

Replies to the Questions for the Berlin Workshop

Kees van der Pijl, November 19, 2015

1. What has changed since the open outbreak of the global financial crisis in 2007/08, and why this is the case?

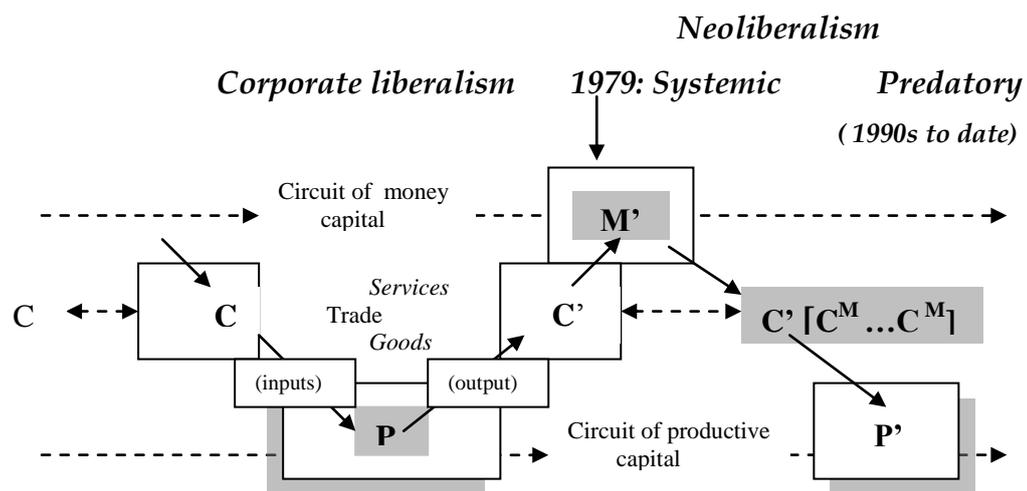
The outbreak of the crisis was the endpoint of attempts to contain the crisis that effectively erupted when capital abrogated the class compromise forced on it by labour and socialist forces in 1968-69. A most convincing theory elaborating this is Wolfgang Streeck's claim (in *Gekaufte Zeit/Buying Time*: three attempts were made to postpone this crisis—inflation, state debt, and private debt).

The two aspects missing from this otherwise compelling account, are 1) the *different fractions of capital leading each stage*, and 2) the role of *imperialism and war*. This is important because now that the postponement mechanisms have been exhausted, we are stuck, not with 'capital in general' but with particular leading fractions and particular policies which have their own dynamics.

In the figure below, from my paper posted at

http://www.academia.edu/18288577/Fractions_or_Varieties_of_Capital_in_the_Crisis

the different dominant fractions leading three phases are highlighted.



Key: M: capital in money form; C: capital in commodity form; P: capital arranged for production (or transport). Dual role of money capital highlighted; anchorage of productive capital in human resource complexes and nature indicated by shading.

In the post-war period, the class compromise with labour and socialist forces (and internationally, although confined to Europe, with the Soviet bloc) the dominant fraction was nationally based productive capital. It managed the relationship with organised labour, and *under Nixon inaugurated the inflationary turn in 1971 when US capital had to abandon the post-war gold peg*. This also coincided with the disengagement from, ultimately defeat in Vietnam (one of the main causes of the dollar crisis).

So phase I in the Streeck sequence was 'the work' of productive capital, and it also led the relocation to zones outside the compromise with labour. But the dynamics of that relocation and the erosion of the New Deal repression of finance *empowered another fraction, systemic money capital*. In 1979 it clamped down on inflation because the surge of credit threatened to allow the Third World coalition for a New International Economic Order and the Soviet bloc to finance their contender challenge to the West by easy credit (under inflationary conditions reducing the principal at a rate of 12-14 per cent annually).

Systemic money capital, that is, 'mainstream' money capital restored to directing the cycle of industrial capital now on the path of globalisation of production, in 1979 launched the concerted assault on the class compromise with labour and the sustained assault on socialist forces—the new Cold War, but this time, to the bitter end. This would coincide with phase II of Streeck (state debt) because it was financed by deficit spending coinciding with tax breaks for the highest income brackets. That is, the state stops asking them to pay and instead offers to pay them (i.e. interest on state debt). The process however worked to *empower a fraction with commercial capital that was also freed from New Deal controls, viz., money-dealing capital, 'trade in financial services'*.

This fraction then led the third phase in the Streeck sequence, private debt (consumer credit, mortgages). But it also, as a high-risk fraction interested in creating/exploiting speculative credit bubbles, made the capitalist system far more crisis-prone. Not only 'economically' but also, in part via speculative investment in defence/security-related

corporations, in terms of the disintegration of societies, acceleration of the ecological crisis, and the spread of war.

In other words, what has emerged after 2008 is not just that the delaying operations to contain the capitalist crisis have been exhausted, but that in the process, *the West (and to a considerable extent, 'the Rest', is being held hostage by the most destabilising, risk-seeking fractions of capital in alliance with the most warlike ones.*

This should not be taken as a fatalistic conclusion that we are lost or something, merely to underline that we are up against the most irresponsible, if not suicidal elements in the ruling class and via their material and ideological influence, also in the managerial cadre and state classes. On the other hand it means that within the capitalist class and cadre there are *potential allies for a progressive turn.*

2. Which have been the actual consequences of these developments for the issue/for a country/for the EU/for Europe/for the world?

In the EU the above changes and phases have been repeated to the point where today, the differences with the US/NATO line are practically non-existent. In addition democracy and national sovereignty have practically been abolished as testified in Greece and Portugal. The attacks in Paris are working to remove the last barriers to all-out war in the Middle East, although there is a clear rift as to whether an intervention in Syria has to include collaboration with Russia (as proposed by France) or not (the US position).

3. Did other possibilities exist in or for the EU and why haven't they been realized?

The defeat of labour in the 1980s and the postmodern conversion of the Left has given free rein to the forces of speculative capital and nihilism. Here David Harvey's *The Condition of Post-Modernity* remains mandatory reading.

4. Which scenarios are possible and shall emerge, and with which consequences for the next 10-15 years, and what are the conditions for the actual realization of such trends?

I look forward to discussing these in Berlin.