Conventional theories of capitalism are mired in a deep crisis: after centuries of debate, they are still unable to tell us what capital is. Liberals and Marxists both think of capital as an ‘economic’ entity that they count in universal units of ‘utils’ or ‘abstract labour’, respectively. But these units are totally fictitious. Nobody has ever been able to observe or measure them, and for a good reason: they don’t exist. Since liberalism and Marxism depend on these non-existing units, their theories hang in suspension. They cannot explain the process that matters most – the accumulation of capital.

This book offers a radical alternative. According to the authors, capital is not a narrow economic entity, but a symbolic quantification of power. It has little to do with utility or abstract labour, and it extends far beyond machines and production lines. Capital, the authors claim, represents the organized power of dominant capital groups to reshape – or ‘creorder’ – their society.

Written in simple language, accessible to lay readers and experts alike, the book develops a novel political economy. It takes the reader through the history, assumptions and limitations of mainstream economics and its associated theories of politics. It examines the evolution of Marxist thinking on accumulation and the state. And it articulates an innovative theory of ‘capital as power’ and a new history of the ‘capitalist mode of power’.

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To our lovely daughters – Elvire, Maryse and Isabelle
Thus, the birth of philosophy is not just coincident, but equisignificant with the birth of democracy. Both are expressions, and central embodiments, of the project of autonomy.

Night has fallen only for those who have let themselves fall into the night. For those who are living, [says Heraclitus], *helios neos eph’hemerei estin* – the sun is new each day.

—Cornelius Castoriadis, The “End of Philosophy”?
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This volume was written in relative isolation, and after reading it you’ll see why. The book questions the very foundations of mainstream and Marxist political economy, and it goes further to offer a totally new alternative. Going against the grain is hardly the best way to make friends, and, as the history of science tells us, those who try to innovate often face a wall of silence.

But the silence is never complete. There are always free spirits who look for new directions, and we have been fortunate to cross paths with some of them. Our work has benefited from the friendship of Allen Fenichel, Tom Naylor and Robin Rowley, who helped us stand against the academic church; from the thoughtful interventions of Randy Germain, who helped and encouraged us at various stages of the publication journey; from Jeffrey Harrod, whose grassroots analysis shed light on aspects that our power theory had overlooked; from Doug Henwood and Michael Perelman, whose LBO and PEN-L internet lists we found invaluable; from years of discussions with Gibin Hong, who also translated the early incarnation of this manuscript into Korean; from Bob Jessop, who engaged with and supported our work even when our opinions differed; from Moshé Machover, whose personal honesty, clarity of thinking and path-breaking politics one cannot but admire; from Ulf Martin, whose sharp observations and penetrating questions always kept us on edge; from many debates with the colourful members of MISS-Q, whose arguments often gave us food for thought; from the unmatched editorial skills of Daniel Moure, who polished our English and compiled our index; from Akiva Orr, whose deep insights into philosophy and science we found enlightening; from Jeffrey Rudolph, who managed to mix accounting with curiosity; from Herman Schwartz, whose brilliance offered an antidote to academic mediocrity; and, last but not least, from Genevieve Thouvenot, whose expertise in ancient languages saved us from drawing silly conclusions, and whose suggestions often helped us find the answer right under our nose.

We also feel indebted to the brave women and men of MATZPEN, the Alternative Information Center and others too numerous to be listed here, whose struggle for freedom and autonomy in the Middle East inspired our early research and continues to influence our thought.
Acknowledgements

Finally, we wish to thank the three anonymous referees who read the early version of the manuscript; the Social Sciences and Humanities Research Council of Canada for its financial assistance; and our students, whose desire to think for themselves made writing this book worthwhile.
1 Why write a book about capital?

There is no joy more intense than that of coming upon a fact that cannot be understood in terms of currently accepted ideas.
—Cecilia Payne, *An Autobiography and other Recollections*

Capitalism without capital

We grew up in the ‘affluent society’ of 1950s and 1960s. As children and then as young adults we rarely heard the word ‘capitalism’. It was the Cold War, and speaking about capitalism, although not strictly taboo, was hardly a popular pastime. The term smelled of extremist ideology; it connoted communist rhetoric; it conjured up bygone debates and obsolete ideas.

As a theoretical concept, capitalism seemed hopelessly unscientific. It was a remnant from a different era, from a time when people, haunted by ‘scarcity’, still viewed society through the hazy spectacles of political economy. The new social sciences – and particularly the science of economics – boasted far better and more precise categories.

These categories were grouped under a new buzzword: ‘modernization’. Talk of modernization opened all the right doors. It invited American aid, it paved the road to development and it helped academic promotion. The word ‘capitalism’ became redundant, if not counterproductive. Gradually, it vanished from the lexicon.

But beginning in the early 1990s a strange thing happened: capitalism staged a remarkable comeback. Suddenly, social scientists and post-scientists alike wanted to talk of nothing else. The capitalist world, capitalist markets, capitalist governance, capitalist culture, capitalist institutions, capitalist wars, capitalism and race, capitalism and gender, capitalism and libido – no matter where you turn, you cannot escape the C-word.

Debate over capitalism is everywhere. The newspapers, radio, television and the internet overflow with talk of neoliberal globalization and crisis, imperialism and post-colonialism, financialization and government intervention. Experts preach the gospel of capitalist productivity, while alterglobalization protestors blame the IMF and transnational companies for
Why write a book about capital?

many of our social ills. Some view capitalist growth as a magic bullet; for others it spells ecological disaster. Some celebrate the deregulation of the capitalist state and the fall of Keynesianism; others mourn the decline of the welfare state and the rise of zapping labour. Many interpret the new wars of the twenty-first century as serving capitalist interests and the rise of Islamic fundamentalism as a backlash against Western liberalism. For some, capitalism means the end of history, for others a source of conflict and an engine of change. No aspect of capitalism seems to escape debate.

Or perhaps we should say almost no aspect. Almost, because something really important is missing. In all the commotion, we seem to have lost sight of the concept that matters most: capital itself. Capital is the central institution of capitalism – and yet, surprisingly, we do not have a satisfactory theory to explain it. In fact, we do not know precisely what capital is. And worse still, there is little or no discussion on what this omission means or how it can be rectified.

The issue is crucial. Without a clear concept of capital, we cannot hope to understand how capital operates, why it accumulates or how it drives the capitalist order. Until we understand capital, we are destined to misconceive our political institutions, misjudge our alternatives and have trouble imagining the way to a better future. In short, in order to debate capitalism we first need to debate capital itself.1

This book is not about economics

Many people who are otherwise keenly interested in society get cold feet when confronted with ‘economics’. The symbols seem mysterious, the logic baffling, the language incomprehensible, even threatening. The dread is real. Ever since Thomas Carlyle, the ‘dismal science’ has been frightening most people.

But that fear is irrelevant to our book. Our subject is not economics; it is capital. And capital, as we hope to show, is not an economic entity.

It should be noted upfront that economics – or, more precisely, the neoclassical branch of political economy – is not an objective reality. In fact, for the most part it is not even a scientific inquiry into objective reality. Instead, neoclassical political economy is largely an ideology in the service of

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1 Of course, not everyone shares this sense of urgency. Quite the contrary. These days, many academics tell us that, in fact, there are no facts (in a conversation or a speech, a speaker will typically use her fingers to encapsulate the word ‘facts’ with invisible inverted commas, pointing to its obvious ambiguity). In postmodern space, these academics explain, there is nothing much to ‘know’ (again in inverted commas). Everything – including capital – is merely a ‘narrative’. Capital is a ‘discourse’ that cannot be known, only ‘deconstructed’. And who knows, since nobody ‘really’ knows, maybe that is indeed the best way to conceal capital. This convenient conclusion, though, begets a somewhat embarrassing question: if capital is merely a discursive text, one faith among many, what is the point of talking about – let alone criticizing – capitalism? And if there is no point in such critique, who needs the postmodern critics?
Why write a book about capital?

It is the language in which the capitalist ruling class conceives and shapes society. Simultaneously, it is also the tool with which this class conceals its own power and the means with which it persuades others to accept that power.

Our book puts power back in centre stage. Notice the metaphoric equality in the title: ‘Capital as Power’. We use not and, but as. We do not speak of capital and power; of capital in the service of power, or vice versa; of capital in relation to state; of capital with or against politics; of capital in contradiction to violence; or of capital and ideology. We refer not to a relation, connection, function, or juxtaposition, but to a figurative identity. Capital does not relate to power. It is, in itself, a mode of power.

The purpose of this book is to explain capital as power. The first step toward understanding our argument, therefore, is to stop thinking of capital and capitalism as ‘economic’ entities. But that is just the start. The second step is to be willing to take on the dogma that makes capital and capitalism ‘economic’ entities in the first place.

How and why

Young children are obsessed with the question ‘why?’ ‘Why do I need to brush my teeth?’ ‘Why do birds fly and dogs don’t?’ ‘Why does mommy have to go to work?’ The quest is universal, but it doesn’t last for long. Children quickly learn that grownups dislike the question and often don’t know how to answer it, and they realize that one ‘why?’ inevitably leads to another, followed by further hassle and endless aggravation. So they grow up. By the age of five or six, they abandon the ‘why?’ in favour of the more practical ‘how?’ They stop questioning the world and try to fit into it. They become adults, and they usually remain so for the rest of their lives.

But not everyone grows up. As Mark Twain (1881) reminds us, some people stay young no matter how old they become. And the youngest of all are those who never stop asking ‘why?’ This book is written for these young people of all ages. We write it for those who feel their future is at stake and wish to do something about it; for those who sense that there is something deeply wrong with the conventional creed but don’t know exactly what it is; and, above all, for those who simply dislike dogma and want to think for themselves.

Perhaps the key problem facing young people today is a lack of theoretical alternatives. A new social reality presupposes and implies a new social cosmology. To change the capitalist world, one first needs to re-conceive it; and that re-conception means new ways of thinking, new categories and new measurements. And yet, many contemporary critics of capitalism seem to believe that they can challenge this social order without ever asking how it operates, let alone why.

With some obvious exceptions, present-day leftists prefer to avoid ‘the economy’, and many are rather proud about it. To prioritize profit and
accumulation, to theorize corporations and the stock market, to empirically research the gyrations of money and prices are all acts of narrow ‘economism’. To do these things is to fetishize the world, to conceal the cultural nuances of human consciousness, to prevent the critic from seeing the true political underpinnings of social affairs. Best to leave them to the dismal scientists.

And, so, most self-respecting critics of capitalism remain happily ignorant of its ‘economics’, neoclassical as well as Marxist. They know little about the respective histories, questions and challenges of these theories, and they are oblivious to their triumphs, contradictions and failures. This innocence is certainly liberating. It allows critics to produce ‘critical discourse’ littered with cut-and-paste platitudes, ambiguities and often plain nonsense. Seldom do their ‘critiques’ tell us something important about the forces of contemporary capitalism, let alone about how these forces should be researched, understood and challenged.

Most importantly, though, this stale context conditions students to stop asking ‘why?’ The big questions about capital are pushed under the rug, and as the young generation gets older and becomes established, the questions are forgotten altogether. Occasionally, an untamed spirit, having discovered an old debate in an outdated book, raises a naïve ‘why?’ But these spontaneous fires are quickly isolated and extinguished. Ridiculed by know-all professors and hushed by acolyte students, the outlier is forced to relinquish or perish. There is no alternative, and the safest thing for an academic is to never wonder why.2

Our book defies this dogma. We provide a new conceptual framework for capital – along with the context that this framework negates and the means by which it is articulated. ‘There is no empirical method without speculative concepts and systems’, writes Einstein in the forward to Galileo’s Dialogue

2 As a first-year economics student at Tel-Aviv University, one of us (Nitzan) challenged the professor with questions about the assumptions. Economists make plenty of those, so there were many questions to ask. Initially, the professor was happy to engage. But two weeks into the course, the questions became more difficult to answer, the students grew annoyed with my interventions, and the professor began to apply the usual stalling tactic. ‘Yours is a very interesting question’, she would say, ‘but it’s too early to deal with it. Please raise it later, when we deal with this topic in greater detail’. This method is popular among economics instructors, and it works particularly well when combined with a heavy dose of ‘problem-solving’ exercises. The seemingly ‘practical’ drill forces students to accept the underlying premises, and when the premises are accepted the questions quickly disappear. But I persisted, so the professor had no choice but to shut me off altogether. When I inquired why I was being ignored, her reply was short and informative: ‘You don’t know how to ask questions’.

Many years later, an undergraduate student in one of my political-economy classes summarized the same dilemma from a different angle: ‘Your class makes me sooo nervous. With all my other professors, I can write pretty much what I want as long as I stick to the syllabus and properly cite the readings. But your class doesn’t work this way. Not only do I have to do my own research, I also need to invent the research question. And in the end, I can still be wrong’ . . . . What a terrifying thought.
Concerning the Chief Two World Systems (Galilei 1632). But, also, ‘there is no speculative thinking whose concepts do not reveal, on closer investigation, the empirical methods from which they stem’ (p. xvii). The two processes are dialectically intertwined. And, so, together with our theoretical schemes, we introduce new research methods; new categories; new ways of thinking about, relating and presenting data; new estimates and measurements; and, finally, the beginnings of a new, disaggregate accounting that reveals the conflictual dynamics of society. We show that there can be many alternatives, provided we never stop asking why.3

Clearly, we would be happy to convince our readers with our specific arguments, but that goal is secondary. The more important goal is to encourage readers to develop their own research. As the book will amply show, social facts are indispensable but never ‘self-evident’, and since the emperor is so often naked, we shouldn’t be afraid to ask why. There is a lot to suspect in the world of the ‘obvious’, so try to distrust the ‘experts’ and ‘authorities’ – be they mainstream or critical. In the final analysis, the only way to develop your own opinion – instead of adopting the opinions of others – is to always ask why and constantly re-search your own answers.

What’s wrong with capital theory?

Begin with the monetary magnitude of capital. This magnitude is readily observable. We know how much it costs to buy existing capital on the stock and bond markets, just as we know how much it costs to set up a new company, or to put in place new plant and equipment. But what determines these monetary magnitudes? What are the forces that lie beneath the earthly appearance of capital? Why is Microsoft worth $300 billion and not half that much? Why does Toyota pay $2 billion rather than $4 billion for a new car factory? Why do these magnitudes tend to grow over time? What sets their pace of growth?

Economists – both liberal and radical – claim to have answered these questions. Capital, most would say, is an economic category anchored in material reality. In the final analysis, the monetary value of capital derives from and reflects the underlying processes of consumption and production.

Mainstream neoclassical economists view this determination from the output side. Capital for them is made of tangible capital goods (and now also of intangible knowledge or technology). The magnitude of capital in money terms is proportionate to its productivity – namely, to its ability to produce goods and services that satisfy human wants and generate happiness. This transmutation is meaningful because both capital and its productivity are

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3 On the clash between modern academia and the scientific endeavour, see our unpublishable manuscript ‘The Scientist and the Church’ (Nitzan and Bichler 2005). The paper can be downloaded for free from http://bnarchives.yorku.ca/185/.
counted in the same universal unit, the elementary particle of economics: the ‘util’.

Marxists see things rather differently. Capital for them is not a material substance per se, but a social relation embedded in productive, material entities. In order to understand capital, they argue, we have to look behind the hedonic veneer of liberal ideology and examine the industrial essence of the system. From this viewpoint, the key issue is not the utility that the capital produces, but the social process by which capital itself gets produced. Consequently, the proper way to approach capital is not from the output side, as per the neoclassicists, but from the input side – the side of labour.

Marxists, too, count capital in universal units: the units of ‘abstract labour’. This is the elementary particle of Marx’s cosmology. Quantitatively, the dollar value of capital in the Marxist scheme is proportionate to its cost of production, and, specifically, to the amount of abstract labour socially necessary to produce that capital.4

Unfortunately, both explanations fail. In the end, neither the neoclassicists nor the Marxists are able to answer the question of what determines the magnitude of capital and its rate of accumulation.

Many reasons conspire to produce this failure, but the most important one concerns the basic units of analysis. As we shall see, utils and abstract labour are deeply problematic categories. They cannot be observed directly with our senses, and they cannot be examined indirectly through intermediation. Their ‘quantity’ cannot be calculated, even theoretically. In fact, they are not even logically consistent entities. These shortcomings are very serious, and the last one potentially detrimental.

It is of course true – positivism notwithstanding – that a scientific theory does not require all of its elementary particles to be observable, whether directly or indirectly. To mention the obvious, atoms were deemed unobservable till the early twentieth century, many subatomic particles are still elusive, and entities such as strings will perhaps stay so forever (or at least for a while longer). Yet the ‘invisibility’ of these elementary particles has hardly diminished the scientific footing of modern physics.5 Indeed, one may argue that, since Galileo, the strength of science lies precisely in its ability to explain observed magnitudes by unobserved ones.6

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4 This is the view of classical Marxists, but not of neo-Marxists. Although the latter accept many of Marx’s assumptions and analyses, they no longer use abstract labour as a basis for understanding contemporary capitalism and modern accumulation. The difference between the two approaches has significant implications, which we explore in Chapters 4 and 8.

5 On the concept of ‘observation’ and its intricacies, see Shapere (1982).

6 According to Zev Bechler, one of Galileo’s chief contributions to the scientific revolution was the rejection of Aristotle’s anti-informativism in favour of informative theories. In his Two New Sciences, Galileo suggested that, ‘Since I cannot do more at present, I shall attempt to remove, or at least diminish, one improbability by introducing a similar or a greater one, just as sometimes a wonder is diminished by a miracle’ (quoted in Bechler 1991: 131). In other words, modern science advances not by insisting on logically complete and therefore
The situation is quite different with neoclassical utils and Marxist abstract labour. These units are unlike atoms, electrons, or strings. The latter may be unobservable to us, but that shortcoming – at least in principle – could be attributed to our own limitations. Theoretically, atoms, electrons and strings are logically consistent entities with a definite set of quantities, whether deterministic or probabilistic. By contrast, utils and abstract labour are invisible not because of our own shortcomings, but because they do not – and cannot – possess a definite magnitude in the first place. They have pseudo-quanta. Even if we could somehow ‘see’ them, there would be nothing to measure. And ‘quanta’ that cannot be measured – no matter how important they might be otherwise – cannot form the basis for quantitative analysis.

The consequence is that neoclassical economics and Marxist political economy lack a basic unit. And without a basic unit, we remain right where we started. We know the price of capital in dollars and cents, but not how many utils or hours of abstract labour this value supposedly represents. We know that capital accumulates, but not why it accumulates or what this accumulation means.

**Toward a new theory of capital**

The secret to understanding accumulation, this book argues, lies not in the narrow confines of production and consumption, but in the broader processes and institutions of power. Capital, we claim, is neither a material object nor a social relationship embedded in material entities. It is not ‘augmented’ by power. It is, in itself, a **symbolic representation of power**.

The starting point is finance. As we shall see, Marx classified finance as ‘fictitious’ capital – in contrast to the ‘actual’ capital embedded in the means of production. This classification puts the world on its head. In fact, in the real world the quantum of capital exists as finance, and only as finance. This is the core of the capitalist regime.

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I pointed out [to Einstein] that we cannot, in fact, observe such a path [of an electron in an atom]; what we actually record are frequencies of the light radiated by the atom, intensities and transition probabilities, but no actual path. And since it is but rational to introduce into a theory only such quantities as can be directly observed, the concept of electron paths ought not, in fact, to figure in the theory. To my astonishment, Einstein was not at all satisfied with this argument. He thought that every theory in fact contains unobservable quantities. The principle of employing only observable quantities simply cannot be consistently carried out. And when I objected that in this I had merely been applying the type of philosophy that he, too, had made the basis of his special theory of relativity, he answered simply: ‘Perhaps I did use such philosophy earlier, and also wrote it, but it is nonsense all the same’.

(Quoted in Weinberg 1992: 180)
The modern corporate owner does not view capital as comprising tangible and intangible artefacts such as machines, structures, raw materials, knowledge and goodwill. Instead, he or she is habituated to think of capital as equivalent to the corporation’s equity and debt. The universal creed of capitalism defines the magnitude of this equity and debt as capitalization: it is equal to the corporation’s expected future profit and interest payments, adjusted for risk and discounted to their present value.

Faith in the principle of capitalization now has more followers than all of the world’s religions combined. It is accepted everywhere – from New York and London to Beijing and Teheran. In fact, the belief has spread so widely that it is now used regularly to discount not only capitalist income, but also the income of wage earners, governments, and, indeed, society at large.

But as often happens with religion, the greater the belief the fewer the questions. And, indeed, those who obey capitalization are so conditioned that they rarely if ever enquire into its origin and implications. So maybe it isn’t too much to stop and ask: What exactly is the meaning of capitalization? Where does it come from and why has it become so dominant? What are the forces that propel it, and how do they shape the broader process of capitalist development?

As this book will show, the elements of corporate capitalization – namely the firm’s expected earnings and their associated risk perceptions – represent neither the productivity of the owned artefacts nor the abstract labour socially necessary to produce them, but the power of a corporation’s owners. In the capitalist order, it is power that makes the owned artefacts valuable to begin with. Moreover, the power to generate earnings and limit risk goes far beyond the narrow spheres of ‘production’ and ‘markets’ to include the entire state structure of corporations and governments.

This perspective is unlike that of conventional political economy. Liberal ideology likes to present capital and state as hostile, while Marxists think of them as complementary. But in both approaches, the two entities – although related – are distinctly instituted and organized.

Our own view is very different. As we see it, the legal–organizational entity of the corporation and the network of institutions and organs that make up government are part and parcel of the same encompassing mode of power. We call this mode of power the state of capital, and it is the ongoing transformation of this state of capital that constitutes the accumulation of capital.

The conventional creed incessantly fractures this encompassing process into a kaleidoscope of multiple interpretations. It conditions us to think of a bank as part of the ‘economy’, of the army as a component of ‘politics’ and of a television network as an aspect of ‘culture’. We expect the ‘sports’ section of the newspaper to be separate from the sections that deal with ‘international

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7 For simplicity, we refer here to corporate capitalization only. Later in the book we treat capitalization more generally.
news’ and ‘education’. We split our life into distinct functions such as ‘family’, ‘work’, ‘consumption’ and ‘entertainment’. We put each entity in a different realm.

And yet, occasionally, a small miracle happens. Like in the opening of Maurice Ravel’s *La Valse*, where the dissociated, fragmented sounds gradually interlace and fuse into a single musical march-dance, our mind, in a flash of negation, unites the seemingly distinct social regions into a single hologram. Although often no more than a fuzzy silhouette, this hologram shows us the whole picture. The fractured human beings, the infinite threads that tie them to one another, the different ‘spheres’ between which they move – all those converge into one totalizing logic: the logic of capital.8

The reason that this logic is so totalizing can be sketched as follows. The capitalist mode of power is counted in prices, and capitalization, working through the ever more encompassing price system, is the algorithm that constantly restructures and reshapes this order. Capitalization discounts a particular trajectory of expected future earnings. For any group of capitalists – typically a corporation – the relative level and pattern of earnings denote differential power: the higher and more predictable these earnings are relative to those of other groups of companies, the greater the differential power of the corporation’s owners.

Note that this is not ‘economic power’. Neither is it ‘political power’ that somehow ‘distorts’ the economy. Instead, what we deal with here is organized power at large. Numerous power institutions and processes – from ideology, through culture, to organized violence, religion, the law, ethnicity, gender, international conflict, labour relations, manufacturing techniques

8 The yearning for a totalizing picture in the face of relentless disciplinary fracturing is described in the childhood reminiscences of Arnold Toynbee:

When I was a child I used to stay from time to time in the house of a distinguished professor of one of the physical sciences. There was a study lined with bookshelves, and I remember how, between one visit and another, the books used to change. When first I knew the room, many shelves were filled with general literature, with general scientific works, and with general works on that branch in which my host was an expert. As the years passed, these shelves were invaded, one after another, by the relentless advance of half a dozen specialized periodicals – gaunt volumes in grim bindings, each containing many monographs by different hands. These volumes were not books in the literary sense of the word, for there was no unity in their contents and indeed no relation whatever between one monograph and another beyond the very feeble link of their all having something to do with the branch of science in question. The books retreated as the periodicals advanced. I afterwards rediscovered them in the attic, where the *Poems* of Shelley and *The Origin of Species*, thrown together in a common exile, shared shelves of a rougher workmanship with microbes kept in glass bottles. Each time I found the study a less agreeable room to look at and to live in than before. These periodicals were the industrial system ‘in book form’, with its division of labour and its sustained maximum output of articles manufactured from raw materials mechanically.

(Toynbee 1972: 30)
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and accounting innovations — all bear on the differential level and volatility of earnings. When these earnings and their volatility are discounted into capital values, the power institutions and processes that underlie them become part of capital. And since capital is a vendible commodity, available for purchase and sale on the stock and bond markets, its relative value represents the commodification of power.

From this viewpoint, we can no longer speak of ‘economic efficiency’ versus ‘political power’, or distinguish ‘economic exploitation’ from ‘political oppression’. Instead, there is a single process of capital accumulation/state formation, a process of restructuring by which power is accumulated as capital. To study the accumulation of capital is to study the formation and transformation of organized power under capitalism. This is the starting point of our book.

A brief synopsis

The book itself consists of five parts. Part I situates the emergence of capital within the broader development of political economy. Part II dissects the liberal and Marxist conceptions of capital. Part III explains why theorists of capital have been barking up the wrong tree, trying to equate accumulation with machines and production instead of capitalization and finance. Part IV lays the foundations for an alternative theory of accumulation based on power. And Part V articulates our own theory of capital as power.

On the face of it, this layout may seem to separate neatly our ‘critique’ of existing theories in the first three parts of the book from the ‘gist’ of our story in the last two. But don’t be tempted to take a shortcut and jump over Rhodes. Substantively, there is no split in the book. The early parts of the book are crucial to the dialectical development of our argument, and unless you read them you won’t understand what follows.

The sections below highlight the key themes of each of these parts, listing some of the questions we ask and sketching the paths we follow as we re-search the answers. We write them less as a summary and more as an appetizer. Hopefully, they will lure you to read the whole book.

Part I: dilemmas of political economy

The first part introduces some of the key dilemmas of political economy. Chapter 2 identifies the two central dualities of political economy: (1) the separation between politics and economics, and (2) the further distinction, within economics, between the real and the nominal. These bifurcations, accepted by both liberals and Marxists, define what political economy does — and what it cannot do. And the most important handicap they impose is the inability to deal with power.

The dualities themselves are hardly accidental. As Chapter 3 explains, they were part and parcel of a triple revolution that swept eighteenth-century
Europe: the ascent of modern science, the emergence of liberal politics and the rise of capital accumulation. This triple revolution undermined the religious–authoritarian cosmos. The hierarchical rule of God and his ordained subcontractors was replaced by a flat law of nature, a secular–universal mechanism that regulated and equilibrated both heaven and earth. This new worldview made the ‘economy’ a natural process, independent of the ‘politics’ of king and church; and it made the ‘nominal’ incomes of the different classes a consequence of ‘real’ production and consumption rather than naked power and sanctified violence.

But whereas the dualities undermined the power of the ancien régime, they were far less effective in concealing (or revealing) the power of capital. Initially, the problem didn’t seem serious enough, and most political economists were totally oblivious to its consequences. The liberals were all too happy to emphasize the liberating aspects of the market and its separation from state, and they therefore had no reason to drag capitalist power into the open. By contrast, the Marxists emphasized the exploitative and oppressive nature of the system; but having banked on the economy’s historical laws of motion to dialectically implode the system from within, they, too, felt no need to complicate the picture with the voluntarist indeterminacies of power. And so ‘politics’ remained happily separate from ‘economics’ and the ‘nominal’ distinct from the ‘real’.

But that situation started to change in the late nineteenth and early twentieth centuries. First, the growth of large units – big business, large government and organized labour – upset the presumed automaticity and self-regulating tendencies of capitalism. Second, there emerged a whole slew of new power processes – from militarization and imperialism, to finance and inflation, to collectivism and fascism, culture and mass psychology, industrial regulation, monopoly and macroeconomic stabilization – developments that no longer fit the equilibrium theories of mechanical liberalism and the historical inevitabilities of dialectical Marxism. And third, political economists started to empirically quantify accumulation – only to find that, in the absence of equilibrium and the presence of power, capital no longer has an ‘objective’ magnitude.

Chapter 4 examines the different ways in which political economists attempted to tackle the problem. The solutions are very different, but they all have one thing in common: they try to have their cake and eat it too. The liberals do so by elimination. They break their economy into two separate domains: ‘micro’ and ‘macro’. The micro sphere is drained of all power, creating a showcase where the laws of economics function smoothly and automatically. Some of the drained power is classified as ‘imperfections’ and tacked on to textbooks as better-to-skip chapters. But the bulk of it – particularly the power of ‘government intervention’ – is exported to the macro field, where ‘distortions’ reign supreme. This solution helps keep the pristine simplicity of liberal theory intact – but at a rapidly mounting cost. Power is now recognized as an unfortunate yet permanent feature of the actual
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And as the power-free models start to fail, liberal economists find themselves increasingly reliant on ‘extra-economic shocks’, ‘selfish unions’ and ‘short-sighted politicians’ to explain what their eternal theories cannot. Unlike the elusive liberals, Marxists try to deal with power head on – yet they too end up with a fractured picture. Unable to fit power into Marx’s value analysis, they have split their inquiry into three distinct branches: a neo-Marxian economics that substitutes monopoly for labour values; a cultural analysis whose extreme versions reject the existence of ‘economics’ altogether (and eventually also the existence of any ‘objective’ order); and a state theory that oscillates between two opposite positions – one that prioritizes state power by denoting the ‘laws’ of the economy, and another that endorses the ‘laws’ of the economy by annulling the autonomy of the state. Gradually, each of these branches has developed its own orthodoxies, academic bureaucracies and barriers. And as the fractures have deepened, the capitalist totality that Marx was so keen on uncovering has dissipated.

Part II: the enigma of capital

These unsolved dilemmas left accumulation in a no-man’s land. The dismal scientists insisted that capital is an ‘economic’ entity and quickly appropriated the exclusive right to theorize, justify and criticize it. But as often happens with uncontested monopolies, the service hasn’t been something to write home about. It has now been more than two centuries since economists started to work on capital, and they have yet to figure it out. . . .

Chapter 5 examines the liberal debacle. The key purpose of neoclassical economics is to justify the profit of capital; and it does so by making the income of capitalists equal to the productivity of their capital. This justification, though, faces two insurmountable obstacles. First, according to its own prerequisites, the theory can work only under the strict conditions of a perfectly competitive economy untainted by politics and power. Ironically, though, this explanation emerged at the end of the nineteenth century, precisely when oligopoly replaced ‘competition’; and it gained prominence after the Second World War, exactly when governments started to ‘intervene’ in earnest. Second, and more importantly, even if pure competition did prevail and there was no government in sight, the theory would still fall flat on its face. In order to explain profit by the productivity of capital, we first need to know the quantity of that capital. Yet it so happens that in order to know the quantity of capital, we first have to know the amount of profit! And since there is no way to tell the chicken from the egg, the neoclassicists continue to run in circles.

Unlike liberals, Marxists do not try to justify profit. On the contrary, their entire effort aims at showing that capitalists can accumulate only by exploiting workers. And yet, since their notion of capital, just like the neoclassical one, is anchored in the ‘economy’, they end up falling into the same materialistic traps. These traps are crucial – so crucial, in fact, that they
undermine Marx’s entire theory of accumulation. And since most people who are otherwise sympathetic to Marx’s critique of capitalism are unaware of these difficulties, we devote two full chapters – 6 and 7 – to their examination.

The commodified structure of capitalism, Marx argues, is anchored in the labour process: the accumulation of capital is denominated in prices; prices reflect labour values; and labour values are determined by the productive labour time necessary to make the commodities. This sequence is intuitively appealing and politically motivating, but it runs into logical and empirical impossibilities at every step of the way. First, it is impossible to differentiate productive from unproductive labour. Second, even if we knew what productive labour was, there would still be no way of knowing how much productive labour goes into a given commodity, and therefore no way of knowing the labour value of that commodity and the amount of surplus value it embodies. And finally, even if labour values were known, there would be no consistent way to convert them into prices and surplus value into profit. So, in the end, Marxism cannot explain the prices of commodities – not in detail and not even approximately. And without a theory of prices, there can be no theory of profit and accumulation and therefore no theory of capitalism.

And that isn’t the end of the story. Chapter 8 shows that political economists are having trouble explaining not only how and why capital accumulates, but also what accumulates. As noted earlier in the introduction, neoclassicists pretend to count capital in ‘utils’ and Marxists in hours of ‘abstract labour’. Unfortunately, though, there can be no ‘economy’ distinct from politics and other aspects of society; and even if the ‘economy’ were an independent sphere, its production and consumption could not be ‘objectively’ given. These two impossibilities turn the search for universal material–economic units into an exercise in futility.

Part III: capitalization

That capital theorists remain so hooked on production and consumption is all the more perplexing given that capitalists themselves are not. Whereas political economists are focused on capital goods, capitalists think of capitalization. The theorists, both mainstream and critical, are nonchalant about this difference. Capitalization, they say, is merely a ‘nominal’ reflection – sometimes accurate, other times distorted – of the ‘real’ economy. Capitalists certainly care about their money assets, but the only way to understand the accumulation of such assets is by theorizing their material underpinnings.

Well, it turns out that this isn’t really the case. Chapter 9 begins our exploration of capitalization, tracing its evolution from its modest beginning in the fourteenth century to its world dominance in the twenty-first. It shows that capitalization not only predates ‘industrialization’ by a few hundred years, but also that it is far more encompassing than is typically assumed – so encompassing, in fact, that in our own day and age it has penetrated every
corner of society and absorbed many of its power processes. Production, narrowly defined, has become merely one of the many faces of capitalization.

But if production is only one aspect of capitalization, how can it serve to explain it? The answer is that it doesn’t. Chapter 10 contrasts the ‘nominal’ process of capitalization with the so-called ‘real’ augmentation of capital goods. It demonstrates that the money value of ‘capital goods’ is a very small fraction of the overall value of capitalization, and that their ratio varies widely over time. But most disturbingly, it shows that the rates of growth of the two magnitudes move in opposite directions: when the growth of the ‘capital stock’ accelerates, the growth of capitalization decelerates and vice versa!

Faced with these facts of life, particularly the last one, the theorists must make a choice: stick with the so-called ‘real economy’ and treat capitalization as a distorted mirror if not a mere fiction; or stay focused on what drives the capitalists and try to develop a social theory of capitalization that transcends the fetish of material production and capital goods. Most political economists have taken the first route. We choose the second.

Chapter 11 unzips the capitalization process. We identify the different ‘elementary particles’ that make up the capitalization formula, examine their actual and ideological histories, dissect their properties and study their interrelations. This analysis provides a broad framework on which we can build an alternative theory of capital as power.

Lineages

Before outlining this theory, though, a few words about origins and influences. Although critical of Karl Marx’s theory of value, we are deeply influenced by his general approach, primarily his notion of capitalism as the political regime of capital. In the twentieth century, Marx’s followers have modified and adapted his insights to the changing nature of capitalism, and debating their theories has helped us shape our own.

In addition to Marx and his followers, we draw on the largely neglected if not forgotten writings of Thorstein Veblen, Lewis Mumford and Michal Kalecki. Veblen was perhaps the first thinker to seriously consider absentee ownership, finance and credit as the central power mechanisms of capitalism. He was also the first to ponder the implications of power – or ‘sabotage’, as he called it – for the concept of capital.

Mumford, who was a student and colleague of Veblen, provided a unique history of technology as power. The first machines, he argued, were social rather than material. They made their initial appearance in the ancient delta civilizations in the form of a mechanized social order – the mega-machine. According to Mumford, the social mega-machine provided the model for all subsequent material and social mechanization – a claim with far-reaching consequences for the study of capitalism.

Kalecki, one of the founders of neo-Marxian economics, developed novel
research methods, both theoretical and empirical. Of these, perhaps the most innovative is the notion of the ‘degree of monopoly’: the idea that the distribution of income is not merely the consequence of economic power, but its very definition.

Taken together, these views – particularly Marx’s emphasis on the political regime of capital, Veblen’s linking of financial capitalization and industrial sabotage, Mumford’s notion of social organization as a power machine and Kalecki’s distributive measurement of power – constitute our starting point. We use them, critically if we can, as stepping stones for our own theory of capital.

However, these influences do not make us members of any ‘school’. Although we have been inspired by Veblen, we consider ourselves neither Veblenians nor institutionalists. Similarly with Marx. Our critique of his schema – particularly his labour theory of value and his notion of surplus value – ‘disqualifies’ us from being Marxist. That said, though, the general thrust of our project is very much in line with Marx’s. Like Marx, we too try to confront the concrete capitalist reality; to examine its actual gyrations, ideologies and justifications; and, above all, to decipher its central architecture: the accumulation of capital. In our opinion – again in line with Marx’s – investigating the capitalist reality is the first prerequisite for changing it.

Needless to say, this type of analysis is antithetical – in method, spirit and aim – to the institutionalism and system approach of Max Weber and Talcott Parsons. It also has nothing to do with the so-called ‘new institutionalism’ of Ronald Coase, Douglas North and Oliver Williamson. The latter school subjugates the logic of organizations and institutions to the marginal calculus of neoclassical utility. The very idea would have made Veblen flip in his grave.

**Part IV: bringing power back in**

Chapter 12 begins our examination of power with a focus on capital and the corporation. The starting point is Veblen. His theoretical framework, articulated at the turn of the twentieth century, was radically different from the orthodoxy of his time (and of our own time still). ‘Industry’ and ‘business’, he argued, are not synonyms, contrary to what conventional political economy would have us believe. On the contrary, they are opposing realms of human activity: industry is the sphere of material production, while business is the domain of pecuniary distribution, and the link between them is not positive but negative.

Industry is a *collective* endeavour. Its success hinges on societal creativity, cooperation, integration and synchronization. In capitalism, however, industry is carried out not for its own sake but for the purpose of business. And the goal of business isn’t collective well being, but pecuniary profit for *differential* gain.

Now the critical bit here is that industry and business are *inherently*
distinct. Modern capitalists are removed from production: they are *absentee* owners. Their ownership, says Veblen, doesn’t contribute to industry; it merely controls it for profitable ends. And since the owners are absent from industry, the only way for them to exact their profit is by ‘sabotaging’ industry. From this viewpoint, the accumulation of capital is the manifestation not of productive contribution but of organized power.

To be sure, the process by which capitalists ‘translate’ qualitatively different power processes into quantitatively unified measures of earnings and capitalization isn’t very ‘objective’. Filtered through the conventional assessments of accountants and the future speculations of investors, the conversion is deeply inter-subjective. But it is also very real, extremely imposing and, as we shall see, surprisingly well-defined.

These insights can be extended into a broader metaphor of a ‘social hologram’: a framework that integrates the resonating productive interactions of industry with the dissonant power limitations of business. These hologramic spectacles allow us to theorize the power underpinnings of accumulation, explore their historical evolution and understand the ways in which various forms of power are imprinted on and instituted in the corporation.

Our inquiry paints a picture that is very different from – and often inverts – the canonical images of political economy. It shows that business enterprise diverts and limits industry instead of boosting it; that ‘business as usual’ needs and implies strategic limitation; that most firms are not passive price takers but active price makers, and that their autonomy makes ‘pure’ economics indeterminate;9 that the ‘normal rate of return’, just like the ancient rate of interest, is a manifestation not of productive yield but of organized power; that the corporation emerged not to enhance productivity but to contain it; that equity and debt have little to do with material wealth and everything to do with systemic power; and, finally, that there is little point talking about the deviations and distortions of ‘financial capital’ simply because there is no ‘productive capital’ to deviate from and distort.

Now, the notion that power is the means of accumulation is only half the story; the other half is that power is also the终极 end of accumulation. Chapter 13 broadens this notion by offering to think of capitalism not as mode of production, but as a mode of power. The argument proceeds in two steps. First, we rewind the story back to the ancient power civilizations, where, according to Lewis Mumford, the first large-scale machines had been assembled. As noted, these mega-machines were not physical contraptions; they were social structures. And their goal, says Mumford, wasn’t production but the very exertion of power.

The same view, we argue, applies to capital. Political economists are not entirely wrong to see capital as a ‘machine’. But this machine isn’t material

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9 The term ‘autonomy’ here should not be interpreted literally. As we shall see, ‘price makers’ are just as subservient to the logic of accumulation as ‘price takers’ are, and they too tend to move in herds – only that the path they trot tends to upset the expectations of economists.
but social: it is a modern mega-machine. Ultimately, capitalists are driven not to produce things but to control people, and their capitalist mega-machine exerts this power with an efficiency, flexibility and force that ancient rulers could not even fathom.

The capitalist mega-machine defines the capitalist mode of power; and a mode of power, we argue, constitutes the ‘state’ of society. The second part of Chapter 13 historicizes this proposition. It begins with the feudal mode of power from which capitalism emerged; it traces the process by which the feudal mode of power gave way to a capitalist mode of power; and it examines how the logic of capital has gradually penetrated, altered and eventually become the state – the state of capital.

This state is not an ‘actor’ that stands against or with capital. Nor is it an eternal Newtonian space that simply ‘contains’ different actors at different times. As we see it, the state of capital is a historically constituted Leibnitzian space, an ever-changing structure of power defined and shaped by the concrete entities and relationships that comprise it.

Part V: accumulation of power

Social power is commonly sanctified by the heteronomous dictates of God or Nature. These pronouncements of power, coming from ‘outside’ society, seem inevitable, and the tangible symbols in which they are expressed – temple, palace, army, slaves and material wealth – make them look absolute. But social power is autonomous, not heteronomous. It comes from within society, not from without. And for that reason, behind the absolute symbols of power there is always a deeper, relative reality.¹⁰

In the final analysis, power is confidence in obedience. It expresses the certainty of the rulers in the submissiveness of the ruled. When this confidence is high, the rulers actively shape their society. They view its trajectory as customary and natural, while treating revolts, uprisings – even revolutions – as mere disturbances. By contrast, when this confidence is low, the rulers tend to react rather than initiate. Social development loses its coherence, while revolts, uprising and revolutions suddenly become manifestations of systemic chaos.

In our own epoch, the central relationship between confidence and obedience is embodied in capital. The process of accumulation represents the changing ability of dominant capital – namely, the leading corporations and key government organs at the epicentre of the process – to control, shape and transform society against opposition. The conflictual underpinnings of this process make capital a relative entity; and that relativity means that we need

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¹⁰ The difference between heteronomy and autonomy is developed in the social and philosophical writings of Cornelius Castoriadis – see, for instance, his *Philosophy, Politics, Autonomy* (1991b).
to think not of absolute accumulation but of differential accumulation – the ability of dominant capital to accumulate faster than the average.

The fifth section of the book builds on the twin notions of differential accumulation and dominant capital to develop a concrete theory of capital as power. We begin by defining historical society as a creation of order, or *creorder* – a word that connotes the paradoxical fusion of being and becoming, state and process, stasis and dynamism. The algorithm of the capitalist *creorder* is capitalization. This is the mechanism through which capitalist power is commodified, structured and restructured. The static architecture of this power is defined by differential capitalization. At any point in time, the distribution of capitalized values maps the division of power among the different owners. But the capitalist *creorder* compels owners not only to retain their power, but to try and augment it; not only to protect their differential capitalization, but to increase it through differential accumulation.

The result is a strong gravitational force. This force – anchored in power rather than productivity – pulls the independent units of capital closer together. It causes them to join, coalesce and fuse into ever larger units. Eventually, it gives rise to tight constellations of large corporate–government alliances. These constellations constitute what we call dominant capital.

Chapter 14 examines the general contours of this process in the United States and comes up with seemingly paradoxical results. Most critical observers associate the past half-century with a protracted accumulation crisis. And yet, during that very period, dominant capital appears to have enjoyed virtually uninterrupted differential accumulation. How can this stellar performance be reconciled with notions of capital in distress? What are the underlying power processes that make differential accumulation feasible in the first place? How have these conflictual processes panned out historically to generate such a remarkable feat? And why haven’t political economists noticed any of this?

To answer these questions, we develop the notion of *differential accumulation regimes*. Dominant capital can increase its differential earnings and capitalization in two principal ways: (1) by increasing the relative size of its organization, which we call *breadth*; and (2) by increasing the relative elemental power of its organization, which we label *depth*. Chapters 15 to 17 examine the salient features of these power regimes and in the process deflate some of the more cherished beliefs of political economists.

One of these beliefs is that capitalism is hooked on economic growth. This conviction is shared by liberals and Marxists alike, and it is so strong that many now conflate growth and accumulation as if they were one and the same. But they are not the same, and Chapter 15 shows why. From the viewpoint of dominant capital, green-field growth is a double-edged sword. It can both undermine and augment the power of dominant capital – and in so doing hinder as well as assist differential accumulation. But green-field isn’t the only route. Dominant capital can also grow ‘inorganically’, via mergers
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and acquisitions. And unlike green-field growth, the impact of amalgamation is decidedly positive: it boosts the organizational size and power of dominant capital, it augments its differential accumulation and it does both with enormous thrust.

This power rationale explains why, over the past century, mergers and acquisitions have grown exponentially while green-field growth has decelerated. Moreover, since amalgamation is a change in ownership and therefore a transformation of power, the merger process tells us plenty about the changing nature of capitalist politics at large. It explains the sequential breaking of sectoral envelopes, as dominant capital transcends its original corporate universe seeking to expand into bigger universes; it accounts for the social transformation that accompanies these leaps; and it unveils the conflictual underpinnings of capital flows and the power politics of global ownership.

A second cardinal belief among political economists is that capital loves price stability and hates inflation. Yet this conviction, too, doesn’t stand up to the facts. Chapter 16 shows that although capitalists constantly try to cut their costs, this endeavour merely keeps them running on empty. The way to beat the average is not to cut cost but to increase prices. Those who inflate their prices faster than the average end up redistributing income in their favour – and in so doing augment the elemental power of their organization and boost their differential accumulation.

The inflationary path to differential accumulation is highly conflictual and therefore anything but smooth. And, sure enough, contrary to the theories and instincts of most economists, inflation tends to appear as stagflation: it comes not with growth and stability, but with stagnation and crisis. This fact makes the depth route uncertain and seemingly far more risky than breadth. Yet return is often commensurate with the risk, and when dominant capital finds itself gravitating toward conflictual inflation, the common result is accumulation through crisis.

And so emerges a very different reality of accumulation. Whereas liberals and Marxists emphasize the capitalist quest for growth and price stability, dominant capital seems to thrive on amalgamation and stagflation. Chapter 17 ties the final knots by bringing together these two key regimes of differential accumulation. It relates the long histories of breadth by amalgamation and depth through stagflation; it examines how these regimes shaped the twentieth century of capital as power; and it closes by speculating on what their relationship may imply for the future.

The capitalist creorder and humane society

We are now ready to start our exploration, but before doing so we should perhaps say a few words on the limits of our journey. The study of capital as power does not, and cannot, provide a general theory of society. Capitalization is the language of dominant capital. It embodies the beliefs, desires and fears of the ruling capitalist class. It tells us how this group views the
world, how it imposes its will on society, how it tries to mechanize human beings. It is the architecture of capitalist power.

This architecture, though, tells us very little about the human beings who are subjected to its power. Of course, we observe their ‘behaviour’, their ‘reaction’ to capitalist threats, their ‘choice’ of capitalist temptations. Yet we know close to nothing about their consciousness, awareness, thoughts, intentions, imagination and aspirations. To paraphrase Cornelius Castoriadis, humanity is like a ‘magma’ to us, a smooth surface that moves and shifts.11 Most of the time its movements are fairly predictable. But under the surface lurk autonomous qualities and energies. The language of capitalist power can neither describe nor comprehend these qualities and energies. It knows nothing about their magnitude and potential. It can never anticipate when and how they will erupt.

Consider that none of the pundits – communist or anti-communist – foresaw the collapse of the Soviet bloc (although, in retrospect, the victory of liberalism was of course ‘inevitable’). Similarly with the May 1968 revolution in France. This was arguably the most important revolution of the twentieth century. And yet, even a few days before its explosion, no sociologist – conservative or radical – had a clue as to what was coming (Anonymous 1968; Orr 2003). The story repeats itself with the first Palestinian Intifada that started in 1987. The uprising took everyone by surprise, including the critical ‘orientalists’ and the orthodox PLO establishment. The list goes on.

These revolutionary instances cannot be theorized easily, and for a good reason. They are rooted in the original spark of free human creativity. ‘[M]en cannot be treated as units in operations of political arithmetic’, observes Arthur Koestler, ‘because they behave like the symbols of zero and the infinite, which dislocate all mathematical operations’ (1949: 76). Their originality and creativity cannot be modelled or reduced to historical laws of motion. They cannot be predicted systematically. They do not follow a clear pattern. They are unique.

Karl Marx, the first to investigate the dynamic architecture of capitalism, tried to fuse the two movements of power and resistance to power into a single language. For him, the power of capitalists to accumulate and the political struggle of workers against that power could both be derived from and analysed by one basic logic: the labour theory of value.

In our view, this fusion is impossible to achieve. It is impossible to impose the logic of labour (and of human activity in general) on capitalists. We cannot denominate the pecuniary architecture of capitalization in homogenous units of abstract labour. Capitalization and productivity/creativity are two distinct processes, each with its own separate ‘logic’. The destructive clash of these two processes is the engine of the capitalist dialectic, but the dialectic itself cannot be understood with one common language.

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11 Castoriadis develops the ontology of the magmas in Chapter 7 of *The Imaginary Institution of Society* (1987).
Instead, we prefer to imagine two general ‘entities’. The first entity is the capitalist creorder, whose pattern is imposed on society. The gyrations and development of this creorder can be subjected to a systematic, quantitative theory of power. The second entity is a stealthy humane society. This society exists mostly as an unknown potential. Usually, it is dormant and therefore invisible. Occasionally, though, it erupts, often without warning, to challenge and sometimes threaten the institutions of capitalist power. These eruptions—and their consequences—do not follow a pre-set pattern. They cannot be systematically theorized.

For this reason, we do not pretend to offer a general theory of capitalist society. We limit ourselves to the study of the capitalist creorder only, the dynamic order of those who rule. To rule means to see the world from a singular viewpoint, to be locked into a unitary logic, to be subservient to your own architecture of power. Dominant capital cannot deviate from the boundaries of this architecture, even if it wants to. Its individual members are forced to accept the very logic they impose on the rest of humanity. And the more effective they are in imposing that logic, the more predictable they themselves become. This is why their world can be theorized and to some extent predicted.

Over the past century, the power logic of capitalism has been incarnated in the process of differential capitalization; that is to say, in the belief that there is a ‘normal rate of return’ and that capitalists are obliged to ‘beat’ it. This is the gist of the new capitalist cosmology. Instead of the Holy Scriptures, we now have the universal language of business accounting and corporate finance. The power of God, once vested in priest and king, now reveals itself as the power of Capital vested in the ‘investor’.

And as the capitalization of power spreads and penetrates, the world seems increasingly ‘deterministic’. The determinism of capitalization is now the ‘natural state of things’, the benchmark against which one can estimate ‘deviations’ ‘distortions’, ‘risk’ and ‘return’. It is a logic that looks unquestionable to those who rule and omnipotent to those who are being ruled.

But this determinism of capitalization has nothing to do with ‘laws of nature’, or the ‘inevitable’ progression of history. It is the determinism of the ruling class, and only of the ruling class. It works only insofar as the ruling class rules. Admittedly, that happens most of the time. However, human beings do have the capacity to understand the autonomous nature of this ‘determinism’. And when they realize that the rules are imposed on them by other human beings, determinism disappears, replaced—if only for a historical instant—by the humane promise of autonomy–democracy–philosophy.
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