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Capitalism and Crisis

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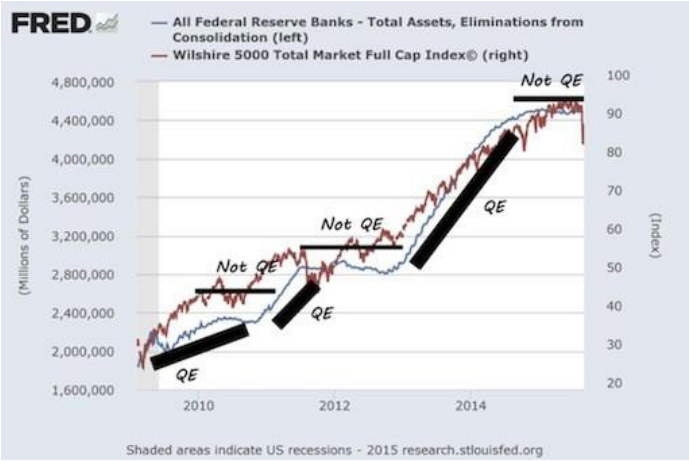
Western social ontology, the theories about the world that serve as a 'background' theoretical frame upon which to hang political and economic propositions, tends to be viewed as neutral or irrelevant with respect to these propositions. A paradoxical example can be found in economic claims that the present, as seen through the facts selected for their comportment with this proposition or that, is the exemplar against which all else is variation. For example, that the Great Recession of the last eight years was a cosmic accident while capitalism is 'correctly' represented by economic stability and full employment. Paradox comes through the juxtaposition of the stopped time of the exemplar against the claim that it is trans-temporal— that it persists against the deep temporality and contradictory evidence of experience.

This claim of persistence is a political strategy hidden behind deference to a pre-propositional state-of-the-world. Neoliberalism, capitalism without the caveats due history, is a prime example of this tendency. Over the last forty years historical actors have woven neoliberal propositions into the fabric of history without due deference to the social relations that facilitated their emergence or to the earlier history that proponents pose as neutral. To ignore this history is to deny it. These propositions are posed as aggregate knowledge when there is no actual process of aggregation behind it. The residuals of genocide against indigenous populations to 'clear' land and slavery as foundational mode of capitalist 'labor' are either expunged or capitalism as 'neutral' proposition has nowhere to stand.

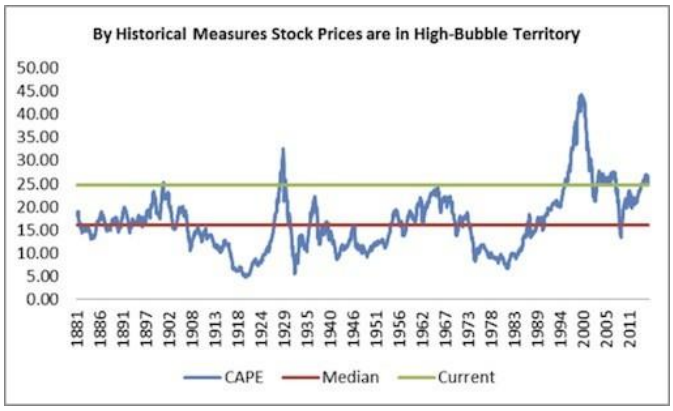


Graph (1) above: The argument that the Federal Reserve's QE (Quantitative Easing) programs have overwhelmingly benefited the already rich and banks is by now well-trodden territory. Not generally considered are the broader ways that it created the economic world that we currently exist in. Student loans have subsidized an extractive for-profit system of higher education while inflating tuition and redirecting resources at traditional colleges and universities. Five and six year auto loans made to economically marginal borrowers subsidize auto sales while directing ridership away from mass transit. And rising house prices are once again creating an affordability crisis. Source: St. Louis Federal Reserve.

Juxtaposition of economic calamity like the Great Depression or the debt (social) crisis of the European periphery in the present against 'normal' capitalist outcomes poses continuity as break or rupture, the roaring good times of the few in the 1920s against the mass destitution and misery of the many in the Great Depression. Were they in fact separable capitalist revivalists, a/k/a neoliberals, might have a point. For a half-century after the Depression like calamities were held at bay through defining a public interest and crafting policies that encouraged adherence to this interest by the more destructive forces of capitalism. Since the 1970s high-capitalist ideology has been used to insert 'private' interests into provision of the public interest. Once private interest was put forward as the means of achieving the public interest the idea of a public interest disappeared.

Graph (2) above: beginning around 1998, well before Democrat free-marketeer Bill Clinton left office, the housing 'market' in the U.S. entered financial bubble territory from which it has yet to emerge. The term 'housing bubble' represents the effective commodification and financialization of basic human shelter. In its efforts to save Wall Street banks the Obama administration devised a program under which home 'owners' could refinance up to 150% of the value of 'their' houses for the benefit of banks that might otherwise be forced to bear losses on the difference. At present mainstream economists see little evidence of financial bubbles because finding them would call into question the wisdom of their policy recommendations. A question that should be answered is how, given the distribution of home ownership, inflated housing prices are a net benefit rather than a regressive tax that disproportionately affects the poor? The sole reason that the Federal Reserve has reflated house prices is to benefit banks that have outsized loans against them. Source: Robert Shiller; Yale.

An economic paradox of the modern era is that for all of the professed love of markets they can only be said to occasionally and conditionally exist. To put this more precisely, markets exist as social explanation that bears little relation to the facts they are claimed to describe. Technology and pharmaceutical companies are capitalist enterprises except when it comes to funding the research that they turn into 'products' and paying the taxes that provide them with this research, patent and contract enforcement, roads, bridges and tunnels over which to transport goods, schools that educate 'their' workers and the police and standing military to enforce these protections. Banks exist as the beating heart of capitalism until bankers destroy them and they become wards of the state.



Graph (3) above: one of the more deeply uninteresting questions at present is whether or not U.S. stocks are once again in a bubble. Arguments against a bubble provide competing evidence such as comparisons to current, rather than smoothed, corporate earnings and historically low interest rates that support stock prices by providing an unattractive alternative. Ironically, these are restatements of the capitalist premise that 'markets' exist as / in states of nature rather than as iterative creations of an existing order through state and quasi-state institutions. The housing bubble of the 2000s began in earnest in 1998 coincident with the dotcom bubble. Real house prices are now 50% above their pre-bubble average— about the same as stocks. The real issue is the conspicuous economic and social dysfunction that four decades of financialization have wrought. Source: Robert Shiller, Yale.

Commercial provision of food, shelter, education and health care comes by means of state-market hybrids that function, such as they do, as highly controlled distribution schemes that rely on 'markets' as foil, as straw wo/man for a rigged game. The 'demand' side of these relations is output put forward as input, controlled distribution posed as the outcome of opportunity and providence. This is to discount neither luck nor folly but rather to delimit 'markets,' and the broader social apologetics they encompass, as a strategy of social negotiation— Gramscian hegemony in support of an existing order. Deference to stopped-time 'nature' serves as veil to hide the history embedded in this distribution. Markets explain economic outcomes if history has ended, therefore history has ended (goes the theory).

This idea of markets serves to displace more probable explanations of social relations, even amongst those who should know better. Labor markets in the U.S. developed from slavery with reconstitution of economic extraction as 'free' production following the Civil War. Nominally freed slaves were re-exploited through convict leasing and like programs or were paid 'market' wages that reflected ongoing racial repression. The policing, judiciary and penal systems worked in concert to create and maintain a highly exploitable class based in historic U.S. race 'relations.' The wealth taken as expropriated slave labor was turned back on the descendants of freed slaves through state institutions created to maintain this class status. Similar practice was / is the material foundation of Western wealth since the inception of the modern imperial epoch.

The purpose here isn't to revisit reasonably well-known history, but rather to take the idea of markets out of 'clean' theoretical space to place it back into history. Markets exist, to the extent they do, at the nexus of historical social relations and embedded economic practices. The necessary capitalist proposition of social 'neutrality,' that history was then but economic relations are now, is an effort to replace history as-it-is-lived with anti-history— with the negation of lived experience as embedded in current social relations. This isn't to support an idea of history as virtuous narrative, as 'our story,' but rather to juxtapose lived experience against an aggregation of nothing, the economic propositions theorized to represent cumulative wisdom that don't accumulate.

By way of metaphor, a view that grew to prominence in the rightward turn of the mid-1970s was that more money— some combination of income and wealth, would allow artists to spend their time making art instead of working at unrelated jobs to pay the rent. From that point forward the art world was, in fits and starts, increasingly financially 'viable.' What changed in the process was the social meaning of art from visual / cognitive poetry around a variably shared language to commodity production. This isn't to suggest one true meaning of art. It is argue that capitalism doesn't 'support' human endeavors, it defines them. The theory of money as socially neutral 'tool' is premised in ontological stop-time, in anti-history that favors improbable clarity over life as it is lived.

This also isn't a complaint that money corrupted art. It is to bring money and capitalism front-and-center as ideological impositions. Capitalism tends to be argued in instrumental terms— it 'does' this or that (or both) around a social virtue put forward in stop-time. Modern corporations treat the provision of social 'goods' as means to an end— to profits, rather than as an end in themselves. If they can earn profits without paying workers and / or providing goods or services capitalist nirvana has been found. 'Competitive' markets provide theoretical balance, if not its

fact, by ignoring embedded history and not by addressing it. Keynesian 'aggregate demand' theories are a backdoor portal to history through 'rational' equilibration of economic distribution. Financialization has reduced the 'burden' of this equilibration by divorcing incomes and wealth from production. Financial bubbles and their consequences are one thing and the distributional consequences of financialization another.

Debates around economic policies, while sometimes necessary, draw attention away from the larger questions of how we collectively choose to live. Capitalism is insistent ideology that is posed as helpful advice. Policy debates proceed from this premise of 'helpful advice' and disagreements center on the institutional mechanics of achieving generally agreed upon goals. Lost (hidden) in the back and forth is that little to no 'debate' (social struggle) has been had around broader alternatives. To a limited extent this can be seen in the European left's operational view of 'new' socialism as instrumental improvements around fundamentally capitalist modes of economic organization. Left out of the calculus, such as it is, is that capitalists get rich by not providing food, shelter, education and health care if they don't have to.

Debate over financial bubbles is a generally analogous distraction—they are evidence of social and economic dysfunction that is much more pervasive and insistent than the spectacular economic implosions that are by now regularly recurring events. Part of the social impatience with these booms and busts is the oblivious insistence during booms that all is well followed by dim incredulity that all is not well in the next inevitable bust. More fundamentally, who cares if house and stock prices are rising when they are owned by a rapidly consolidating minority of self-interested jackasses who have inflicted their narrow vision of the social 'good' on the rest of us to the exclusion of all other social possibility? Given the social catastrophes that bursting credit bubbles create, some participation in mainstream debate is necessary. But the broader question is how we want to live and not which policy is best within a singular view.