – just as they fought for shorter working hours – and in the process raised the value of *their* labor power above biological subsistence, forcing capital to allocate more of the work it imposed to producing things and services those workers had the power to make necessary for their continued willingness and ability to work.³⁷ Other workers, less well organized for whatever reasons were less capable of imposing higher wages and as such differential success evolved, capital shaped its wage hierarchy – a hierarchy that would extend upward from bare subsistence to include what we now call the middle class.

Throughout the above historical process, there have always been the unwaged, who do not earn a wage or salary in exchange for selling their labor power. These, whether generated through enclosures forcing independent farmers off their land or through population growth, constitute a “reserve army” in the language of Chapter 25 of Volume I of *Capital* that must still receive some kind of income, or die. That income may be derivative of someone else’s wage or salary, e.g., the income of stay-at-home spouses or children. It may be accorded by the state, e.g., poor laws, family allocations, welfare payments, public services, school lunches. It may be made available by non-governmental organizations, e.g., charities that organize soup kitchens or shelters for the homeless. Or, unwaged income may be gained through autonomous production, e.g., peasant subsistence production, family or community gardening, non-capitalist participation in markets, e.g., the sale of surplus domestic production, street vending and peddling goods or services in the urban informal sector, begging or direct appropriation, e.g., theft. Here too, capital, through a variety of mediating institutions, laws and policing seeks to organize and control all of these activities.

To what I have already discussed about how capital has sought to organize unwaged (students) in schools, let me just add two points: first, while at lower levels the vast majority of students are clearly unwaged, in the United States at least, in what are called graduate studies where students are working toward “Masters” and “Ph.D” degrees, some students are effectively waged, e.g., teaching and research assistants, while others are not – a situation which, *ceteris*

³⁵ Money was not always the sole equivalent of the value of labor power. Peter Linebaugh, in his *London Hanged* (2006) has traced how the money form was progressively imposed on workers during the 18th Century, replacing a wide variety of payments in kind. Such payments still exist in some rural areas where, for example, agricultural laborers are paid with part of the harvest. Not only is the wage but one particular form of the price of labor power – other examples include salaries, commissions, and tips – but the wage itself takes many forms. In Volume I of *Capital* Marx analyzes two of these forms: time wages and piece wages where he shows not only how these forms of a form hide exploitation but how capital seeks to manipulate them to impose more work.

³⁶ Obviously, even the notion of “biological subsistence” is fuzzy because between full health and immediate death lies a whole range of degrees of wellness and illness, strength and weakness, and consequently of life expectancy.

³⁷ Please note: worker success in forcing a diversion of value from surplus value to the value of labor power, or, in money terms, from profits to wages, while it may reduce the rate at which capital can expand, nevertheless increases the amount of work that can be imposed producing the things workers are able to buy with their increased wages. Thus higher wage workers are more “valuable” to capital, not just in the sense that it must spend more money on them, but because those higher wages, expended on consumption goods, provide expanded opportunities to impose work. In mainstream macroeconomics consumption expenditure is recognized as the largest source of “effective demand” and thus the major source of employment.

paribus, divides and weakens the ability of graduate students to organize collectively. Thus the according or withholding of such wages provides another form of mediation to manage students. Second, money mediates the relationship between capital and students not only in the payment of wages to faculty, administrators and some students, but in the size and patterns of both the state and private sectors' expenditures on schools. In periods such as the late 1950s and 1960s, US government investment in "human capital" development meant spending money to enhance the production of labor power in order to improve productivity and spur accumulation.³⁸ As such expenditures grew, money played a larger and larger role as mediator between capital and students. In more recent years as the imposition of austerity has included reducing public expenditures on schools, the private sector has stepped up its expenditures as part of a long term strategy to further subordinate school work to its needs.³⁹

Beyond the educational system, capitalist efforts to mediate the struggles of the (largely urban) unwaged who have either dropped out of, or finished, school has also often involved the manipulation of money, through state welfare programs. Originally conceived in the 1930s as a socialization of the costs of economic change, later designed in the 1950s as investments to improve the quality of the labor force, such programs were dramatically expanded in response to urban uprisings of the 1960s that exploded from one end of the country to the other with the aim of staving off further rebellions. At the time, I was a student with a temporary job in the Office of Economic Opportunity in Washington, D.C. Day after day while Watts (a black neighborhood in Los Angeles) burned, I listened to government economists discuss how to structure income support high enough to ward off future uprisings but low enough to induce the unwaged to look for waged work.⁴⁰ Much of the discussion was over how money could best be spent to achieve these aims. Some supported a "negative income tax" in which those whose income was judged to be too low would simply receive a check in the mail. Others supported a variety of programs with tighter controls over the beneficiaries, e.g., Aid for Dependent Children where parents could be closely monitored, or Community Action Programs designed to channel the energies of struggle into forms easier to manage.

In all of this, we can see how the capitalist organization of the entire society into a global work machine involves a complex array of carefully structured syllogistic mediations – in the form of a wide variety of institutions and ways of using money – designed to keep everyone in society working, on the job and off.

However, once again, just because capital pays wages to hire labor power directly, or shape its formation indirectly through the structuring of consumption, or through private or public expenditures of money on schools, welfare, etc., such uses of money by no means guarantees the intended results. When Marx goes on in Chapter Two to draw on Hegel's analysis of property and the contract in the *Philosophy of Right* to bring humans into the picture as the owners and exchangers of commodities and then in Chapter 3 to reintroduce syllogistic mediation in drawing the distinction between simple commodity exchange, e.g., C-M-C where money merely serves as a means to obtain consumer goods, and capitalist exchange M-C-M' where money constitutes both the means and the objective of exchange, we are given initial representations of the kind of exchange characteristic of the labor market discussed in Chapter Six.

There, at last, he gets around to the most important form of C-M-C: LP-M-C, where LP = labor power, M = the money wage and C = means of subsistence, or consumer goods and services, that workers buy with their wages. LP-M, of course, represents the same exchange as M-LP, or the hiring of workers as part of the capitalist expenditure of money as capital.⁴¹ That expenditure, as indicated above, is aimed at providing workers with the monetary means of purchasing sufficient consumer goods (C) to reproduce their willingness and ability to work. As I have argued elsewhere, if things go according to capital's plans, then consumption is reduced to the work of producing labor power. In such cases, to Marx's exposition (in Volume II of *Capital*) of the "circuits" of capital we can add a circuit of the reproduction of labor power: LP-M-C . . . P . . . LP* that portrays how consumption must be converted into

³⁸ The rationale for such expenditures was provided by studies that demonstrated how much of the early post-WWII growth in the US economy was due to improvements in the quality of both capital and labor.

³⁹ Although, as I have mentioned, capital was able to shape public education throughout the 20th Century, the student movement of the 1960s seriously reduced the legitimacy of business influence in schools – a situation corporations have been trying hard to reverse ever since.

⁴⁰ While the economists discussed, of course, other parts of the government were sending in police and military troops to quell the uprisings.

⁴¹ The expenditure of money on hiring workers, of course, is only part of the expenditure by business of money as capital. Other monies are spent on the means of production – factories, tools, machines, raw materials. In Part I of Volume III of *Capital* the circuit of capital M-C-M' is expanded in a way that makes this explicit: M-C(LP,MP) . . . P . . . C'-M'.

the production of labor power for it to be available on the market in the next period.⁴² If we juxtapose the two circuits, LP-M-C and LP-M-C . . . P . . . LP*, we can see the former not as just an incomplete version of the latter, but as representing an opposed class point of view.

For people who sell their labor power for a money wage (LP-M) that wage may be merely a means to the end of acquiring the means of subsistence, or consumer goods (M-C), necessary for survival and the elaboration of their lives. As with C-M-C more generally, the ends to which wages are put may be quite different from those intended by the capitalists who pay them. Capitalists have certainly tried to structure consumption so that it serves merely to reproduce labor power but it has not always succeeded. Sometimes its failures have been due to the subversion of wages achieved by their expenditure in ways that do *not* reproduce labor power. There are endless examples of such subversion. Some are dramatic, say when wages are used to buy guns that are then used in revolutionary uprisings against the capitalist order.⁴³ Other uses are far less dramatic, but no less subversive. When wages are high enough to enable savings, workers repeatedly use their wages to avoid work, individually by quitting jobs and taking vacations, collectively through strike funds used to support them during prolonged strikes and pension funds that permit early retirement. Pretty much all uses of money wages that finance the diversion of time and energy from work and the reproduction of labor power subvert the employer's expenditure of such money as capital.

The same is true for monies expended through other channels for the purpose of reproducing labor power, e.g., spending on education and welfare as investments in "human capital". As it turned out, much of the money spent on education for this purpose in the 1960s in the United States was subverted by students who used it to finance their struggles against schools and school work, against the wars in Southeast Asia, and against racial and ethnic discrimination. In that period more or less similar struggles emerged in many other countries throughout the world. The same was true with regard to welfare state expenditures; such programs were progressively subverted by "poor people's movements" and turned into vehicles of their struggles.⁴⁴

Beyond such negative subversion of money wages, people also use money to finance their own creative forms of self-activity, or self-valorization, in which they elaborate ways of being that constitute alternatives to those characteristic of capitalist society. In the United States "the movement" of the 1960s included a "cultural revolution" – not just in challenges to existing institutions, such as schools, welfare programs or systematic discrimination – but in the discovery, invention and experimentation with all kinds of ways of being that provided alternatives to working for capitalists and reproducing life as labor power. From Woodstock on the East Coast to Height-Ashbury on the West Coast young people, and many of their elders, diverted their wages, time and energy into the exploration of alternatives to practices they had come to despise and oppose. Although, with time, "the movement" as an identifiable mass activity disappeared, such invention and experimentation did not. Any serious investigation of manifold separate struggles that challenge this or that aspect of the ways capitalism organizes society also reveals how protests have been complemented by the creation of alternatives and efforts to circulate and elaborate them.

All of this, I maintain, demonstrates how Marx's theory of money helps us to situate money within the antagonistic class relations of capitalism and to recognize it as a highly contested terrain of struggle.

Financialization

One definition of the "financialization" of the economy has been a shift in the focus of investment and profit making from industry and commerce to the financial sector, with that sector generally understood to consist of many kinds of financial activity but all of them associated with the provision and manipulation of money. Before Hegel and Marx's time, the financial sector was primarily composed of money lenders who loaned money to individuals, banks that loaned money to governments and merchants and insurance companies that provided insurance of various sorts, e.g., against commercial losses in trade. With the expansion of trade and finance also came an expanding role of the

⁴² This circuit of the reproduction of labor power was first spelled out in the appendix to H. Cleaver, "Malaria, The Politics of Public Health, and the International Crisis" in the *Review of Radical Political Economics*, Spring 1977.

⁴³ Some of this happened in the United States during the central city insurgencies of the mid-1960s. It also happened when the Zapatista communities of Chiapas in Southern Mexico sold cattle and pooled their money to buy guns for their army that came out of the jungle and took over six towns in the early hours of January 1, 1994.

⁴⁴ On such efforts to "unionize the ghettos" see Paolo Carpiagnano, "US Class Composition in the Sixties," *Zerowork* #1, 1975. See also the classic work by Frances Fox Piven and Cloward, *Poor People's Movements: Why they Succeed and How they Fail*, New York: Pantheon, 1977.

state in the issuance and overseeing of money and of the various financial institutions handling it. With the rapid industrialization of the late 18th and 19th Centuries, based on the rise of manufacturing industry, provisioned by an increasingly commercialized, capitalist agriculture, the financial sector shifted more and more to bankrolling investment in those industries. This process accelerated with the rapid rise of joint stock companies and the stock market. For the most part, however, savings, lending and borrowing were activities of capitalists and the state in a period in which most working class wages were too low to allow savings, workers had little material wealth to serve as collateral and the possibilities of borrowing open to workers were limited to friends, pawnbrokers and loan sharks.

Marx studied these developments closely; he kept extensive notes (many of which were gathered by Engels to form those sections of Volume III of *Capital* dealing with financial capital) and wrote many newspaper articles tracing the various roles of the financial sector and of state monetary policies in the ups and downs of the accumulation of capital. Through his studies he found that financial capital – when it financed industry – often played a vital role in overcoming the difficulties associated with periodical shortages of money. Money could be borrowed to complement in-house profits to finance real investment in production; it could be borrowed, as it long had been, to finance trade, and it could be borrowed to cover all kinds of short-term needs. Sometimes employers needed to borrow money to mediate their relationship with workers, e.g., to pay wages. Sometimes they needed money to deal with each other, e.g., to buy new supplies of raw materials, or to cover short-term debt obligations. In both cases, borrowing money bought time to overcome bottlenecks in the circuits of capital.

On the other hand, all of those lending methods that resulted in the creation of paper assets – bills of credit, stocks, bonds, mortgages, etc. – led to the emergence of secondary debt markets where those assets could be traded quite independently of their origins. Unregulated, such markets became the domain of speculation in which the value of those assets could rise far above, or fall far below the actual value of the real assets they represented; and rise and fall they did, in recurrent waves of speculative booms and busts that contributed to the instability and recurrent crises of capitalist accumulation throughout the 19th and well into the 20th Century. Throughout that period there were also recurrent efforts by the state, especially by central banks, e.g., the Bank of England, to counteract such phenomena, but with little success. Indeed, Marx took repeated pleasure in commenting on their failures.

Eventually, in the wake of the stock market crash of 1929 and the Great Depression of the 1930s, legal regulations such as the Banking Act of 1933 that (among other things) separated investment banking from commercial banking sharply limited the degree to which many financial institutions could use their money for speculative purposes. Those regulations, coupled with the prior creation in the United States of a strong central bank (the Federal Reserve System made up of a governing board and 12 regional Reserve Banks) and the adoption of Keynesian macroeconomic theories and policies, not only largely eliminated such booms and busts during the Keynesian or Fordist period of the 1940s through the 1960s but provided the federal government with the institutional means to manipulate monetary policies to complement fiscal policies, i.e., expenditure and tax policies, in order to, in economists' parlance, "fine-tune" the economy.

From the perspective of class relations, however, what both monetary and fiscal policies were trying to "fine-tune" was the balance of class power within the process of accumulation – understood not just in terms of the growth of GNP or GDP, but in terms of the accumulation of the ever antagonistic class relations of struggle. For in the 1930s, soaring unemployment had been accompanied by tremendous working class mobilizations that formed new industrial unions to deal with employers and demanded new social programs to protect workers faced with unemployment and income loss for reasons beyond their control. The American government's response to these demands was a "new deal" – to use President Roosevelt's term – in which the key sectors of capitalist industry were forced by new federal labor legislation to accept workers' struggles and their demands for union recognition, to bargain collectively with them over working hours, wages and benefits and to organize investment so as to raise productivity sufficiently to pay for increases in wages and other benefits. In short, capitalists had to accept, and their accumulation had to be organized on the basis of a new level of working class power in which working hours would be fixed at about 40 hours a week, the shop floor would be regulated by agreed upon work rules and workers' wages and benefits would rise so as to share in the fruits of productivity increases. Such concessions, however, only had to be granted to the degree that unions also agreed to collaborate with the technological changes necessary to increase productivity and union shop stewards would work with company supervisors to ensure worker adherence to the new rules.

While these new industry-level deals went a long way towards stabilizing class relations at the point of production, they constituted only one part of what emerged as a new Keynesian order (in many ways a generalization and refinement of the deals Henry Ford had cut with the workers in his mass production factories – thus the preference of some to characterize the period as “Fordist”) in which monetary policy was aimed at keeping interest rates low in order to encourage real, productivity-raising investment, while fiscal policy was formed around a whole gamut of programs designed to equilibrate the balance of class power throughout American society by supporting expanding consumption on the one hand and technological innovation and productivity growth on the other. Thus recurrent collective bargaining and the industry-specific “productivity deals” were complemented by new state programs designed to socialize the costs to workers of change, e.g., social security, unemployment compensation, welfare for the poor, and other state programs that channeled money into research and development of new technologies – from agriculture to nuclear power – all while maintaining more or less full employment.⁴⁵

Within this national context, regulation of the financial sector confined it to a subordinate role supporting the overall Keynesian strategy for managing the dynamics of class conflict. Although stock and bond markets provided a means – through initial offerings – to concentrate money for capital investment, the primary sources of money for real investment were the retained earnings of industrial corporations.⁴⁶

Beyond the national context, however, there was much less regulation. The increasingly dominant role of the United States during and after WWII, the success of anti-colonial struggles and the emergence of the Cold War meant that American policy makers were able to impose, and maintain for many years, an international monetary system based on fixed exchange rates in which the dollar played a privileged role.⁴⁷ That system presupposed and depended for its stability upon not just the borrower-of-last-resort role of the International Monetary Fund, but the ability of nation states to wield monetary and fiscal policies to achieve adjustment in their international accounts and maintain stability in their internal class relations. Where local governments failed in such efforts the IMF provided short-term loans and the United States used bilateral aid, civilian and sometimes military advisors to carry out nation-building and, where it was judged necessary, counterinsurgency programs and wars.

As this international system evolved in the 1950s and 1960s, the role of the dollar as international money expanded apace, eclipsing not only other currencies but also gold even as the dollar-gold exchange rate remained fixed. The expansion of dollar holdings by central banks as reserve currencies was accompanied by an even faster expansion of dollar holdings by both financial and nonfinancial corporations – dollars that were being used by multinational corporations to finance private trade and investment within and across national borders. Thus first a Eurodollar market and then an Asian dollar market emerged where ever vaster quantities of currencies were being exchanged. Unlike the situation within the United States and some other countries, these international money markets were largely unregulated, and what regulations there were, e.g., limitations placed on foreign ownership of local business or the repatriation of profits by foreign firms, were gradually eroded under pressure from multinational corporations, the United States government and international capitalist institutions such as the IMF and the World Bank.

Eventually the growing quantity of dollars being held and traded outside the United States was challenged by European and Asian governments, e.g., France, Germany and Japan, who pointed out that the growth of international dollar holdings depended on chronic, and eventually unsustainable, deficits in the US balance of payments. They also accused American corporations of taking advantage of the role of the dollar to buy up local industry and the American government of exporting inflation and in the process crippling their ability to use monetary policy for their own domestic purposes, i.e., to manage their internal class relations. Finally, they pointed

⁴⁵ Despite being stripped of explicit Keynesian elements before passage, the Full Employment Act of 1946 formalized the federal mandate to maintain full employment and avoid future depressions. The seminal article recognizing how Keynesianism constituted a capitalist adaptation to a new level of working class power was Antonio Negri, “John M. Keynes e la teoria capitalistica dello stato nel '29”, *Contropiano*, No. 1, 1968, subsequently published in the collection S. Bologna et al., *Operai e stato: Lotte operaie e riforma dello stato capitalistico tra rivoluzione d'Ottobre e New Deal*, Feltrinelli, 1972 and in English in Toni Negri, *Revolution Retrieved: Selected Writings on Marx, Keynes, Capitalist Crisis and New Social Subjects, 1967-83*, London: Red Notes, 1988.

⁴⁶ This was a key element in Baran and Sweezy's arguments about the rise of “monopoly capital” and was juxtaposed to the early 20th Century phenomenon that Hilferding observed and analyzed of industrial capital being financed and overseen by financial capital, i.e., an early period of what is now called “financialization.” See: Rudolf Hilferding, *Finance Capital: A Study of the Latest Phase of Capitalist Development* (1910).

⁴⁷ Despite the reliance of this system on Keynesian methods to bring about adjustments in international accounts, this was not the system recommended by Keynes himself. At Bretton Woods Keynes had argued for the creation of a world central bank that would issue a world money and a set of rules where deficit and surplus countries would be under equal obligation to engineer adjustments. Unlike the Americans who constantly pushed for free capital mobility, Keynes also expected and accepted strict national regulation of international capital flows.

to the increasing instability in foreign exchange markets as both governments and corporations hedged (speculated) against changes in fixed rates to protect or expand the value of their money holdings. The alternative policies those challengers proposed included everything from a revaluation in the price of gold, to the creation of a new world money to replace the dollar. The US government resisted all such demands.

These conflicts came to a head in 1971 when the declining US trade balance finally slipped into deficit and a run on the dollar in foreign exchange markets led President Richard Nixon to unhook the dollar from gold (by so doing he ended the fixed exchange rate system), to impose wage and price controls not seen since WWII and to slap a surcharge on imports – violating the US government’s long-time support for the multinational corporate goal of ever freer trading arrangements. All of this clearly constituted a monetary crisis of both domestic and international dimensions. Moreover this monetary crisis initiated the beginning of the current neoliberal period that has included the progressive financialization of the economy and of the relationship between classes.

How then does my reading of Marx’s labor theory of value help us understand the nature and sources of the above crisis and the shifts in class relations that followed? First of all, it compels us to look beneath the overt deals and conflicts among nation states and between corporations and labor unions to see how the evolution of these things was determined by changes in the balance of class power understood in terms of the power of capital to impose work versus the power of people to resist that imposition. To see, as mentioned above, how the working class mobilizations of the 1930s imposed a new deal in which people agreed to work for more or less fixed hours in exchange rising wages and benefits is a useful point of departure. Essentially, American workers had been fighting to reduce the number of hours they had to work for capital for many decades, slowly and irregularly driving down the average working week from 75-80 hours in the late 19th Century to an average of about 40. In the process they achieved a “weekend” ostensibly free from work and available for their own self-valorization, either individual or collective.⁴⁸ For a while the generation that had achieved these results was willing to accept the new deals.

As time passed, however, a new generation of young workers entered the labor force, a generation that not only expected to see wages continue to rise, but one that wanted more free time in which to make use of higher wages.⁴⁹ Such desires came into increasing conflict with trade union leaders who refused to reopen the question of working hours in collecting bargaining with employers. Those union leaders and their shop stewards had effectively become part of capitalist management, mediating the relation between workers and the corporations. By accepting to sign contracts that fixed working hours and work rules, they also accepted the legal obligation to help enforce them. Union leadership willing to play such roles was achieved through purges of active militants; those who remained became willing executors of the capitalist imposition of work in order to defend their own position and power. The inevitable result was growing antagonism between the rank and file and the unions, an antagonism that led on the one hand to all kinds of covert work refusal hidden from both management and union shop stewards and, on the other hand, overt efforts to form alternative organizations to challenge union leadership, e.g., Miners for Democracy that challenged the United Mine Workers leadership, or Teamsters for Democracy that challenged the mafia-linked leadership of that union. Before long covert work refusal became overt in the form of wildcat strikes aimed not only at corporate management but at union leadership. These kinds of conflicts increasingly ruptured the whole set of mediations that had played a key role in stabilizing capital-labor relations in the Keynesian period. Not only did the demands for less work challenge the ability of the wage relation to reflexively define people as workers, but by fighting and often bypassing the official union structures, these struggles ruptured the carefully crafted syllogistic mediations that had been put in place to control the rank and file of industrial labor. In all of this labor became less malleable, hierarchical divisions based on race and ethnic divisions were overcome and the role of work as social control (abstract labor) was undermined.

⁴⁸ In reality, of course, the actual amount of free time and energy available on weekends has been limited by two things: first, the still great amount of time dominated by work during the other five days has meant that part of every weekend is taken up doing those things necessary for the reproduction of labor power that could not be done during the waged week, second, capital moved to colonize the weekend just as it had previously moved to colonize other hours liberated from waged work, e.g., by providing plenty of entertainment to divert workers’ time and energy away from struggle. Access to much of that entertainment, of course, has to be purchased (movies, concerts, races, etc.) – a process facilitated by financial institutions providing credit cards whose high rates of interest all too often have led to new forms of “debt peonage”.

⁴⁹ Neoclassical *microeconomists* eventually recognized that many consumer goods and leisure time are “complementary” goods, such the increasing acquisition of the former, bought with rising wages, can lead to demands for less work and more leisure time in which to employ or enjoy what they can buy. Such demands contradict the *macroeconomic* goal of “full employment” premised on fixed working hours.

Such ruptures in the capitalist use of mediation to manage the working class were also taking place outside of industry in the various domains of reproduction: the community, the home and the school. The Civil Rights movement attacked segregation as a means of using whites to control non-whites. The welfare rights movement fought to convert welfare programs into vehicles of struggle. Women increasingly collaborated to refuse and challenge the power of men to mediate their relationship to capital and the wage. Students revolted against school administrators while refusing the mediation of teachers. As these struggles unfolded, they influenced each other; the revolt against discrimination in the community circulated into the workplace as groups like the League of Revolutionary Black workers led the militant attack on work and capitalist control; women's refusal of male authority in the home buttressed students' refusal of authority in schools, and so on. Crisis gathered throughout the social factory.

This rupturing of productivity deals also underlay many of the macroeconomic problems mentioned above. Contract negotiations continued to yield money wage and benefit increases but on-the-job disruptions (including sabotage) and growing refusal of workers to collaborate with productivity raising changes in the organization of work meant that productivity growth began to lag behind the growth in compensation. This raised the costs of production and put pressure on business to raise prices to compensate. This was one of the fundamental dynamics underlying what economists called "cost-push" inflation. By the late 1960s, widespread revolt against capitalist crafted social structures within the United States and a growing anti-war movement constrained fiscal policy and led to an accommodating monetary policy that financed accelerating inflation. It was that inflation which undermined the international competitiveness of goods produced in the US, shrinking the trade surplus to the point where it fell into deficit in 1971 and provoked the run on the dollar mentioned above. These pressures, along with others, not least of which was the resistance of the people in Southeast Asia to the imposition of a new neocolonial order, contributed to that exportation of inflation that angered European policy makers and drove them to challenge US hegemony. To make a long story short, beneath the monetary crisis of the early 1970s lay the revolt against work in both the waged work place and the unwaged institutions organized to reproduce labor power.

This recognition of the intimate link between the struggle against work and against all of the mediations and measures through which capital has sought to subordinate our lives also provides a key to understanding the whole sequence of monetary and financial crises that has followed the collapse of Keynesianism and Bretton Woods and that I sketched in my brief comment above on Thesis #2. Again and again capital wielded money in first one way, then another way to reimpose discipline on the job and to overcome crises in the reproduction of labor power. Again and again, those strategies were undermined by continuing resistance. Financialization, or the increasing reliance on the financial industry as the most dependable domain in which to realize profits was a response to the failure to restore profitable order, i.e., impose enough work, in other industries such as manufacturing and services – this despite the outsourcing of manufacturing and some services to areas of weaker, cheaper labor and the ever more vicious imposition of austerity in areas where workers were stronger.

Today, given the hardline capitalist push in Europe and the United States to use financial crisis as an excuse to impose drastic austerity on some – in preparation you may be sure for the imposition of austerity on all – probably the most relevant episodes of the use of financial sector to impose work and extract surplus value (profit) of the last forty years are those that unfolded during the international debt crisis of the 1980s and 1990s. Having written about this elsewhere, I don't want to dwell on it too much, but simply to point out that all those measures demanded by creditor institutions (mainly the big multinational banks) and backed by the IMF and the most powerful OECD governments involved the imposition of austerity on the working class in country after country, first Mexico, then Argentina and Brazil, then others.⁵⁰ Refusing to reduce debts artificially jacked up to impossible levels by monetary policies in the creditor nations – starting with the United States – the banks and the IMF demanded as conditions for rolling over debt: the cutting of wages and benefits, massive layoffs, attacks on consumer credit, the gutting of social programs that supported the unwaged and put a floor under the wage hierarchy, the privatization of state industries where wages were relatively high, and so on. All this while leaving the monies available for police and military repression of worker resistance to such measures untouched. These are the same kinds of conditions now being imposed on Greece, Spain and Portugal. What are now called "bailouts" of those countries are actually measures designed to protect profits in the financial sector at the expense of working class income and well-being. Just as they were in the case of the earlier international debt crisis, they are thinly veiled power plays designed to smash the

⁵⁰ See: H. Cleaver, "Close the IMF, Abolish Debt and End Development: a Class Analysis of the International Debt Crisis," 1989 *Capital & Class* No. 39, Winter 1989.

ability of workers to struggle for less work and restore the ability of capital to impose it under the most profitable conditions possible.

Just as people in the so-called “debtor countries” valiantly resisted the imposition of such measures and through their resistance limited the imposition of work and suffering, so too are the people of Greece, Spain and now Portugal currently resisting. But the experience of such struggles in the 1980s and 1990s also showed how the failure to form a united front against such measures allowed the banks and IMF to isolate populations, one by one, and eventually extract hundreds of billions of dollars from them and impose untold suffering. The same banks and the same IMF, backed by pretty much the same national governments – especially the US and German governments – are now employing the same methods in Europe and in the United States to achieve a massive transfer of value from workers to financial corporations.⁵¹ The only limits to the viciousness of such attacks today are the same as they have been in the past: those we are able to impose by resisting, by refusing to accept lower wages, gutted social programs and falling standards of living aimed at further enriching financial institutions and through them empowering capital in general at our expense.⁵²

⁵¹ In the United States austerity is being imposed both at the federal and state level. At the federal level while Republican Party members have been the most vociferous and extreme in their demands for cutting expenditures to reduce federal debt, most Democratic Party members, including the President, have largely accepted their logic and the only debates have been over how much to cut and where. At the state level, varying degrees of austerity are also being imposed – largely on the basis of local constitutional requirements to balance state budgets. In a situation of falling tax revenue brought on by the financial crisis and the consequent economic slump the existing requirements mandate the reduction of expenditures. At both levels, the voices of dissident economists arguing against austerity, for more government action to stimulate growth and for revoking such constitutional requirements have been largely ignored.

⁵² Frankly, I would think all of this should be clear here in Poland because much the same strategies of austerity and repression were used in the wake of the overthrow of communist governments. Jeff Sachs, after all, brought his “shock therapy” from Latin American to Poland (before moving on to Russia) advising the new Polish government on how to implement neoliberal, pro-market policies that would impose discipline on a population that had just freed itself from a totalitarian government.