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#### Revolution is closer than ever – but the masses require a recognition.

Reese 20 - author of Socialism or Extinction and The End of Capitalism: The Thought of Henryk Grossman (Ted, <https://www.amazon.com/Socialism-Extinction-Automation-Capitalist-Breakdown-ebook/dp/B081FHF2ZQ>, emuse)

Those who are lucky enough to find or remain in work as the capitalist crisis deepens will see their pay and conditions savagely forced down. In April 2018, the World Bank recommended yet more deregulation in a report that said “high minimum wages, undue restrictions on hiring and firing and strict contract forms all make workers more expensive vis-à-vis technology”.[437] International capital is preparing a major assault on international labour in order to accelerate moves towards automation. Even if the next crash is not a final breakdown, significant sections of the middle classes would be proletarianised and impoverished and the reserve army of labour would swell. Class struggle would explode. Capitalists could be forced to slow down or stop the introduction of new automation by, say, a strong and militant neo-Luddite or trade union movement and – the usual driver for concessions – the desire for social peace. But the contradiction persists: capital accumulation, and staying ahead of or keeping up with competitors, requires higher productivity and therefore labour-saving innovation. The deeper capitalism sinks into crisis the more necessary it becomes to raise productivity. That is, the more workers are replaced by robots, the greater the underproduction of surplus value becomes, and yet the system will need to respond by replacing more workers with robots. If it cannot do this then capital goes unvalorised and the economy crashes. From the perspective of the bourgeoisie, a strong neo-Luddite or trade union movement would sooner or later have to be crushed. In an article in January 2018 headlined “When the next recession hits, the robots will be ready”, the Washington Post pointed out that innovations happen quickest “when employers slash payrolls going into a downturn and, out of necessity, turn to software or machinery to take over the tasks once performed by their laid-off workers”.[438] Pointing to growing expectations by economists of a financial crisis in 2020, the paper adds that the “next wave of automation won’t just be sleek robotic arms on factory floors. It will be ordering kiosks, self- service apps and software smart enough to perfect schedules and cut down on the workers needed to cover a shift. Employers are already testing these systems. A recession will force them into the mainstream.” Striking statistics from an upcoming paper by economists Nir Jaimovich and Henry Siu “found that 88% of job loss in routine occupations occurs within 12 months of a recession. In the 1990- 1991, 2001 and 2008-2009 recessions, routine jobs accounted for ‘essentially all’ of the jobs lost. They regained almost no ground during the subsequent recoveries.”[439] Automation under capitalism is therefore accelerating the trend towards proletarianisation, higher levels of poverty and the underproduction of surplus value. It is the sharpest of sharpening contradictions, a vicious circle from which capitalism cannot escape. It is a trend which increasingly threatens a final breakdown. The ‘Leninist’ road to socialism[440] – whereby working class organisations (soviets (workers’ councils), communes etc) effectively form an independent state and then, when strong enough, destroy what is left of the capitalist state – of course seems to be dismissed now more than ever – by liberals who claim that the demise of the Soviet Union signalled the end of history;[441] by the anarchists and autonomists who believe a leap into ‘full communism’ can be achieved without the socialist stage; and by ‘democratic socialists’ who claim socialism can be built via bourgeois democracy by voting through ‘socialist policies’. Then there is the notion that Marx and Lenin are redundant because the supposed protagonist of their revolutionary strategy – the industrial proletariat – is dead or irrelevant. There are several problems surrounding this. The accusation about the industrial proletariat is made, in slightly different ways, not just by liberals but by some anarchists, who do not claim that the industrial proletariat is dead but persist with the myth that it is the protagonist of the Leninist revolution. The Bolsheviks focused on agitating among the urban or industrial proletariat because that was the most efficient use of scarce resources, with the intention that the message would then spread outwards to the wider proletariat as a whole. This accusation that Leninists ignore the wider proletariat is often a projection of valid criticisms of some ‘Trotskyists’, who, while posing as Leninists, or at least distorting Leninism, do overemphasise the importance of the industrial worker. This is because Trotskyists – who for the same reason tend to be de facto pro-imperialist (by giving critical support to the Labour Party, for example) – tend to derive from labour aristocratic positions in trade unions and universities. Lenin though is renowned for criticising socialists who limited their agitation to “trade union consciousness” or “economism” – ie, simply supporting, or tailing, working class demands, without advocating an independent (non-social democratic) working class party or proletarian dictatorship (or, before that, the overthrow of tsarism) – and for his ruthless criticism of a labour aristocratic minority which misled the masses with solely reformist demands. Hence why he said revolutionaries had to “dig deeper into the real masses” of the poorest workers, who had the least to lose and the most to gain. This meant that, in Russia, he saw the need for an alliance between workers and poor peasants, an alliance that Leon Trotsky initially rejected. Today, real Leninists still see the poorest and most oppressed workers as the main protagonists of revolution. The claim that the industrial proletariat is dead is either dishonest or smacks of ‘first world’ myopia. The industrial proletariat may have shrunk in the imperialist nations over the past 40 years but internationally it has grown spectacularly. In 2010, 79%, or 541 million, of the world’s industrial workers lived in ‘less developed regions’, up from 34% in 1950 and 53% in 1980, compared to the 145 million industrial workers, or 21% of the total, who in 2010 lived in the imperialist countries.[442] This shift is even greater in the manufacturing industry, since in emerging nations manufacturing forms a much higher proportion of total industrial employment than in imperialist countries, and therefore, as John Bellamy Foster et al point out, “the broad category of ‘industrial employment’ systematically understates the extent to which the world share of manufacturing has grown in developing countries”, citing figures for the US and China showing these ratios to be 58.1% and 75.2% respectively.[443] “Extrapolating these two ratios to ‘more developed’ and ‘less developed’ countries as a whole, 83% of the world’s manufacturing workforce lives and works in the nations of the Global South,” says John Smith in Imperialism in the Twenty First Century.[444] Based on the integration of ‘Southern’ workers into the global economy, the IMF has also attempted to take into account qualitative as well as quantitative changes, calculating an “export-weighted global workforce” by multiplying the numerical growth of the workforce by the increasing degree to which they produce for the global market rather than the domestic market. Since Southern-manufactured exports grew more than twice as fast as GDP during the quarter-century leading up to the global crisis in 2007, the IMF estimates that the effective global workforce quadrupled in size between 1980 and 2003. But even within the imperialist nations, where the industrial working class has declined both absolutely and relatively, Smith points to “deepening proletarianisation”, saying that “the proletarians have increased their already overwhelming predominance within the economically active population [EAP].... Between 1980 and 2005 the proportion of waged and salaried workers in total EAP in ... the developed nations steadily rose, from 83% to 88% (in 2005, around 500 million people), indicating deepening proletarianisation in these countries.”[445] In the US, it is even higher, with waged workers as a proportion of the EAP increasing from 90.6% in 1980 to 93.2% in 2011.[446] Because of distortions made by the ILO’s methods, this undoubtedly underestimates or obscures the size of the labour aristocracy, something we will come back to further on, but the trend is nevertheless clear, with more and more workers being forced into low-paid services work. Obviously with China, India and the former Soviet bloc being integrated into the global economy, 1.47 billion workers joined the global capitalist workforce very suddenly. But this does not distort the overall trend. With their supposed bias for the industrial proletariat, Leninists are accused of failing to recognise the multiple sections of the working class or its fragmentation. But far from ignoring the heterogeneous make-up of the working class, this is one of the factors that contribute to the Leninist conclusion that a vanguard party is necessary – to unite the disparate and sectional struggles of the working class into one unstoppable force. Likewise, the fact recognised across the left that technological advances have fragmented the working class, that they have increased unemployment and underemployment and therefore reduced workers’ leverage in their struggles against their bosses, reflected in the imperialist countries by the low number of strikes since the 1980s, must mean that the state is the primary battleground. We are already seeing this in the re-emergence of social democratic movements (see the previous chapter), whereby downwardly mobile labour aristocracies are becoming slightly more antagonistic towards the ruling class, and are attempting to harness the power of the working class as a whole, in what is essentially a fight with the middle and ruling classes over allocations of surplus value. These strawman accusations against Lenin misrepresent or misinterpret his definition of the proletariat, which followed Marx’s. The main feature of the proletariat as a class is not its direct link with the means of production but rather its separation from them. In other words, the proletariat is first and foremost characterised as a class by the fact that it does not own the means of production and has to work for wages. The salient feature is not what differentiates them, but what unites them. The more a worker is dependant on selling their labour power for survival the deeper their proletarianisation. Indeed, it is the fact that the industrial proletariat is shrinking relative to the working class as a whole, relegating a significant proportion of previously privileged workers into the poorer sections of the working class, that sees the mass of the latter grow numerically in strength. As the mass of exploited manual workers decreases due to scientific and technological progress, particularly automation, the mass of exploited intellectual workers, ie white collar employees, engineers and scientists (who increasingly contribute to commodity production) also increases in reverse proportion. The casualisation of university employment in the past few years is a case in point. In the US, although union membership stood at a lowly 10.7% of the workforce at the start of 2019, the unionisation of traditionally non- unionised white collar labour almost doubled between 2010 and 2017.[447] According to the Pew Research Center, the median wealth (assets minus debts) of the US middle class fell by 28% from 2001 to 2013.[448] People on middle incomes[449] accounted for 50% of the US adult population in 2015, down from 61% in 1971, while the poorest tier of the working class comprised 20% of the population in 2015 compared to 16% in 1975. The number of people receiving supplemental nutritional assistance, or food stamps, exploded from 26 million in 2007 to 46 million in 2012.[450] And 63% of the population say they have less than $500 in personal savings.[451] At the same time private and household debt has gone through the roof. In the 1970s, personal and credit card debts shot up by 238% relative to the 1960s. In the 1980s it shot up on the previous decade by another 318% and by another 180% in the 1990s.[452] According to the Federal Reserve Bank of New York, household debt rose to a record $13.5 trillion in the fourth quarter of 2018, nearly 7% higher than in the third quarter of 2008. Even more troublingly, a record number of US Americans were three months or more behind on repayments for car loans (more than 7 million). As New York Times journalist Amy Chozick noted in May 2015, “the once ubiquitous term ‘middle class’ has gone conspicuously missing from the 2016 [presidential] campaign trail, as candidates and their strategists grasp for new terms for an unsettled economic era [in which] the middle class has for millions of families become a precarious place to be”.[453] Capitalism in the age of automation increasingly turns the majority of the population into proletarians and, in doing so, creates all economic, social and political prerequisites for the system’s downfall. The deeper the system sinks into crisis, the more proletarians are created, through unemployment, wage cuts and so on, and the more radical they are likely to become. This is borne out by the real development of the international proletariat. While we have already seen that the industrial proletariat has grown enormously, according to the ILO, the world’s “economically active population” (EAP) grew from 1.9 billion in 1980 to 3.1 billion in 2006.[454] Almost all of this numerical growth took place in the ‘emerging nations’, now home to 84% of the global workforce, 1.6 billion of whom worked for wages. The other one billion were small farmers and a multitude of people working in the ‘informal economy’,[455] which is, according to Mike Davis “the fastest growing social class on earth”.[456] While the industrial proletariat in the ‘Global South’ has grown enormously since 1980, its share of the South’s total workforce has been much more modest, rising from 14.5% in 1980, to 16.1% in 1990, to 19.1% in 2000, to 23.1% in 2010[457] – because the absolute growth of the non-industrial proletariat is even greater. Meanwhile, agricultural employment in the Global South has declined to 48% of its EAP, down from 73% in 1960, and from “approximately one-third” to just 4% of EAP in developed countries. However, the ILO reports: “Despite the declining share of agricultural workers in total employment, the absolute numbers of those engaged in agriculture are still rising, most notably in south Asia, east Asia, and sub-Saharan Africa.”[458] The other significant component of the growing proletariat? The unemployed. Smith reports that, apart from China, “no economy has grown fast enough to provide jobs to the legions of young people entering the labour market and the rural exodus to swollen cities in search of work. Even at the zenith of export-oriented industrialisation the ILO reported that ‘in the late 20th century, manufacturing ceased being a major sector of employment growth, except in east and southeast Asia’.” Senior ILO economist Nomaan Majid said the commerce sector, not manufacturing, “is the main employment growth sector in both low- and middle-income groups”.[459] This links back to what we saw in chapter four – that even in the developing nations, the trend towards automation is accompanied by growing unproductive work and unemployment. The numerical growth of the working class has been coupled with a massive attack on its wages, further deepening proletarianisation. In a striking example of how constant capital rises relative to variable capital, John Lanchester writes in the London Review of Books that in the US: “In 1960, the most profitable company in the world’s biggest economy was General Motors (GM). In today’s money, GM made $7.6bn that year. It also employed 600,000 people. Today’s most profitable company employs 92,600. So where 600,000 workers would once generate $7.6bn in profit, now 92,600 generate $89.9bn, an improvement in profitability per worker of 76.65 times. Remember, this is pure profit for the company’s owners, after all workers have been paid. Capital isn’t just winning against labour: there’s no contest. If it were a boxing match, the referee would stop the fight.”[460] Whereas wages in the US rose by 350% between 1927 and 1977, real terms growth has since been in decline. In Britain, wages grew at an annual average of 2.9% in the 1960s and 70s, 1.5% in the 90s and 1.2% in the 2000s. Between 2007 and 2015 that trend accelerated at an unprecedented rate, with real household wages falling by 10.4%.[461] The Resolution Foundation said the 2010s would be the worst decade for UK wage growth since the late 18th century. But as bad as the attack on wages in imperialist countries has been, it has been even worse in the countries imperialism plunders, where workers are of course already paid much less. According to the ILO’s World of Work Report 2011, since the early 1990s the “share of domestic income that goes to labour ... declined in nearly three-quarters of the 69 countries with available information”. While “the wage share among advanced economies has been trending downward since 1975”, it “occurred at a much more moderate pace than among emerging and developing economies – falling roughly nine percentage points since 1980”.[462] In contrast, the fall in Asia between 1994 and 2010 was around 20%. The imperialist countries have also seen a decline in full-time self- employment and self-employed income. This has included a continuing shrinkage in the number of small family farmers, indicating the proletarianisation of portions of the lower middle classes. Michael Elsby’s study The Decline of US Labor Share reports that the “rise in inequality is even more striking for proprietors’ income than it is for payroll income. In 1948 the bottom 90% of employees earned 75% of payroll compensation. By 2010 this had declined to 54%. For entrepreneurial income, however, this fraction plummeted from 42% in 1948 to 14% in 2010.”[463] A separate study of 2014 data by the US Small Business Administration suggests the same pattern regarding millennials (generally defined as people born between 1985 and 2004). “Fewer than 4% of 30 year-olds reported they were in full-time self-employment – a proxy for entrepreneurship – compared with 5.4% of Generation X-ers [1965 and 1984] and 6.7% of Baby Boomers [1945 and 1964] at the same age,” the FT reported.[464] Furthermore, the pace of decline in wages has accelerated in recent years, “with the wage share falling more than 11 percentage points between 2002 and 2006. In China, the wage share declined by close to 10 percentage points since 2000.”[465] Africa’s workers saw their share of national income reduced by 15% in the two decades since 1990, again “with most of this decline – 10 percentage points – taking place since 2000. The decline is even more spectacular in north Africa, where the wage share fell by more than 30 percentage points after 2000.”[466] Latin America saw the lowest decline, of 10% since 1993, and most of it before 2000, undoubtedly due to strong workers’ organisation and resistance, represented by the left-wing ‘Pink Tide’ in Venezuela,[467] Bolivia, Brazil and Argentina. As mentioned, mainstream economic accounting methods underepresent the size of the middle classes and labour aristocracy – which are bound to be proportionately bigger in imperialist nations – and do not take account of sharply increasing inequality between skilled/professional and unskilled workers or of income to capital that has been classified as income to labour, such as bonuses paid to bankers and wages and sponsorship of sports professionals etc, meaning the real extent of the fall in labour’s share is even higher, and considerably so. Elsby attempts to challenge these distortions, writing that in the US, the Bureau of Labor Statistics’ (BLS) calculation of a decline of 3.9% in the share of national income for labour over 1987-2013 becomes a 10% decline when the highest paid 1% of employees are excluded, and a 14% decline when the highest paid 10% are excluded. Based on this more honest method, the lowest 90% of wage earners (84% of the US’s total economically active population) actually earned 42% of the total payroll in 1980 and just 28% in 2011. Elsby also found that the fall for labour has accelerated as time has progressed, declining by twice as much between 2000 and 2011 as in the previous two decades.[468] Again, the trend towards deepening proletarianisation is clear. The material basis for a position of relative privilege among the lower middle classes and labour aristocracy is disappearing. The proletariat is numerically stronger than ever, especially as an international class. ‘Neoliberal globalisation’, which promised to produce prosperous nations of entrepreneurs and homeowners, has instead produced capitalism’s grave-diggers. All this is confirmed by the fact that inequality has hit record levels. In 2018 and 2019, Oxfam found that the 26 richest billionaires owned as much in assets as the 3.8 billion people who make up the poorest half of the planet’s population. The number had been 61 in 2016 and 43 in 2017, showing again that capital continues to centralise. Marx wrote that the concentration of wealth at one pole depended on the concentration of poverty at the other. And lo: the wealth of more than 2,200 billionaires across the globe increased by $900bn in 2018, a 12% increase against a fall of 11% in the wealth of the poorest half of the world’s population. Between 1980 and 2015, the global economy grew by 380%, yet the number of people living in poverty on less than $5 (£3.20) a day increased by more than 1.1 billion. In 1980, $2.20 of every $100 went to the world’s poorest 20%, but in 2003 that figure had fallen to 60 cents.[469] Inequality is most acute between rich and poor countries but it is growing within rich countries as well. In the US, for example, according to the Federal Reserve, the richest 1% owned a record-high 38.6% of the country’s wealth in 2016, nearly twice as much as the bottom 90%. Anti-socialists will still ignore all this or proclaim that the proletariat is no longer a revolutionary class because living standards are generally much higher than 100 years ago, claiming that really “we are all middle class now” or making shallow observations such as “capitalism works because workers have mobile phones!” as if cracking some kind of insightful gotcha that disproves Marxism. This ignores how as the rate of exploitation increases, the value of necessary labour falls, making the commodities workers need to buy to live cheaper. It ignores how the needs of the working class change as capitalism develops: workers need smartphones and laptops in this day and age of 24-hour connectivity if they are even to be considered employable, and so the cost of a smartphone is included in the value of labour power. It also ignores that workers in some countries may have access to better infrastructure than in others (indeed, although no technology has ever scaled as quickly as the mobile phone, while five billion people now have mobile phones, only around 2.5 billion of world’s population presently have a smartphone). But most of all, it is ignorant of the fact that capitalism is breaking down, which will impoverish and radicalise the working class. The revolutionary power of the working class is latent.

#### Global capitalism has shifted production from the terrain of the centralized power to the a form of domination to which there is no outside – welcome to Empire, a new imperial regime of biopolitics and war.

Connell ‘12

[Raewyn, sociology at the University of Sydney. 2012. “The Poet of Autonomy: Antonio Negri as a Social Theorist,” <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.985.4088&rep=rep1&type=pdf>] pat

Negri describes a power structure that operates on a world scale, but has no directing centre. The accumulation of power is greater than it has ever been, yet sovereignty has been dispersed. Modern capitalism has produced a strange political order, quite different from the “imperialism” of the nineteenth century – hence Negri uses the old-fashioned term “empire.” There are levels in this power structure, and “apexes and summits of imperial power” [Hardt and Negri 2000, 355], particularly the US state and its nuclear armaments. Yet this eminence, even its universal nuclear death threat, does not give the US government the capacity to administer the world, and this is proved by the failure of the neo-conservative strategy under George W. Bush. Sovereign power is widely dispersed in network fashion, according to Empire, though Commonwealth give a somewhat lumpier picture of a global “aristocracy” on top of various pyramids of power, whether states or corporations. Consistently, though, it is argued that the strongest centres can, at best, conduct police operations and need help from other parts of the network.

At the same time Empire has become, in a certain sense, total. There is no “outside” to the system, for instance no transcendent ethical standpoint from which its operations can be effectively criticised. There are echoes of Foucault here, but Negri’s model is not one of universal capillary power, or postmodern fragmentation. The dispersed sovereignty of Empire is still a system of domination, quite specifically of capitalist domination. “In Empire capital and sovereignty tend to overlap completely” [Hardt and Negri 2004, 334]. It is a system designed to maintain exploitation and the accumulation of wealth globally in the hands of the privileged few.

Such a system has to be violent, hard-headed and ruthless. Empire was published before the 9/11 atrocity, but the model has no difficulty accounting for the US response to the attack, and for the subsequent atrocities against Afghanistan and Iraq. Multitude argues that war, the extreme expression of the violence of the system, has become endemic and indeed necessary to the global order. “Military force must guarantee the conditions for the functioning of the world market” [ibidem, 21, 90, 177].

Empire is a system of domination produced by rupture from earlier systems of domination – from traditional imperialism and from the disciplinary society of modernity. Negri sometimes speaks of the emergence of a “society of control.” The new society is marked by hybrid forms of rule, cobbled together to deal ad hoc with urgent problems (e.g. private police, “public-private partnerships,” puppet governments). There is no overall system, orderliness, in the global exercise of power. But there is an overall character to it:

In Empire corruption is everywhere... It resides in different forms in the supreme government of Empire and its vassal administrations, the most refined and the most rotten administrative police forces, the lobbies of the ruling classes, the mafias of rising social groups...the great financial conglomerates, and everyday economic transactions. Through corruption, imperial power extends a smoke screen across the world, and command over the multitude is exercised in this putrid cloud, in the absence of light and truth [Hardt and Negri 2000, 389].

Corruption expresses the arbitrariness of a power which has no rationale, no justification, except the maintenance of domination itself.

Empire is a new form of the state; but it is a state that has achieved an eerie autonomy from society. Negri suggests that the mediations are dying, that civil society – far from flourishing in globalization, as optimists like Beck [1999] and Giddens [2002] think – is withering away. The established institutions of modern society (school, family, hospital, factory etc.) “are everywhere in crisis” [Hardt and Negri 2000, 329], endemically corrupted. In their place arises a society of control centering on a strong state. Negri has no patience with social-democratic wailing about the decline of the state under globalization. In his view, big government has never gone away. It has, however, changed its focus – from economic planning to social control, the mobilization of force, “security.” The inherent violence of capitalist power is more and more clearly revealed.

As a good Marxist, Negri sees an economic rationale (he never speaks of an “economic base,” for reasons that will become clear) in this political order. Empire is capitalist power being exerted over a new system of production. Adapting language from Foucault, Negri speaks of “biopolitical production.” This means that capitalist exploitation has stretched its scope, from the simple making of commodities in the traditional factory, to the making of the whole pattern of life. Adapting language from Marx, he speaks of the “real subsumption” of society under capital, which involves a historically new pattern of exploitation:

But today, in the paradigm of immaterial production, the theory of value cannot be conceived in terms of measured quantities of time, and so exploitation cannot be understood in these terms. Just as we must understand the production of value in terms of the common, so too must we try to conceive exploitation as the expropriation of the common [Hardt and Negri 2004, 150].

“Immaterial production” refers to new forms of labour, centering on the exchange of information and on human emotion, that have displaced the old. Here Negri draws on recent discussions of computerization, the “information society,” the service economy and emotion work, to draw a picture of the emergence of a new type of worker who is the key to contemporary social change. “Immaterial labor has become hegemonic in qualitative terms and has imposed a tendency on other forms of labor and society itself” [ibidem, 109].

#### In the age of Empire, just governance has eroded. Labor movements under capital have their demands of capital and state reduced to mechanisms of maintaining equilibrium.

Connell 2

[Raewyn, sociology at the University of Sydney. 2012. “The Poet of Autonomy: Antonio Negri as a Social Theorist,” <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.985.4088&rep=rep1&type=pdf>] sosa

Negri’s first distinctive contribution was to apply Tronti’s principle to the Keynesian state. In a brilliant essay of 1967, Negri showed how the growth of working class power in Europe drove the development of Keynes’s economic thought and even shaped the fundamental ideas of the General Theory. For instance the balance of class power, especially the working-class capacity to impose a downward rigidity of wages, underpinned Keynes’s vital category of “effective demand.” Similarly the imperatives of class politics underlay Keynes’s apparently technical exercise in reinstating equilibrium, subordinating interest rates to the marginal efficiency of capital in order to produce full employment. Keynes produced the strategy by which the state could internalize working-class pressure and turn it to the ends of capitalist development. In the following years Negri traced the development of this “planning-state” (roughly, the welfare state plus macroeconomic planning plus incomes policy) as a capitalist response to working-class pressure. He then, in a key text of 1971 later published as Crisi dello Stato-piano, diagnosed the disruption of the planning-state and the emergence of a “crisis-state” or “enterprise-state.”

Why does the capitalist state mutate into these forms? Basically, Negri argues, because working-class struggle damages the underlying economic mechanisms of the capitalist system. Negri puts this in Marxist language by saying that working-class struggle destroys the “law of value” that governs exchange in the labour market (in Marxist terms, the purchase of labour-power) and thus the distribution of income. More broadly (Negri goes into considerable detail here about economic cycles, inflation and public finance) working-class pressure tends to disrupt or constrain all the mechanisms of the circulation of capital, and thus prevents the capitalist economy working as an automatic, self-regulating system. Capitalism is, in another characteristic phrase of Negri’s, de-structured or de-composed by struggle.

Capital responds by an extension of state power, which through planning apparently restores market relations. Again Negri goes into considerable detail about how this happened, analyzing the US New Deal as well as the European postwar planning-state. This view is not unlike other Marxist theories of the state, though Negri’s economic argument is more specific than most. Where Negri differs from conventional theories is his insistence that the solution via the state is extremely unstable. The factory subordinated itself to the state, which guaranteed the fundamental conditions of the system’s functioning – and of the factory system in the first place. Via the state, exchange-value found a guarantee for operating as the general law of reproduction of the conditions of production. But this mechanism has not functioned. It has been destroyed, starting with the factory and ending by embracing the whole society... [Negri 1974, 32].

With the law of value in tatters, there is no rational basis for any distribution of income that the state decrees (this important conclusion was reached about the same time, along a different path, by Claus Offe in Germany.) The exercise of state power becomes fundamentally arbitrary. In Negri’s language, the planning-state increasingly becomes a system of contentless command. Its function now is essentially a police function. It seeks ways of dividing the working class and disrupting the struggles that are de-structuring the system. The state loses legitimacy and lurches into crisis.

When working-class pressure makes the economy under the planning-state unworkable – Negri is now talking about the stagnation and fiscal crisis emerging in the early 1970s – capital is forced to try another tack. The pressure can only be relieved “within a project that is qualitatively different from that of reformist planning” [Red Notes 1979, 34]. This new political project involves the separation of production from circulation, the creation of a “productive subject” who does not act collectively, a new capitalist strategy for the labour market, and globalization. Here Negri is, in short, analyzing the strategy of neo-liberalism in response to the crisis of the Keynesian welfare state. It is worth noting that these texts were written in 1973, long before Thatcher, Reagan, or Berlusconi came to power or the World Bank and IMF turned to structural adjustment programmes.

In later analyses of the neo-liberal strategy, Negri [1988, 183; a text written in 1980] emphasised that entrepreneurialism and the celebration of freedom go together with authoritarianism and increases in the coercive power of the state. He also observed how the neo-liberal strategy works by the exclusion, rather than the representation, of social forces. Unions and mass parties are sidelined, industrial bargaining declines. The inclusive strategy of the Keynesian era is reversed, so state and capital tend to function in a social vacuum [Hardt and Negri 1994, ch. 6]. Here too, Negri very early detected patterns that have since become globally familiar.

At the same time, to counter the collapsing rate of profit, capital is forced to extend its economic operations beyond the factory to the whole terrain of social production. To counter working-class struggle on that wider terrain, capital is forced to extend the technique of factory command to the whole of society. Civil society dies, and with it all possibility of Gramscian hegemony.

In a startling reversal, Negri [1977, 245] argued in La forma stato, “to the state, accumulation; to the enterprise, legitimation, the carrying of consensus.” Productivity becomes the only basis of legitimacy. (This was a trend that proved formative for neo-liberal “enterprise culture” in the 1980s and after.) Meanwhile the state, as a system of contentless command, relies more and more heavily on the use of force. The cycles of the capitalist economy “can now only function if reinforced by a surplus of power” [ibidem, 228]. In enforcing capitalist command, “administrative rationality does not become terror, it is terror. Remove from capitalist society its only rationality, which is grounded in the lust for exploitation: you have this baroque monster of provocation and devastation” [ibidem, 259]

#### Capitalism is unsustainable and plunging the world into a global civil war – ramping up tensions with Russia and China to distract from crises accelerates the tendency to over-accumulate, causing extinction through nuclear war, climate change, super-viruses, the rise of fascism, and rampant inequality.

Robinson, 21 [William I., prof. sociology and global studies @ UCSB: "What are the real reasons behind the New Cold War?" ROAR Magazine, published 5-6-21, https://roarmag.org/essays/new-cold-war-crisis-capitalism/?fbclid=IwAR2RzXn0SMlPSiLfXcXNtTcDIybQa6GxH\_eodUmyEww2i59lh5qHpZpcwhk]//AD

The US is launching a New Cold War against Russia and China in an attempt to deflect our attention from the escalating crisis of global capitalism.

The announcement on April 15 by President Biden that this administration was expelling 10 Kremlin diplomats and imposing new sanctions for alleged Russian interference in the 2020 US elections — to which Russia replied with a tit for tat — came just days after the Pentagon conducted military drills in the South China Sea. These actions were but the latest escalation of aggressive posturing as Washington ramps up its “New Cold War” against Russia and China, pushing the world dangerously towards international political and military conflagration.Most observers attribute this US-instigated war to rivalry and competition over hegemony and international economic control. These factors are important, but there is a bigger picture that has been largely overlooked of what is driving this process: the crisis of global capitalism.This crisis is economic, or structural. One of chronic stagnation in the global economy. But it is also political: a crisis of state legitimacy and capitalist hegemony. The system is moving towards what we call “a general crisis of capitalist rule” as billions of people around the world face uncertain struggles for survival and question a system they no longer see as legitimate. In the United States, the ruling groups must channel fear over tenuous survival away from the system and towards scapegoated communities, such as immigrants or Asians blamed for the pandemic, and towards external enemies such as China and Russia. At the same time, rising international tensions legitimate expanding military and security budgets and open up new opportunities for profit making through war, political conflict and repression in the face of stagnation in the civilian economy. All around the world a “people’s spring” has taken off. From Chile to Lebanon, Iraq to India, France to the United States, Haiti to Nigeria and South Africa to Colombia, waves of strikes and mass protests have proliferated and, in many instances, appear to be acquiring a radical anti-capitalist character. The ruling groups cannot but be frightened by the rumbling from below. If left unchallenged, the New Cold War will become a cornerstone in the arsenal of US rulers and transnational elites to maintain a grip on power as the crisis deepens.THE CRISIS OF GLOBAL CAPITALISM Economically, global capitalism faces what is known in technical language as “overaccumulation”: a situation in which the economy has produced — or has the capacity to produce — great quantities of wealth but the market cannot absorb this wealth because of escalating inequality. Capitalism by its very nature will produce abundant wealth yet polarize that wealth and generate ever greater levels of social inequality unless offset by redistributive policies. The level of global social polarization and inequality now experienced is without precedent. In 2018, the richest one percent of humanity controlled more than half of the world’s wealth while the bottom 80 percent had to make do with just five percent. Such inequalities end up undermining the stability of the system as the gap grows between what is — or could be — produced and what the market can absorb. The extreme concentration of the planet’s wealth in the hands of the few and the accelerated impoverishment and dispossession of the majority means that the transnational capitalist class, or TCC, has increasing difficulty in finding productive outlets to unload enormous amounts of surplus it accumulated.The more global inequalities expand, the more constricted the world market becomes and the more the system faces a structural crisis of overaccumulation. If left unchecked, expanding social polarization results in crisis — in stagnation, recessions, depressions, social upheavals and war — just what we are experiencing right now. Contrary to mainstream accounts, the coronavirus pandemic did not cause the crisis of global capitalism, for this was already upon us. On the eve of the pandemic, growth in the EU countries had already shrunk to zero, much of Latin America and sub-Sahara Africa was in recession, growth rates in Asia were steadily declining, and North America faced a slowdown. The writing was on the wall. The contagion was but the spark that ignited the combustible of a global economy that never fully recovered from the 2008 financial collapse and had been teetering on the brink of renewed crisis ever since.Even if there is a momentary recovery as the world slowly emerges from the pandemic, global capitalism will remain mired in this structural crisis of overaccumulation. In the years leading up to the pandemic there was a steady rise in underutilized capacity and a slowdown in industrial production around the world. The surplus of accumulated capital with nowhere to go expanded rapidly. Transnational corporations recorded record profits during the 2010s at the same time that corporate investment declined. The total cash held in reserves of the world’s 2,000 biggest non-financial corporations increased from $6.6 trillion in 2010 to $14.2 trillion in 2020 — considerably more than the foreign exchange reserves of the world’s central governments — as the global economy stagnated. Wild financial speculation and mounting government corporate, and consumer debt drove growth in the first two decades of the 21st century, but these are temporary and unsustainable solutions to long-term stagnation.THE GLOBAL WAR ECONOMY As I showed in my 2020 book, The Global Police State, the global economy has become ever more dependent on the development and deployment of systems of warfare, social control and repression simply as a means of making profit and continuing to accumulate capital in the face of chronic stagnation and saturation of global markets. This is known as “militarized accumulation” and refers to a situation in which a global war economy relies on perpetual state organized war making, social control and repression — driven now by new digital technologies — in order to sustain the process of capital accumulation.The events of September 11, 2001 marked the start of an era of a permanent global war in which logistics, warfare, intelligence, repression, surveillance and even military personnel are more and more the privatized domain of transnational capital. The Pentagon budget increased 91 percent in real terms between 1998 and 2011, while worldwide, total state military budgets outlays grew by 50 percent from 2006 to 2015, from $1.4 trillion to more than $2 trillion, although this figure did not take into account the hundreds of billions of dollars spent on intelligence, contingency operations, policing, bogus wars against immigrants, terrorism and drugs, and “homeland security.” During this time, military-industrial complex profits quadrupled. But focusing just on state military budgets only gives us a part of the picture of the global war economy. The various wars, conflicts and campaigns of social control and repression around the world involve the fusion of private accumulation with state militarization. In this relationship, the state facilitates the expansion of opportunities for private capital to accumulate through militarization, such as by facilitating global weapons sales by military-industrial-security firms, the amounts of which have reached unprecedented levels. Global weapons sales by the top 100 weapons manufacturers and military service companies increased by 38 percent between 2002 and 2016. By 2018, private for-profit military companies employed some 15 million people around the world, while another 20 million people worked in private security worldwide. The private security (policing) business is one of the fastest growing economic sectors in many countries and has come to dwarf public security around the world. The amount spent on private security in 2003, the year of the invasion of Iraq, was 73 percent higher than that spent in the public sphere, and three times as many persons were employed in private forces as in official law enforcement agencies. In half of the world’s countries, private security agents outnumber police officers. These corporate soldiers and police were deployed to guard corporate property, provide personal security for TCC executives and their families, collect data, conduct police, paramilitary, counterinsurgency and surveillance operations, carry out mass crowd control and repression of protesters, run private detention and interrogation facilities, manage prisons and participate in outright warfare. In 2018, President Trump announced with much fanfare the creation of a sixth military service, the “space force.” The corporate media duly towed the official line that this force was needed to face expanding threats to the United States. What went less reported is that a small group of former government officials with deep ties to the aerospace industry had pushed behind the scenes for its creation as a way to hype military spending on satellites and other space systems. In February of this year, the Federation of American Scientists reported that military-industrial complex lobbying is responsible for the decision by the US government to invest at least $100 billion to beef up its nuclear stockpile. The Biden administration announced in early April to much acclaim that it would pull all US troops out of Afghanistan. While US service troops in that country number 2,500, these pale in comparison with the more than 18,000 contractors that US government has hired to do its bidding in the country, including at least 5,000 corporate soldiers that will remain. The so-called wars on drugs and terrorism, the undeclared wars on immigrants, refugees and gangs — and poor, dark-skinned and working-class youth more generally — the construction of border walls, immigrant detention centers, prison-industrial complexes, systems of mass surveillance and the spread of private security guard and mercenary companies, have all become major sources of profit-making and they will become more important to the system as stagnation becomes the new normal. In sum, the global police state is big business at a time when other opportunities for transnational corporate profit-making are limited. But if corporate profit, and not an external threat, is the reason for expanding the US state and corporate war machine and the global police state, this must still be justified to the public. The official state propaganda narrative about the “New Cold War” serves this purpose.CONJURING UP EXTERNAL ENEMIES There is another dynamic at work in explaining the New Cold War: the crisis of state legitimacy and capitalist hegemony. International tensions derive from the acute political contradiction in global capitalism in which economic globalization takes places within a nation-state-based system of political authority. To put this in technical terms, there is a contradiction between the accumulation function and the legitimacy function of states. That is, states face a contradiction between the need to promote transnational capital accumulation in their individual national territories and their need to achieve political legitimacy and stabilize the domestic social order. Attracting transnational corporate and financial investments to the national territory requires providing capital with all the incentives associated with neoliberalism, such as downward pressure on wages, union busting, deregulation, low or no taxes, privatization, investment subsidies, fiscal austerity and on so. The result is rising inequality, impoverishment and insecurity for working and popular classes; precisely the conditions that throw states into crises of legitimacy, destabilize national political systems and jeopardize elite control.International frictions escalate as states, in their efforts to retain legitimacy, seek to sublimate social and political tensions and to keep the social order from fracturing. In the US, this sublimation has involved channeling social unrest towards scapegoated communities such as immigrants — this is one key function of racism and was a core component of the Trump government’s political strategy — or towards an external enemy such as China or Russia, which is clearly becoming a cornerstone of the Biden government’s strategy.While the Chinese and Russian ruling classes must also face the economic and political fallout of global crisis, their national economies are less dependent on militarized accumulation and their mechanisms of legitimization rest elsewhere — not on conflict with the US. It is Washington that is conjuring up the New Cold War, based not on any political or military threat from China and Russia, much less from economic competition, as US- and Chinese-based transnational corporations are deeply cross-invested, but on the imperative of managing and sublimating the crisis.The drive by the capitalist state to externalize the political fallout of the crisis increases the danger that international tensions will lead to war. Historically wars have pulled the capitalist system out of crisis while they serve to deflect attention from political tensions and problems of legitimacy. The so-called “peace dividend” that was to result in demilitarization when the original Cold War ended with the 1991 collapse of the Soviet Union evaporated almost overnight with the events of September 2001, which legitimated the sham “War on Terror” as a new pretext for militarization and reactionary nationalism. US presidents historically reach their highest approval ratings when they launch wars. George W. Bush reached an all-time-high of 90 percent in 2001 as his administration geared up to invade Afghanistan, and his father George H. W. Bush achieved an 89 percent approval rating in 1991, right as the US declared the end of its (first) invasion of Iraq and the “liberation of Kuwait.” THE BATTLE FOR THE POST-PANDEMIC WORLD We are currently witnessing a radical restructuring and transformation of global capitalism based on a much more advanced digitalization of the entire global economy and society. This process is driven by so-called fourth industrial revolution technologies, including artificial intelligence and machine learning, Big Data, autonomously driven land, air and sea vehicles, quantum and cloud computing, 5G bandwidth, bio- and nanotechnology and the Internet of Things, or IoT.The crisis is not only economic and political, but also existential because of the threats of ecological collapse and nuclear war, to which we must add the danger of future pandemics that may involve much deadlier microbes than coronaviruses. The pandemic lockdowns served as dry runs for how digitalization may allow the dominant groups to step up restructuring time and space and to exercise greater control over the global working class. The system is now pushing towards expansion through militarization, wars and conflicts, through a new round of violent dispossession and through further plunder of the state.The ruling classes are also using the health emergency to legitimate tighter control over restive populations. The changing social and economic conditions brought about by the pandemic and its aftermath are accelerating the process. These conditions have helped a new bloc of transnational capital, led by the giant tech companies, interwoven as they are with finance, pharmaceuticals and the military-industrial complex, to amass ever greater power and to consolidate its control over the commanding heights of the global economy. As restructuring proceeds, it heightens the concentration of capital worldwide, worsens social inequality and also aggravates international tensions and the dangers of military conflagration.In 2018, just seventeen global financial conglomerates collectively managed $41.1 trillion dollars — more than half the GDP of the entire planet. That same year, to reiterate, the richest one percent of humanity led by 36 million millionaires and 2,400 billionaires controlled more than half of the world’s wealth while the bottom 80 percent — nearly six billion people — had to make do with just five percent of this wealth. The result is devastation for the poor majority of humanity.Worldwide, 50 percent of all people live on less than $2.50 a day and a full 80 percent live on less than $10 per day. One in three people on the planet suffer from some form of malnutrition, nearly a billion go to bed hungry each night and another two billion suffer from food insecurity. Refugees from war, climate change, political repression and economic collapse already number into the hundreds of millions. The New Cold War will further immiserate this mass of humanity.Capitalist crises are times of intense social and class struggles. There has been a rapid political polarization in global society since 2008 between an insurgent far-right and an insurgent left. The ongoing crisis has incited popular revolts. Workers, farmers and poor people have engaged in a wave of strikes and protests around the world. From Sudan to Chile, France to Thailand, South Africa to the United States, a “people’s spring” is breaking out everywhere. But the crisis also animates far-right and neofascist forces that have surged in many countries around the world and that sought to capitalize politically on the health calamity and its aftermath. Neofascist movements and authoritarian and dictatorial regimes have proliferated around the world as democracy breaks down.Such ~~savage~~ inequalities are explosive. They fuel mass protest by the oppressed and lead the ruling groups to deploy an ever more omnipresent global police state to contain the rebellion of the global working and popular classes. Global capitalism is emerging from the pandemic in a dangerous new phase. The contradictions of this crisis-ridden system have reached the breaking point, placing the world into a perilous situation that borders on global civil war.The stakes could not be higher. The battle for the post-pandemic world is now being waged. Part of that battle is to expose the New Cold War as a ruse by the dominant groups to deflect our attention from the escalating crisis of global capitalism. The US is launching a New Cold War against Russia and China in an attempt to deflect our attention from the escalating crisis of global capitalism.

#### Only the refusal of the extraction of capitalist value coupled with the swift and destructive power of the proletariat has the potential to tackle Empire.

Hardt and Negri ‘17 (Michael, professor of literature @ Duke, and Antonio, professor of political philosophy @ University of Padua, “Assembly,” p. 235-239) //BS // sosa 4-4-2018 \*\*[brackets for] ~~abeist language~~

A “social strike” is always a general strike, which, like general strikes of the past, attacks immediately the structures of power. It is general in the sense that it generalizes or spreads the refusal of capitalist power across society and transforms economic, cultural, and political resistances into a demand for power. In a social strike, then, destituent and constituent moments cannot really be separated. A strike is born against exploitation and domination but contains in itself the urgency to create new social relations. Sometimes, of course, a social strike is primarily destituent, focused on attacking the structures of power, but even then constituent elements are implicit. Other times social strikes have utopian visions and seem not to take into account the destituent task, but in these cases, too, passion and suffering emerge to illuminate the need for antagonism. The young Hegel, for example, described well such a struggle of life and death in the context of the French Revolution.8 One might say, following Hegel, that in the social strike the “tragedy of the spirit” is made concrete, incarnated in this dialectic. Or as the old anarchists used to say, “death to capital, freedom to the peoples!” We should emphasize, for those who have any doubts, that our notions of social strike and general strike have little in common with the grève générale theorized by Georges Sorel.9 For Sorel, proletarian violence is essentially and structurally different than capitalist and state violence. The working class must not repeat the bourgeois path to taking power, he maintains, which eventually shifts from creative instances of constituent power to repressive acts of constituted power. The concept of power itself is thus broken in two since the proletariat’s taking possession of power is radically different from the bourgeois state form of power. All of that might be useful if not for the fact that in Sorel proletarian violence and communist insurrection lose their material contents and are defined by individualism and anti-intellectualism. Sorel’s grève générale is not really about class struggle. In fact, the main problem with Sorel (and the anarchists who follow him) is that he believes that from violence and destruction will spontaneously arise a new society. It may be true that proletarians have wings, but they are wings weighed down by subordination and misery. To fly they need to free themselves and constitute together the bases of a new society. We, in any case, understand general strike completely differently than Sorel, seeing it instead as an instrument of the multitude’s struggle for the construction of the common. But Sorel was certainly not the only author in the late nineteenth and early twentieth centuries to see in the concept of strike a radical desire for social transformation. W. E. B. Du Bois interprets the revolts, mutinies, resistances, refusals, and flight of slaves during the US Civil War as a “general strike against the slave system” (and a determining factor in the outcome of the war).10 In Europe, strikes and social uprisings often blended together in popular understandings after the Paris Commune. Victor Hugo, Gustave Flaubert, Emile Zola, and William Morris all write about the insurrectional souffle when they describe radical social movements and workers’ strikes—strikes to put an end to hunger wages and unbearable abuses, struggles that communicate and bring everyone together, uprisings that give the bosses a taste of the pain and suffering that the poor and working classes know all too well. A destructive force is part of every strike, an ancient violence that can be transformed into a desire for liberation from the chains of servitude. Strikes change over time, of course, but these elements remain. And in fact we find these elements in all forms of social struggles throughout the twentieth century, from the Algerian Revolution to Black Power movements and from feminist struggles to student rebellions. That might explain the fascination with the Paris Commune and the Industrial Workers of the World that coursed through so many movements in the 1960s. The history of general strikes is animated by an insurrectional and constituent passion: not passion in the sense of a charismatic or thaumaturgic event, but passion that lives in the highest moments of political ethics, in the intersection of resistance and solidarity, when spontaneity and organization, insurrection and constituent power are most closely tied together. It is an act, to use the language of ethical philosophy, when rationality and love triumph together. In the “strike” passion, reason creates a dynamic of common freedom and love generates an expansive action of equality. Calls for coalition, tous ensemble, speak the language of reason and freedom; expressions of camaraderie, campaneros, sisters and brothers, are the language of love and equality. The general strike thus gives flesh to the bare skeleton of the language of human rights. Today, however, if the concept of general strike can be still relevant, it must take a new form. In the past, labor strikes primarily developed in limited and repressive spaces of the factory and were strongly tied to the industrial working classes. Today, of course, that form of strike is relatively weak. In order to renew the general strike as a weapon for subversion and constitution, we need to confront, first, the extractive powers of capital and its new forms of exploitation that we investigated in part III and, second, the potential autonomy of forces of social production and reproduction that we explored in part II. Capital functions today, as we argued earlier, primarily by extracting value both from the earth and from the cooperative dynamics of social life. Complementing this extractive power is a neoliberal administration that mixes elements of pure command—owften operated by financial markets but in collaboration with state force—with plural and fragmented forms of governmentality, “participatory” forms of command that function through networks of micropowers able to register and engage social needs and desires. This neoliberal capitalist constitution thus not only extracts value from social production and reproduction but also manages to organize consumption and enjoyment, making them functional to the reproduction of capital. Money, finance, and debt serve as primary mediations between production and consumption, between social needs and the demands of capitalist reproduction. What can it mean to strike today against this complex capitalist machine? How can we conceive practices of refusal that block the processes of extraction and interrupt the flow of capitalist valorization, “doing damage to the bosses” and wielding against them an effective, material power? These questions recall the disruptive practices of all the traditions of workers’ struggle: refusing the disciplines of work, abstention, sabotage, exodus, and more. To recognize how these practices of refusal and subversion can be translated into contemporary conditions, we need to understand, first of all, that the increasingly social nature of production is a double-edged phenomenon. When cooperative production comes to invest all of social life, when the working day expands to include all waking (and even sleeping) hours, and when the productive capacities of all workers seem to be caught in the networks of command, on the one hand, it seems impossible to carve a space for independent action, which is required to “go on strike”; and yet, on the other, those engaged in social production and reproduction have ~~their hands directly on~~ [control of] the entire apparatus. Think of projects to occupy and block the metropolis (which has itself become part of the productive system) or to interrupt the productive flows of social networks and overload websites. We need to understand, second, that in this social matrix the borders separating production from reproduction are breaking down. Too often in the past Marxist parties, unions, and theorists have maintained the centrality of “productive” labor, insisting that struggles within and against the processes of social reproduction are not able to strike at the heart of capitalist power. Such arguments often served as alibis for excluding from the “primary” struggle all except white male factory workers: women and students, the poor and migrants, people of color and peasants have all been victims of political strategies based on this view. To the extent that today the centrality of industrial production has been replaced by that of social production, struggles over production and over reproduction immediately implicate one another and are inextricably tied. Any labor struggle today must include a critique of the (sexual, racial, global) divisions of labor and, in turn, the critique of the divisions of labor must include a refusal of the extraction of value in its various forms. The social nature of production also implies that the conventional division between production and consumption is breaking down. Certainly the capitalist relationship between production and consumption, which is often governed by debt, must be broken, and the terrain of welfare (including health, education, housing, services, and the various forms of consumption) must be transformed into a terrain of struggle, through resistances and alternative projects. But consumption itself is not the problem: consumption is a social good when posed in relation to reproduction considered most broadly, that is, the sustainability of society, humanity, other species, the planet. Here we can see both the destituent function and the constituent work of the social strike. And by making this social definition concrete we can recognize the dismantling of capitalist command over consumption and the construction of a human production of humanity, not for profit, on the social terrain. A social strike must thus be able to engage and transform the abstraction and the extraction operated by capital. It must, in other words, be able to encompass the wide social expanse ruled over by finance, transforming abstraction into generality, that is, embracing in coalition the wide range of forces extending across the whole society. It must also be able to transform extraction into autonomy, blocking the capitalist apparatuses to capture value while fortifying the cooperative relationships of social production and reproduction. These two terrains are, in any case, continuous and overlapping. Although the struggle against abstraction is horizontal (gaining social extension) and that against extraction is vertical (increasing the intensity of social cooperation), together they form a powerful machine for the construction of the common. When Marx at the beginning of the industrial era analyzed how workers’ struggles forced “total capital” to reduce the length of the working day, he recognized how workers were able to impose on capital a new relation of force and also to re-create themselves. “It must be acknowledged,” he writes, “that our worker emerges from the process of production looking different from when he entered it.”11 The relationship of struggle that today is posed between “total capital” (primarily in financial form) and a “total living labor” that is socially exploited repeats Marx’s conception: analogous to the factory strike to reorganize the working day is a social strike that addresses the configuration of what might be called the social working day. This could take the form, for instance, of fighting for a guaranteed basic income, unconditional and equal for all, which would to some extent address the precarity of contemporary society and provide an autonomous space of creation. Struggle today can become decisive only when it is able to break capitalist rule over social life and create autonomous alternatives. Our analysis has thus arrived at a strange and in certain respects paradoxical point. On one side is a long history of the general strike, on whose basis was constructed the power of the workers’ movement and the Left more generally. The strike was central to the definition of the political for more than a century of socialist struggles. On the other side are social struggles, which have now transformed the face of class struggle, as production and exploitation have become social, but which often have no real interlocutor on the Left. The institutions of the “official Left” or the “historic Left” have abandoned this terrain, and chosen the parliamentary arena as the exclusive space of bargaining (no longer between subaltern classes and power but instead) between groups of power that blend into one another behind an ideological screen. So when we hear some, who criticize neoliberalism with rectitude and courage, say “let’s reconstruct the Left” it seems to us that this will be impossible until the social strike becomes central in the reasoning and the practice of what was once called the political forces of the Left. Our brief analysis here leads to three points. First, every subversive action and every social struggle must be immersed in the biopolitical terrain, the terrain of social life, and oriented toward the common. The question of power comes second. The path we must travel requires, for example, reappropriating the fixed capital employed in productive social processes and thus blocking the multiplication of operations of valorization-capture-privatization developed by finance capital. The reappropriation of fixed capital means constructing the common—a common organized against the capitalist appropriation of social life, against private property and its markets, a common defined as the capacity of democratic management and autonomous administration from below. This is a process analogous to the struggle a century ago against the reduction of relative wages for industrial workers. That required, according to Rosa Luxemburg, “struggle against the commodity character of labor-power,” that is, against capitalist production in its fundamental core. “The struggle against a decline in relative wages,” she continues, “is thus no longer a struggle on the basis of the commodity economy, but rather a revolutionary, subversive initiative against the existence of this economy, it is the socialist movement of the proletariat.”12 For us, this is a process of commoning. To construct the common, second, the social strike must also become political. It must produce a “dualism of power,” breaking away from neoliberal governance and developing practices of counterpower. It must create institutions of being and producing together, becoming “multitudinous enterprises.” The lived passion of all the great multitudinous movements of the end of the twentieth and beginning of the twenty-first centuries, including the occupations and encampments, demonstrates not only what the social strike can mean today but also how it can serve immediately as an instrument to create organization and institution. Even when they have lasted only briefly these movements have produced an institutional desire and have set in motion a constituent machine that will be hard to stop. Posing this political terrain at center stage leads to a third point, because the very idea of the political must be renewed. The common comes first, as we said, before the political, because only the common and entrepreneurship on the terrain of the common can materially transform the world and take control of the production and reproduction of free subjectivities. The entrepreneurship of the multitude is forming historically the ontological basis of our existence. Don’t be worried that the discussion is raised up to the question of being: there is no other way to construct freedom and equality except on the basis of historical being, produced and continually reproduced in the common. Around this entrepreneurship everything can be recomposed.

#### Thus, the plan: Tactical Leaders ought to recognize the unconditional right of workers to strike.

#### The masses already have the potential for a strike against Empire- it’s up to tactical leadership to recognize it.

Hardt and Negri ’17 [Michael Hardt, professor of literature at Duke, and Antonio Negri, professor of political philosophy at the University of Padua. 2017. “Assembly.”] ask me for the PDF. // sosa

The political division of labor within revolutionary and liberation movements between leaders and followers, strategy and tactics, rests on an appraisal of the capacities of the different actors. Only the few, the thinking goes, have the intelligence, knowledge, and vision needed for strategic planning and therefore vertical, centralized decision-making structures are required. What if we were able to verify, instead, that capacities for strategy today are becoming generalized? What if democratic, horizontal social movements were developing the ability to grasp the entire social field and craft lasting political projects? This would not mean that centralized decision-making structures can be abolished, that a pure horizontality would be sufficient. In our view, in fact, under present conditions, a dynamic between verticality and horizontality, between centralized and democratic decision-making structures, is still necessary. But recognizing today’s changing social capacities allows us to reverse the polarity of the dynamic, and that shift could have extraordinary effects. Our first call is thus to invert the roles: strategy to the movements and tactics to leadership. Throughout modernity, of course, movements continually arose that refused leadership. After 1807, for example, after the king of Prussia’s armed forces had failed, organized Prussian and Austrian peasants (Carl von Clausewitz called them a powerful torch) fought back Napoleon’s army. The result, however, was the establishment of a universal draft by the Prussian monarchy, subjecting the guerrilla forces to national ideology.9 The experience of popular revolts in Spain from 1808 to 1813 had similar characteristics.10 More relevant for us are the various phases of Vietnamese popular war against France and the United States, which had characteristics similar to many other antiimperialist struggles of the twentieth century. Popular rebellions were the foundation of the anticolonial struggle, but they were eventually absorbed under the direction of the party and the military organization. Today it is both possible and desirable that the movements develop autonomous and lasting political strategic capacities

Whereas social movements and structures of democratic decision-making should chart the long-term course, leadership should be limited to short-term action and tied to specific occasions. Saying that leadership is tactical, and thus occasional, partial, and variable, then, does not mean that organization is not necessary. To the contrary, organizational issues require more attention but a new type of organization is necessary, one subordinated to and in service of the movements. We will return later to analyze more fully the conception of tactical leadership, but for now we can simply indicate in general terms situations that require swift response, the most obvious of which involve threats of violence. Although many recent social movements have experimented with participatory decision-making on a large scale, we do not (yet) have adequate means to confront immediate problems in a democratic way. One type of threat that needs a tactical leadership can be grouped under the theme of counterpower: confronting the existing power structures, especially regarding questions of force and under the threat of violence, often requires prompt decisionmaking. It is irresponsible for even the most democratic street protest not to have a security team to protect activists against violence—to change the route, for example, when the police or thugs attack. The same need applies at a larger scale when progressive or revolutionary movements are threatened by the violence of oligarchies, death squads, media attacks, militias, right-wing reaction, and the like. The issue becomes much more complex when we confront the traditional assumption that leadership is required for effective political organization and in order to sustain and guide institutions. As we said earlier, we view the needs for political organization and institutionalization to be not only still necessary but even greater than before. We will need to approach this from both sides. On the one hand, we will investigate how the multitude has become and can become capable of organizing politically and also of sustaining and innovating institutions; the multitude is achieving, for instance, an entrepreneurial role in society and politics (as well as in economic relations). On the other hand, when leadership structures are necessary within organizations and institutions their functioning must be limited to tactical judgments regarding how to apply the general social strategy in changing circumstances, and leadership must be completely subordinated to and submerged in the multitude. You’re playing with fire, many of our friends will say—or simply deluding yourselves! You’ll never limit the power of leaders, even the honest ones. Once you give them a little, they will take more and more. How many times have you heard autocratic politicians claim they are merely servants of the people? How many times have you seen a political activist lifted up into a position of power by social movements only then arrogantly to rule over them? These friends are right that no legal safeguards or formal structures or divisions of power will effectively guard against the usurpation of power. This is ultimately a relation of force, even among allies. The only sure means to constrain leadership to a merely tactical role is for the multitude to occupy completely and firmly the strategic position and defend it at all costs. We should focus on developing the strategic capacities of the multitude, in other words, and limiting leadership to tactics will follow To equate movements with strategy means that the movements already have (or can develop) adequate knowledge of the social reality and can plot their own long-term political direction. We must recognize, on the one hand, **the knowledges and organizational capacities that people already possess** and, on the other, what is necessary for the entire multitude to participate actively in the construction and implementation of lasting political projects. People do not need to be given the party line to inform and guide their practice. They have the potential to recognize their oppression and know what they want. The capacities for strategy that are already widespread in social movements are often not immediately evident. A good first step toward unearthing them is to demystify the concept of “spontaneity.” Distrust anyone who calls a social movement or a revolt spontaneous. Belief in spontaneity, in politics as in physics, is based simply on an ignorance of causes—and, for our purposes, ignorance of the existing social organization from which it emerges. When in February 1960, for instance, four young black men sat at the whites-only lunch counter of a Woolworth’s in Greensboro, North Carolina, and refused to leave, journalists and many academics described it as a spontaneous protest—and from the outside it certainly appeared to come from nowhere. But when you look within the movement, as Aldon Morris argues, you can see the rich organizational structures from which it emerged, including student associations, church and community groups, and sections of the NAACP, as well as the cycle of sit-in protests that spread throughout the US South in the 1950s. The Greensboro sit-in was not spontaneous but an expression of a broad network of ongoing organizational activity.11 The same is true of many workers’ struggles throughout Europe in the 1960s and ’70s, which the dominant trade unions and party leaders called “spontaneous” in order to discredit them. They too, however, were the fruit of continuous, tireless agitation inside and outside the factories.12 Belief in spontaneity is an ideological position— ignorance is never really innocent—that serves (consciously or not) to eclipse and discredit the work, knowledge, and organizational structures that stand behind events of protest and revolt. We need to investigate the structures and experiences from which “spontaneity” arises and reveal what those social bodies can do.

#### Sovereign recognition of the right to strike is always “conditional” -- only a strike that exists outside bourgeoise law can be truly unconditional.

Marc Crépon & Micol Bez 19; Marc Crépon is a French philosopher and academic who writes on the subject of languages and communities in the French and German philosophies and contemporary political and moral philosophy. Micol Bez @ CPES (Cycle Pluridisciplinaire d’Études Supérieures) at the University of Paris Sciences and Letters. The Right to Strike and Legal War in Walter Benjamin's “Toward the Critique of Violence”. Critical Times 1 August 2019; 2 (2): 252–260. <https://read.dukeupress.edu/critical-times/article/2/2/252/141479/The-Right-to-Strike-and-Legal-War-in-Walter> brett

In other words, nothing would endanger the law more than the possibility of its authority being contested by a violence over which it has no control. The function of the law would therefore be, first and foremost, to contain violence within its own boundaries. It is in this context that, to demonstrate this surprising hypothesis, Benjamin invokes two examples: the right to strike guaranteed by the state and the law of war.

Let us return to the place that the right to strike occupies within class struggle. To begin with, the very idea of such a struggle implies certain forms of violence. The strike could then be understood as one of the recognizable forms that this violence can take. However, this analytical framework is undermined as soon as this form of violence becomes regulated by a “right to strike,” such as the one recognized by law in France in 1864. What this recognition engages is, in fact, the will of the state to control the possible “violence” of the strike. Thus, the “right” of the right to strike appears as the best, if not the only, way for the state to circumscribe within (and via) the law the relative violence of class struggles. We might consider this to be the perfect illustration of the aforementioned hypothesis. Yet, there are two lines of questioning that destabilize this hypothesis that we would do well to consider

First, is it legitimate to present the strike as a form of violence? Who has a vested interest in such a representation? In other words, how can we trace a clear and unequivocal demarcation between violence and nonviolence? Are we not always bound to find residues of violence, even in those actions that we would be tempted to consider nonviolent? The second line of questioning is just as important and is rooted in the distinction established by Georges Sorel, in his Reflections on Violence, between the “political strike” and the “proletarian general strike,” to which Benjamin dedicates a set of complementary analyses in §13 of his essay. Here, again, we are faced with a question of limits. What is at stake is the possibility for a certain type of strike (the proletarian general strike) to exceed the limits of the right to strike— turning, in other words, the right to strike against the law itself. The phenomenon is that of an autoimmune process, in which the right to strike that is meant to protect the law against the possible violence of class struggles is transformed into a means for the destruction of the law. The difference between the two types of strikes is nevertheless introduced with a condition: “The validity of this statement, however, is not unrestricted because it is not unconditional,” notes Benjamin in §7. We would be mistaken in believing that the right to strike is granted and guaranteed unconditionally. Rather, it is structurally subjected to a conflict of interpretations, those of the workers, on the one hand, and of the state on the other. From the point of view of the state, the partial strike cannot under any circumstance be understood as a right to exercise violence, but rather as the right to extract oneself from a preexisting (and verifiable) violence: that of the employer. In this sense, the partial strike should be considered a nonviolent action, what Benjamin named a “pure means.”

The interpretations diverge on two main points. The first clearly depends on the alleged “violence of the employer,” a predicate that begs the question: Who might have the authority to recognize such violence? Evidently it is not the employer. The danger is that the state would similarly lack the incentive to make such a judgment call. It is nearly impossible, in fact, to find a single instance of a strike in which this recognition of violence was not subject to considerable controversy. The political game is thus the following: the state legislated the right to strike in order to contain class struggles, with the condition that workers must have “good reason” to strike. However, it is unlikely that a state systematically allied with (and accomplice to) employers will ever recognize reasons as good, and, as a consequence, it will deem any invocation of the right to strike as illegitimate. Workers will therefore be seen as abusing a right granted by the state, and in so doing transforming it into a violent means. On this point, Benjamin’s analyses remain extremely pertinent and profoundly contemporary. They unveil the enduring strategy of governments confronted with a strike (in education, transportation, or healthcare, for example) who, after claiming to understand the reasons for the protest and the grievances of the workers, deny that the arguments constitute sufficient reason for a strike that will likely paralyze this or that sector of the economy. They deny, in other words, that the conditions denounced by the workers display an intrinsic violence that justifies the strike. Let us note here a point that Benjamin does not mention, but that is part of Sorel’s reflections: this denial inevitably contaminates the (socialist) left once it gains power. What might previously have seemed a good reason to strike when it was the opposition is deemed an insufficient one once it is the ruling party. In the face of popular protest, it always invokes a lack of sufficient rationale, allowing it to avoid recognizing the intrinsic violence of a given social or economic situation, or of a new policy. And it is because it refuses to see this violence and to take responsibility for it that the left regularly loses workers’ support.

The second conflict of interpretation concerns what is at stake in the strike. For the state, the strike implies a withdrawal or act of defiance vis-à-vis the employer, while for the workers it is a means of pressuring, if not of blackmail or even of “hostage taking.” The diference is thus between an act of suspension (which can be considered nonviolent) and one of extortion (which includes violence). Does this mean that “pure means” are not free of ambiguity, and that there can be no nonviolent action that does not include a residue of violence? It is not clear that Benjamin’s text allows us to go this far. Nevertheless, the problem of pure means, approached through the notion of the right to strike, raises the following question: Could it be that the text “Zur Kritik der Gewalt,” which we are accustomed to reading as a text on violence, deals in fact with the possibility and ambiguity of nonviolence?

The opposition between the aforementioned conflicts of interpretation manifests itself in Benjamin’s excursus on the revolutionary strike, and specifically in the opposition between the political strike and the proletarian general strike, and in the meaning we should attribute to the latter. As previously discussed, the state will never admit that the right to strike is a right to violence. Its interpretative strategy consists in denying, as much as possible, the effective exercise of the right that it theoretically grants. Under these conditions, the function of the revolutionary strike is to return the strike to its true meaning; in other words, to return it to its own violence. In this context, the imperative is to move beyond idle words: a call to strike is a call to violence. This is the reason why such a call is regularly met with a violent reaction from the state, because trade unions force the state to recognize what it is trying to ignore, what it pretends to have solved by recognizing the right to strike: the irreducible violence of class struggles. This means that the previously discussed alternative between “suspension” and “extortion” is valid only for the political strike—in other words, for a strike whose primary vocation is not, contrary to that of the proletarian general strike, to revolt against the law itself. Essentially, the idea of a proletarian general strike, its myth (to borrow Sorel’s words), is to escape from this dichotomous alternative that inevitably reproduces and perpetuates the violence of domination.

#### The Role of the Ballot is to affirm radical propaganda.

#### Studies prove debate is inevitably implicated in the context of propaganda – voting aff aligns with a model predicated on communist base-building.

Greene and Hicks ‘6

[Ronald Greene, former Chair of the Critical and Cultural Studies Division of the National Communication Association, and Darrin Hicks, communication studies at the University of Denver. 2006. “Lost convictions: Debating both sides and the ethical self-fashioning of liberal citizens,” <https://www.tandfonline.com/doi/abs/10.1080/09502380500040928>] bracketed for gender- pat // sosa

In the hands of Dennis Day, the goal of debate was to reassign the convictions of students to the process of debate as a democratic form of decision-making. In this way debate training was no longer simply a mechanism for developing critical thinking or advocacy skills, but instead, debate was now a performance technique that made possible the self-fashioning of a new form of liberal citizen. The citizen’s commitments were to be redirected to the process of debate. This redirection entails a procedural notion of liberal citizenship that asks the student to invest in debate as a method of deliberation. Our argument here rests on Day’s attempt to ethically defend debating both sides by linking the pedagogical rationale of debate to a public ethic, in this case, full and free expression. We are not claiming that debate actually creates a situation in which students who participate in the activity abandon their convictions and commitments on the issues of the day nor are we claiming that debate asks students to embrace an ungrounded relativism. For us, what is important here is that when faced with an ethical criticism of debating both sides, Day sets out a deliberative-oriented vision of democracy whereby the liberal citizen materializes by divorcing [their] his/her speech from the sincerity principle. To embody one’s commitment to the democratic norm of free and full expression required students to argumentatively perform positions they might personally oppose in order to instantiate the circulation of free and full expression and to secure a commitment toward debate as a democratic form of decision-making. Thus, the debate over debate was a struggle over the ethical attributes required for liberal citizenship.

The argument that we will develop in this section begins with the premise that a key element of Cold War liberalism was the attempt to re-position the United States as the leader of the Free World (Greene 1999). One way Cold War liberalism made possible the emergence of US world leadership was by pulling together a national and international commitment to ‘American exceptionalism’. According to Nikhil Pal Singh (1998), American exceptionalism is a product of the attempt to conceptualize the United States as a concrete representative of the universal norms of democracy. In so doing, the US is granted a status and history that is deemed unique from other nations at the same time as that uniqueness qualifies the US to be the leader and judge of democratic attributes, characteristics and norms. In the aftermath of World War II, the proliferation of free speech as a characteristic of the US helped to warrant Cold War liberal claims to American exceptionalism. As Paul Passavant (1996) suggests, the ‘Millian paradigm’ of free speech has been appropriated by U.S. constitutional theorists to grant ‘America’ the status of a nation whereby ‘one legitimately claims the right to free speech’ (pp. 301/2). For Passavant, the process by which the US emerged as a nation whereby citizens claim the right to free speech creates a moral geography in which other nations are not granted the ‘maturity’ necessary for free speech and/or simultaneously must conform to the U.S. vision of free speech. It is our argument that during the cold war, the debate-free speech assemblage helped to make possible the emergence of ‘America’s’ status as an exemplar of democracy.

The Cold War supported two reasons not to debate, or at least participate in affirming the ‘Red China’ resolution. First, the military academies maintained that they could not argue against established US foreign policy, in particular while donning a military uniform, without committing what Habermas (1979a) calls a ‘performative contradiction’. Moreover, they feared that a cadet arguing for diplomatic recognition of Communist China would send a message of indecisiveness, division, and weakness to the nation’s international enemies (Burns 1954, p. 12). Furthermore, given the on-going hearings to expose communist infiltration in the Army, one might legitimately fear that he might not be granted the privilege to suspend the sincerity principle nor to abstract from the particularity of the uniform he might be wearing at the time of the debate. Second, the teacher colleges of Nebraska, as well as many editorialists, claimed that by defending diplomatic recognition of ‘Red China’, students would fall victim to Communist propaganda (Baird 1955, p. 6) Impressionable students, critics feared, would not have the cognitive skills or experience to recognize propaganda and would, thus, be susceptible to indoctrination and brainwashing. As hysterical as this argument and it certainly was a product of the anti-Communist hysteria wrought by McCarthyism / it was not without academic support.

A hallmark of the Cold War liberalism of the late forties and fifties was the steadfast belief in / and fear of / the seductive appeal of totalitarianism for American youth. In 1949, in his Cold War liberal manifesto The Vital Center, the influential historian Arthur Schlesinger Jr, argued that the lack of political commitment and moral conviction among the US citizenry, in particular American youth, posed a considerable threat to the continued existence of democracy. Schlesinger (1949) and other Cold War liberals (and conservatives) feared that an alienated youth was especially vulnerable to the promises of certitude and solidarity contained in Communist propaganda. Communism held a genuine appeal for those stricken with anxiety because it offered both new social forms and a new social creed. US political culture, in contrast, was simply too thin to provide a defense against the persistent neuroses of postindustrial modernity and, therefore, was in grave danger of Communist infiltration. Because ‘[t] here is a Hitler and Stalin in the breast of every man [sic]’, Schlesinger proclaimed, the fate of free society hinged upon the prospects for cultivating a youth dedicated to keeping constant vigil.

Concurrently, the Army Information and Education Group, which would become the core of the Hovland-Yale Communication and Persuasion Group, led by Carl Hovland, was conducting experiments testing the relationship between inducement and internalized attitude change. In 1953, Hovland, Janis, and Kelley published their highly influential book Communication and Persuasion, which established a positive relation between verbalization and the intensification of belief and predicted that being forced to overtly defend a position discrepant from one’s own private beliefs would result in the internalization of the overtly defended position. This prediction was further supported by the forced-compliance and cognitive dissonance studies of Festinger (1957) and his colleagues at Stanford. For decades, the ability to understand the merits of opposing arguments had been championed as one of the prime pedagogical benefits of intercollegiate debate training. However, in the fall of 1954, Hovland’s and Festinger’s studies coupled with the anti- Communist rhetoric of Schlesinger, which would, much to Schlesinger’s dismay, come to underwrite McCarthy’s witch hunts, would be articulated in such a way that debate’s ability to train students to take the other’s perspective might be framed as a threat to national security. The fear that defending the diplomatic recognition of ‘Red China’ would turn American youth into Communist sympathizers saturated the debating both sides controversy with an anxiety over the virility of ‘democratic faith’. Those choosing to defend the virtues of intercollegiate debate and the practice of debating both sides were careful not to question the basic tenets of the anti-Communism that constituted the ideological core of Cold War liberalism. Democracy, if it were to survive the seductive appeal of totalitarianism, had to become a fighting faith, a faith born out of and tested in social and political conflict. Debate, in particular the format of debating both sides of controversial issues embodied the sort of political conflict that could engender sound conviction, rational decisions, and a committed youth impervious to Communist propaganda. Moreover, debate provided the antidote to communist propaganda. Baird concluded, ‘[c]ollege debate teams are the last groups in this nation where Communist propaganda has any chance of making headway’ (1955, p. 7). No student wishing to win the debate, Burns argued, ‘would take the affirmative on the grounds that we must love the Chinese or that they are merely agrarian radicals’ (p. 7). Burns, so confident in the anti-Communist sentiment of the majority of students, contended that no student would dare argue in favour of Communism but ‘pitch his [sic ] case on the argument that recognition might help pull China out of the Moscow orbit, that it might help build a firmer anti-Communist alliance, that it might make peaceful coexistence possible. He [sic ] would, in short, be directing our attention to the very questions that all American’s might well be debating’ (p. 7). For Schlesinger, however, the ground of the anti-Communist consensus Baird believed to be evident in ‘the majority of students’ was unstable.

#### Impact turns miss the boat. Extraction replaces production and zeros innovation.

John Bellamy Foster et al. 21, R. Jamil Jonna and Brett Clark. John Bellamy Foster is the editor of Monthly Review and a professor of sociology at the University of Oregon. R. Jamil Jonna is associate editor for communications and production at Monthly Review. Brett Clark is associate editor of Monthly Review and a professor of sociology at the University of Utah. The authors thank John Mage, Craig Medlen, and Fred Magdoff for their assistance. “The Contagion of Capital Financialised Capitalism, COVID-19, and the Great Divide.” The Jus Semper Global Alliance. In Pursuit of the People and Planet Paradigm Sustainable Human Development March 2021. Essays on True Democracy and Capitalism. https://jussemper.org/Resources/Economic%20Data/Resources/BellamyFosterJonaClark-ContagionCapital.pdf

As we have seen, when corporations do not invest their economic surplus in new capital formation—primarily due to vanishing investment opportunities in an economy characterised by excess capacity—they are left with abundant free cash that is partly returned to the shareholders through share buybacks and, to a lesser degree, dividends. It is also used for speculation, including mergers, acquisitions, and the panoply of corporate “cash management” techniques that amount to the leveraging of free cash to enhance returns. This gives rise to a whole alphabet soup of 19 financial instruments, in which corporations use the cash at their disposal partly as collateral for debt leverage, with non-financial corporate debt rising rapidly as a share of national income. Predictably recurring internal corporate funds in the form of free cash constitute a “flow collateral” allowing for further leverage, feeding speculation. A speculative economy relies on borrowed funds for leverage, backed up in part by cash. Expanding cash reserves are also needed as hedges in case of financial defaults. The whole system is a house of cards.

The progressive financialisation of the capitalist economy, whereby the financial superstructure continues to expand as a share of the underlying productive economy, has led to ever-greater asset price bubbles and growing threats of world economic meltdown. So far, a complete meltdown has been headed off by central banks, as in the 2000 and 2008 financial crashes. At every major recurring disturbance, and with serious economic repercussions, the monetary authorities pump massive amounts of cash into the financial superstructure of the economy only to give rise to greater bubbles in the future.

Theoretically, stock values represent future expected streams of earnings arising primarily from production. Nowadays, 20 however, finance has become increasingly autonomous from production (or the “real economy”), relying on its own speculative “self-financing,” leading to financial bubbles, contagions, and crashes, with the monetary authorities intervening to keep the whole house of cards from collapsing. This serves to reduce the risk to speculators, thereby keeping the value of stocks and other financial assets rising on a long-term basis, along with the overall wealth/income ratio. In these circumstances, so-called asset accumulation by speculative means has replaced actual accumulation or productive investment as a route to the increase of wealth, generating a condition of “profits without production.”21

In order to grasp the full significance of the financialisation of the economy, it is useful to look at the two conceptions of capital (relative to national income) depicted in Chart 3. One of these, the numerator of the lower line, is the 22 traditional conception of capital as fixed investment stock (physical structures and equipment) at historical cost minus depreciation. This is called the fixed capital stock of the nation and is tied directly to economic growth. It represents 23 what economic theorists from Adam Smith to Karl Marx to Keynes have referred to as the accumulation of capital. Capital formation and national income are closely related, generally rising and falling together, producing the relatively flat line, representing the ratio of fixed capital stock to national income, shown in Chart 3.24

Yet, capital, as Marx noted very early in the process, has more and more taken on the “duplicate” form of “fictitious capital,” that is, the structure of financial claims (in monetary values) produced by the formal title to this real capital. Insofar as economic activity is directed to the appreciation of such financial claims to wealth relatively independently of the accumulation of capital at the level of production, it has metamorphosed into a largely speculative form.25

This can be seen by looking again at Chart 3. In contrast to the lower line, the upper line depicts what is traditionally seen as the wealth/income ratio (which some economic theorists, such as Thomas Piketty, conflate with the capital/ income ratio, treating wealth as capital). The numerator here is the value of corporate stocks. Since the mid–1980s, the 26 ratio of stock value to national income has increased more than 300 percent. This marks an enormous growth of financial wealth, with speculation-induced asset growth sidelining the role of productive investment or capital accumulation as such in the amassing of wealth. This is associated with a massive redistribution of wealth to the top of society. The top 10 percent of the U.S. population owns 88 percent of the value of stocks, while the top 1 percent owns 56 percent. Rising stock values relative to national income thus mean, all other things being equal, rapidly rising 27 wealth (and income) inequality.28

The existence of the two conceptions of capital (and of capital/income ratios) presented here—one representing historical investment cost minus depreciation, and conforming to the notion of accumulated capital stock, the other the monetary value of stock equities (in economics traditionally treated as wealth rather than capital)—is often downplayed within establishment economics under the assumption that in the long run they will simply fall in line with each other, and with national income. As leading mainstream economic growth theorist Robert Solow writes: “Stock market values, the financial counterpart of corporate productive capital, can fluctuate violently, more violently than national income. In a recession the wealth-income ratio may fall noticeably, although the stock of productive capital, and even its expected future earning power, may have changed very little or not at all. But as long as we stick to longer-run trends…this difficulty can safely be disregarded.”29

But can the divergence of stock values from income (and from fixed capital stock) in reality be so easily disregarded? Chart 3 depicts a sharp increase in stock values relative to national income, which has now continued for over a third of a century, with decreases in total stock values as a ratio of national income (output) occurring during recessions, then rebounding during recoveries. The 30 overall movement is clearly in the direction of compounded financial hyperextension. This conforms to the general pattern of the financialisation of the capitalist economy, constituting a structural change in the system associated with the growth of monopoly-finance capital. This has gone hand in hand with a bubblier economy, with financial bubbles bursting in 1987, 1991, 2001, and 2008, but ultimately shored up by the Federal Reserve and other central banks.

Today, vast amounts of free cash are spilling over into waves of mergers and acquisitions, typically aimed at acquiring mega-monopoly positions in the economy. A major focus is the tech sector, much of which is directed at commodifying all information in society, in the form of a ubiquitous surveillance capitalism. All financial bubbles derive their animus 31 from some common rationale, which claims that this time is different, discounting the reality of a bubble. In the present case, the rationale is that the advance of the FAANG stocks (Facebook, Apple, Amazon, Netflix, and Google), which now comprise almost a quarter of the value of Standard and Poor 500’s total capitalisation, is unstoppable, reflecting the dominance of technology. Apple alone has reached a stock market valuation of $2 trillion. All of this is feeding a massive increase in income and wealth inequality in the United States, as the gains from financial assets rise relative to income. Yet, like all previous bubbles, this one too will burst.32

Kalecki determined that the export surplus on the U.S. current account increased free cash, as did the federal deficit.33 However, the current account deficit cannot be seen, in today’s overall structural context, as simply reducing free cash, because of the changed role of multinational corporations in late imperialism, which alters other parts of the equation. Due to globalisation and the rise of the global labor arbitrage, U.S. multinational corporations in their intra-firm relations have in effect substituted production overseas by their affiliates for parent company exports, thereby decreasing their investment in fixed capital in the United States. The sales abroad of goods by majority-owned affiliates of U.S. 34 multinational corporations in 2018 were 14.5 times the exports of goods to majority-owned affiliates. Foreign profits of 35 U.S. corporations as a proportion of U.S. domestic corporate profits rose from 4 percent in 1950 to 9 percent in 1970 to 29 percent in 2019. This mainly reflects the shift in production to low unit labor cost countries in the Global South. Samir Amin described the vast expropriation of surplus from the Global South, based on the global labor arbitrage, as a form of “imperialist rent.”36

This expansion of global labor-value chains is also associated with an epochal increase in what is called the non-equity mode of production, or arm’s length production. Companies like Apple and Nike rely not on foreign direct investment abroad, but instead draw on subcontractors overseas to produce their goods at extremely low unit labor costs, often generating gross profit margins on shipping prices on the order of 50 to 60 percent.37

The loss of investment in the United States, as U.S. multinational corporations have substituted production overseas, coupled with the growth of foreign profits of U.S. mega firms, has further increased the free cash at the disposal of corporations (even with a growing deficit in the current account), thereby intensifying the all-around contradictions of over-accumulation, stagnation, and financialisation in the U.S. economy. Much of this free cash is parked in tax havens overseas to escape U.S. taxes.38

Washington uses its printing press, through the federal deficit, to compensate for the U.S. current account deficit. Foreign governments cooperate, providing the “giant gift” of accepting dollars in lieu of goods, thereby acquiring massive dollar reserves. At some point, however, these contradictions are bound to undermine the hegemony of the dollar as the 39 world’s reserve currency, with dire ramifications for the U.S.-based world empire.