

and state apparatuses fix borders and boundaries in ways that often limit movement. To all of this must be added the multiple ways in which people create their own distinctive living spaces, reflective of their distinctive views on the proper relation to nature and appropriate forms of sociality, and of their mental conceptions as to what constitutes a satisfying, materially rewarding and meaningful form of daily life.

The reason that it is so difficult to integrate the making of geography into any general theory of capital accumulation, it should by now be clear, is that this process is not only deeply contradictory but also full of contingencies, accidents and confusions. The maintenance of heterogeneity rather than the achievement of homogeneity is important. But it is still possible to get some handle on where these difficulties are located and to what effect. The economic weather to which planet earth is subjected is, as it were, changeable and unpredictable in its details. Long-term economic changes are even harder to discern beneath all the surface churning, but they are definitely there. It is also abundantly clear that the reproduction of capitalism entails the making of new geographies and that the making of new geographies through creative destruction of the old is one very good way to deal with the perpetually present capital surplus disposal problem. But this search for a geographical 'fix' to the problem of surplus absorption also constitutes an ever-present danger. While there are innumerable parallels now being drawn between the crisis of the 1930s and the current one, the one potential parallel that is almost totally ignored is the collapse of international collaboration, the descent into geopolitical rivalries and the vast tragedy of one of the greatest of all episodes of creative destruction in human history: the Second World War.

## What is to be Done? And Who is Going to Do It?

At times of crisis, the irrationality of capitalism becomes plain for all to see. Surplus capital and surplus labour exist side by side with seemingly no way to put them back together in the midst of immense human suffering and unmet needs. In midsummer of 2009, one third of the capital equipment in the United States stood idle, while some 17 per cent of the workforce were either unemployed, enforced part-timers or 'discouraged' workers. What could be more irrational than that?

For capital accumulation to return to 3 per cent compound growth will require a new basis for profit-making and surplus absorption. The irrational way to do this in the past has been through the destruction of the achievements of preceding eras by way of war, the devaluation of assets, the degradation of productive capacity, abandonment and other forms of 'creative destruction'. The effects are felt not only throughout the world of commodity production and exchange. Human lives are disrupted and even physically destroyed, whole careers and lifetime achievements are put in jeopardy, deeply held beliefs are challenged, psyches wounded and respect for human dignity is cast aside. Creative destruction is visited upon the good, the beautiful, the bad and the ugly alike. Crises, we may conclude, are the irrational rationalisers of an irrational system.

Can capitalism survive the present trauma? Yes, of course. But at what cost? This question masks another. Can the capitalist class reproduce its power in the face of the raft of economic, social, political



and geopolitical and environmental difficulties? Again, the answer is a resounding 'Yes it can.' This will, however, require the mass of the people to give generously of the fruits of their labour to those in power, to surrender many of their rights and their hard-won asset values (in everything from housing to pension rights) and to suffer environmental degradations galore, to say nothing of serial reductions in their living standards which will mean starvation for many of those already struggling to survive at rock bottom. More than a little political repression, police violence and militarised state control will be required to stifle the ensuing unrest. But there will also have to be wrenching and painful shifts in the geographical and sectoral locus of capitalist class power. The capitalist class cannot, if history is any guide, maintain its power without changing its character and moving accumulation on to a different trajectory and into new spaces (such as east Asia).

Since much of this is unpredictable and since the spaces of the global economy are so variable, then uncertainties as to outcomes are heightened at times of crisis. All manner of localised possibilities arise for either nascent capitalists in some new space to seize opportunities to challenge older class and territorial hegemonies (as when Silicon Valley replaced Detroit from the mid-1970s onwards in the United States) or for radical movements to challenge the reproduction of an already destabilised and therefore weakened class power. To say that the capitalist class and capitalism can survive is not to say that they are predestined to do so, nor that their future character is given. Crises are moments of paradox and possibility out of which all manner of alternatives, including socialist and anti-capitalist ones, can spring.

So what will happen this time around? If we are to get back to 3 per cent growth, this will mean finding new and profitable global investment opportunities for \$1.6 trillion in 2010, rising to closer to \$3 trillion by 2030. This contrasts with the \$0.15 trillion new investment needed in 1950 and the \$0.42 trillion needed in 1973 (the dollar figures are inflation adjusted). Real problems of finding adequate outlets for surplus capital began to emerge after 1980, even with the

opening up of China and the collapse of the Soviet bloc. The difficulties were in part resolved by the creation of fictitious markets where speculation in asset values could take off unchecked by any regulatory apparatus. Where will all this investment go now?

Leaving aside the undisputable constraints in the relation to nature (with global warming of obvious paramount importance), the other potential barriers of effective demand in the market place, of technologies and of geographical/geopolitical distributions are likely to be profound, even supposing – which is unlikely – that no serious active oppositions to continuous capital accumulation and further consolidation of class power materialise. What spaces are left in the global economy for new spatial fixes for capital surplus absorption? China and the ex-Soviet bloc have already been integrated. South and south-east Asia are filling up fast. Africa is not yet fully integrated, but there is nowhere else with the capacity to absorb all this surplus capital. What new lines of production can be opened up to absorb growth? There may be no effective long-term capitalist solutions (apart from reversion to fictitious capital manipulations) to this crisis of capitalism. At some point quantitative changes lead to qualitative shifts and we need to take seriously the idea that we may be at exactly such an inflexion point in the history of capitalism. Questioning the future of capitalism itself as an adequate social system ought, therefore, to be in the forefront of current debate.

Yet there appears to be little appetite for such discussion, even as conventional mantras regarding the perfectibility of humanity with the help of free markets and free trade, private property and personal responsibility and low taxes and minimalist state involvement in social provision sound increasingly hollow. A crisis of legitimacy looms. But legitimisation crises typically unfold at a different pace and rhythm to stock market crises. It took, for example, three or four years for the stock market crash of 1929 to produce the massive social movements (both progressive and fascistic) that emerged after 1932 or so. The intensity of the current pursuit by political power of ways to exit the present crisis measures the political fear of looming illegitimacy.



The existence of cracks in the ideological edifice does not mean it is utterly broken. Nor does it follow that because something is clearly hollow, people will immediately recognise it as such. As of now, faith in the underlying presumptions of free market ideology have not eroded too much. There is no indication that people in the advanced capitalist countries (apart from the usual malcontents) are looking for radical changes of lifestyle, although many recognise that they may have to economise here or save more there. Those foreclosed upon in the United States (so preliminary surveys tell us) typically blame themselves for their failure (sometimes through bad luck) to live up to the personal responsibilities of homeownership. While there is anger at bankers' duplicity and populist outrage over their bonuses, there seems to be no movement in North America or Europe to embrace radical and far-reaching changes. In the global south, Latin America in particular, the story is rather different. How the politics will play out in China and the rest of Asia, where growth continues and politics turns on different axes, is uncertain. The problem there is that growth is continuing, though at a lower rate.

The idea that the crisis had systemic origins is scarcely mooted in the mainstream media. Most of the governmental moves so far in North America and Europe amount to the perpetuation of business as usual, which translates into support for the capitalist class. The 'moral hazard' that was the immediate trigger for the financial failures is being taken to new heights in the bank bail-outs. The actual practices of neoliberalism (as opposed to its utopian theory) always entailed blatant support for finance capital and capitalist élites (usually on the grounds that financial institutions must be protected at all costs and that it is the duty of state power to create a good business climate for solid profiteering). This has not fundamentally changed. Such practices are justified by appeal to the dubious proposition that a 'rising tide' of capitalist endeavour will 'lift all boats', or that the benefits of compound growth will magically 'trickle down' (which it never does except in the form of a few crumbs from the rich folks' table).

Throughout much of the capitalist world, we have lived through

an astonishing period in which politics has been depoliticised and commodified. Only now, as the state steps in to bail out the financiers, has it become clear to all that state and capital are more tightly intertwined than ever, both institutionally and personally. The ruling class, rather than the political class that acts as its surrogate, is now actually seen to rule.

So how will the capitalist class exit the current crisis and how swift will that exit be? The rebound in stock market values from Shanghai and Tokyo to Frankfurt, London and New York is a good sign, we are told, even as unemployment pretty much everywhere continues to rise. But notice the class bias in that measure. We are enjoined to rejoice in the rebound in stock values for the capitalists because it always precedes, it is said, a rebound in the 'real economy' where jobs for the workers are created and incomes earned. The fact that the last stock rebound in the United States after 2002 turned out to be a 'jobless recovery' appears to have been forgotten already. The Anglo-Saxon public in particular appears to be seriously afflicted with amnesia. It too easily forgets and forgives the transgressions of the capitalist class and the periodic disasters its actions precipitate. The capitalist media are happy to promote such amnesia.

Meanwhile the young financial sharks have taken their bonuses of yesteryear, and collectively started boutique financial institutions to circle Wall Street and the City of London, sifting through the detritus of yesterday's financial giants to snaffle up the juicy bits and start all over again. The investment banks that remain in the US – Goldman Sachs and J. P. Morgan – though reincarnated as bank holding companies have gained exemption (thanks to the Federal Reserve) from regulatory requirements and are making huge profits (and setting aside moneys for huge bonuses to match) out of speculating dangerously using taxpayers' money in unregulated and still booming derivative markets. The leveraging that got us into the crisis has resumed big time as if nothing has happened. Innovations in finance are on the march as new ways to package and sell fictitious capital debts are being pioneered and offered to institutions such as



pension funds, desperate to find new outlets for surplus capital. The fictions are back!

Consortia are buying up foreclosed properties, either waiting for the market to turn before making a killing or banking high-value land for a future moment of active redevelopment. Wealthy individuals, corporations and state-backed entities (in the case of China) are buying up vast tracts of land at an astonishing rate throughout Africa and Latin America as they seek to consolidate their power and guarantee their future security. Or is this yet another speculative frontier that will sooner or later end in tears? The regular banks are stashing away cash, much of it garnered from the public coffers, also with an eye to resuming bonus payments consistent with a former lifestyle, while a whole host of entrepreneurs hover in the wings waiting to seize this moment of creative destruction backed by a flood of public moneys.

Meanwhile raw money power wielded by the few undermines all semblances of democratic governance. The pharmaceutical, health insurance and hospital lobbies, for example, spent more than \$133 million in the first three months of 2009 to make sure they got their way on health care reform in the United States. Max Baucus, head of the key Senate finance committee that shaped the Health Care Bill, received \$1.5 million for a bill that delivers a vast number of new clients to the insurance companies without any protections against ruthless exploitation and profiteering (Wall Street is delighted). Another electoral cycle, legally corrupted by immense money power, will soon be upon us. In the United States, the parties of 'K Street' and of Wall Street will be duly re-elected as working Americans are exhorted to work their way out of the mess that the ruling class has created. We have been in such dire straits before, we are reminded, and each time working Americans have rolled up their sleeves, tightened their belts, and saved the system from some mysterious mechanics of autodestruction for which the ruling class denies all responsibility. Personal responsibility is, after all, for the workers and not for the capitalists.

The capitalist class has to convince us, however, that capitalism is not only good for them but good for all of us. It will point to 250 years of continuous growth (with occasional moments like now of creative destruction) and that there is no reason why all of that should come to an end. Its endless innovations have, after all, laid the basis for wondrous new technologies like Velcro and Maclaren pushchairs that can benefit the whole of humanity and there are research frontiers yet to be conquered, capable of spawning the new product lines and the new markets so necessary to continuous expansion. Green technologies and new 'cap and trade' markets in pollution rights will help save planet earth. An even more likely candidate for the next innovation wave lies in biomedical and genetic engineering. Here lies an ethical field (however dubious) promising us eternal life and chemically and biologically supported life forms, with states (if the US model now emerging is anything to go on) guaranteeing huge profits to the medical, pharmaceutical and health care industrial complex. This is the field that the most affluent foundations like Gates and Soros have been assiduously cultivating by their donations. The rents on intellectual property rights and patents will guarantee returns long into the future to those who hold them. (Imagine what will happen when life itself is patented!)

Increasing cross-border monopolisation (both state and corporate) will make the economic system less vulnerable to 'ruinous competition'. The effective demand problem will be better controlled (it is hoped) by state-sponsored markets, funded by printing money, in fields other than the customary military defence, policing and surveillance. Better public support for private provision in fields like health care, housing and education can also conveniently be portrayed as a proliferation of civil and democratic rights for the mass of the population even as it fills the coffers of private corporations.

And if there are difficulties in this place, then why not export them (move the crisis around geographically) in the hope that their re-export back to you can somehow be warded off? Either that, or move the crisis tendencies around slickly from one barrier to



another. We have an effective demand problem now, so why not solve it by chucking so much money at it that an inflation problem will erupt five years later (conveniently beyond the range of the electoral cycle)? The response to an inflation crisis will be, of course, to take back any meagre gains which working people achieved during the profligate years of deficit financing, while still leaving the bankers and financiers rolling in clover. It is as if the capitalists are collectively engaged upon a steeplechase race, leaping one hurdle after another with such consummate grace and ease as to create the illusion that we are always in (or about to be in) the promised land of endless capital accumulation. If this is the outline of the exit strategy, then almost certainly we will be in another mess within five years. Indeed, there are troubling signs that the crisis has yet to run its course. Dubai World suddenly announces it cannot meet its payments in November 2009 and global stock markets swoon until oil-rich Abu Dhabi steps in to offer its support. The Greek sovereign debt is called into question shortly thereafter (as happened earlier to Latvia) and some analysts begin to worry that Ireland, Spain and even the United Kingdom may be next. Will the European Union rally to support its parts or will it actually disintegrate under the financial stress? Meanwhile the Chinese economy roars on at an 8 per cent rate of growth, based on a huge infrastructural investment programme and the creation of new productive capacity without regard for what might happen to the old. But, as always happens in booms of this sort, the creation of surplus productive capacity, fuelled by a huge speculative lending binge by the Chinese banks as mandated by the Central Government, may not become evident until much later. But what else can the Chinese do, faced with such huge reserves of restive surplus labour? Meanwhile the resultant vibrancy of the Chinese internal market fires up local effective demand to counter to some degree the loss of export markets. India likewise rediscovers growth, given its huge internal market and weak dependency on foreign exports except in the realm of services which have been less affected by the crisis than other sectors. But the benefits are badly distributed. The number of

Indian billionaires increased (according to *Forbes* magazine) from twenty-seven to fifty-two in the midst of the crisis of 2008. Is this yet another case of assets returning to their supposedly rightful owners in the midst of a crisis? Plainly, the uneven geographical development of both crisis and recovery continues apace.

The faster we come out of this crisis and the less excess capital is destroyed now, the less room there will be for the revival of long-term active growth. The loss of asset values at the time of writing (mid-2009) is, we are told by the IMF, at least \$55 trillion, which is equivalent to almost exactly one year's global output of goods and services. Already we are back to the output levels of 1989. We may be looking at losses of \$400 trillion or more before we are through. Indeed, in a recent startling calculation, it was suggested that the US state alone was on the hook to guarantee more than \$200 trillion in asset values. The likelihood that all of those assets will go bad is minimal, but the thought that many of them could is sobering in the extreme. Just to take a concrete example: Fannie Mae and Freddie Mac, now taken over by the US government, own or guarantee more than \$5 trillion in home loans, many of which are in deep trouble (losses of more than \$150 billion were recorded in 2008 alone). So what, then, are the alternatives?

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It has long been the dream of many that an alternative to capitalist (ir)rationality can be defined and rationally arrived at through the mobilisation of human passions in the collective search for a better life for all. These alternatives – historically called socialism or communism – have been tried in various times and places. In the 1930s, the vision of one or other of them operated as a beacon of hope. But recently they have both lost their lustre and been dismissed, not only because of the failure of historical experiments with communism to make good on promises and the penchant for communist regimes to cover over their mistakes by repression, but



also because of their supposedly flawed presuppositions concerning human nature and the potential perfectibility of the human personality and of human institutions.

The difference between socialism and communism is worth noting. Socialism aims to democratically manage and regulate capitalism in ways that calm its excesses and redistribute its benefits for the common good. It is about spreading the wealth around through progressive taxation arrangements while basic needs – such as education, health care and even housing – are provided by the state out of reach of market forces. Many of the key achievements of distributive socialism in the period after 1945, in Europe and beyond, have become so socially embedded as to be immune from neoliberal assault. Even in the United States, social security and Medicare are extremely popular programmes that right-wing forces find almost impossible to dislodge. The Thatcherites in Britain could not touch national health care except at the margins. Social provision in Scandinavia and most of western Europe seems to be an unshakable bedrock of the social order.

Under socialism, the production of the surplus is typically managed either through active interventions in the market or through the nationalisation of the so-called 'commanding heights' (energy, transport, steel, even automobiles) of the economy. The geography of capital flow is controlled by state interventions, even as international trade quietly flourishes through trade agreements. The rights of labour in the workplace as well as in the market place are reinforced. These elements of socialism have been rolled back since the 1980s almost everywhere. In effect, the neoliberal revolution succeeded in privatising the production of the surplus. It liberated capitalist producers from constraints – including geographical constraints – and in the process undermined the progressive redistributive character of state functions. This produced the rapid increase in social inequality.

Communism, on the other hand, seeks to displace capitalism by creating an entirely different mode of both the production and

distribution of goods and services. In the history of actually existing communism, social control over production, exchange and distribution meant state control and systematic state planning. In the long run though this proved to be unsuccessful, for reasons that cannot be elaborated upon here, its conversion in China (and its earlier adoption in places like Singapore) has proven far more successful than the pure neoliberal model in generating growth. Contemporary attempts to revive the communist hypothesis typically abjure state control and look to other forms of collective social organisation to displace market forces and capital accumulation as the basis for organising production and distribution. Horizontally networked, as opposed to hierarchically commanded, systems of coordination between autonomously organised and self-governing collectives of producers and consumers are envisaged as lying at the core of a new form of communism. Contemporary technologies of communication make such systems seem feasible. All manner of small-scale experiments around the world can be found in which such economic and political forms are being constructed. In this there is a convergence of some sort between the Marxist and anarchist traditions that harks back to the broadly collaborative situation between them in the 1860s in Europe before their break-up into warring camps after the Paris Commune in 1871 and the blow-up between Karl Marx and one of the leading radicals of the time, the anarchist Michael Bakunin, in 1872.

While nothing is certain, it could be that where we are at now is only the beginning of a prolonged shake-out in which the question of grand and far-reaching alternatives will gradually bubble up to the surface in one part of the world or another. The longer the uncertainty and the misery are prolonged, the more the legitimacy of the existing way of doing business will be questioned and the more the demand to build something different will escalate. Radical as opposed to band-aid reforms to patch up the financial system may seem more necessary.

If, for example, we are now witnessing a return of a repressed 'Keynesian moment', but one that is oriented to bailing out the upper



classes, then why not redirect it to the working classes that Keynes originally targeted (not, it should be remembered, out of political but economic necessity)? Ironically, the more such a political turn is taken the more likely the economy will regain some semblance of at least temporary stability. The capitalist fear is, however, that any move in this direction will ignite a sense of re-empowerment for the deprived, the discontented and the dispossessed that will encourage them to take matters further (as they did towards the end of the 1960s). Give them an inch, it is said, and they will take a mile. It will in any case require that the capitalists willingly give up some of their individual wealth and power to save capitalism from itself. Historically they have always fiercely resisted doing that.

The uneven development of capitalist practices throughout the world has produced, however, anti-capitalist movements all over the place. The state-centric economies of much of east Asia generate different discontents compared to the churning anti-neoliberal struggles occurring throughout much of Latin America, where the Bolivarian revolutionary movement of popular power exists in a peculiar relationship to capitalist class interests that have yet to be truly confronted. Differences over tactics and policies in response to the crisis among the states that make up the European Union are increasing even as a second attempt to come up with a unified EU constitution is underway. Revolutionary and resolutely anti-capitalist movements, though not all are of a progressive sort, are also to be found in many of the marginal zones of capitalism. Spaces have been opened up within which something radically different in terms of dominant social relations, ways of life, productive capacities and mental conceptions of the world can flourish. This applies as much to the Taliban and to communist rule in Nepal as to the Zapatistas in Chiapas and indigenous movements in Bolivia or the Maoist movements in rural India, even as they are worlds apart in objectives, strategies and tactics.

The central problem is that in aggregate there is no resolute and sufficiently unified anti-capitalist movement that can adequately

challenge the reproduction of the capitalist class and the perpetuation of its power on the world stage. Neither is there any obvious way to attack the bastions of privilege for capitalist élites or to curb their inordinate money power and military might. There is, however, a vague sense that not only is another world possible – as the alternative globalisation movement began to proclaim in the 1990s (loudly after what became known as the battle of Seattle in 1999, when the meetings of the World Trade Organization were thoroughly disrupted by street action) – but that with the collapse of the Soviet empire another communism might also be possible. While openings exist towards some alternative social order, no one really knows where or what it is. But just because there is no political force capable of articulating, let alone mounting, such a programme, this is no reason to hold back on outlining alternatives.

Lenin's famous question 'What is to be done?' cannot be answered, to be sure, without some sense of who might do it and where. But a global anti-capitalist movement is unlikely to emerge without some animating vision of what is to be done and why. A double blockage exists: the lack of an alternative vision prevents the formation of an oppositional movement, while the absence of such a movement precludes the articulation of an alternative. How, then, can this blockage be transcended? The relation between the vision of what is to be done and why, and the formation of a political movement across particular places to do it, has to be turned into a spiral. Each has to reinforce the other if anything is actually to get done. Otherwise potential opposition will be for ever locked down into a closed circle that frustrates all prospects for constructive change, leaving us vulnerable to perpetual future crises of capitalism, with increasingly deadly results.

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The central problem to be addressed is clear enough. Compound growth for ever is not possible and the troubles that have beset the



world these last thirty years signal that a limit is looming to continuous capital accumulation that cannot be transcended except by creating fictions that cannot last. Add to this the facts that so many people in the world live in conditions of abject poverty, that environmental degradations are spiralling out of control, that human dignities are everywhere being offended even as the rich are piling up more and more wealth under their command, and that the levers of political, institutional, judicial, military and media power are under such tight but dogmatic political control as to be incapable of doing much more than perpetuating the status quo.

A revolutionary politics that can grasp the nettle of endless compound capital accumulation and eventually shut it down as the prime motor of human history requires a sophisticated understanding of how social change occurs. The failings of past endeavours to build socialism and communism are to be avoided and lessons from that immensely complicated history plainly must be learned. Yet the absolute necessity for a coherent anti-capitalist revolutionary movement must also be recognised. The fundamental aim of that movement has to be to assume social command over both the production and distribution of surpluses.

Let's take another look at the theory of co-evolution laid out in chapter 5. Can this form the basis for a co-revolutionary theory? A political movement can start anywhere (in labour processes, around mental conceptions, in the relation to nature, in social relations, in the design of revolutionary technologies and organisational forms, out of daily life or through attempts to reform institutional and administrative structures including the reconfiguration of state powers). The trick is to keep the political movement moving from one sphere of activity to another in mutually reinforcing ways. This was how capitalism arose out of feudalism and this is how something radically different – call it communism, socialism or whatever – must arise out of capitalism. Previous attempts to create a communist or socialist alternative fatally failed to keep the dialectic between the different activity spheres in motion and also failed to embrace the

unpredictabilities and uncertainties in the dialectical movement between the spheres. Capitalism has survived precisely by keeping that dialectical movement going and by embracing the inevitable tensions, including crises, that result.

Imagine, then, some territory within which a population wakes up to the probability that endless capital accumulation is neither possible nor desirable and that it therefore collectively believes another world not only is but must be possible. How should that collectivity begin upon its quest to construct alternatives?

Change arises out of an existing state of affairs and it has to harness the possibilities immanent within an existing situation. Since the existing situation varies enormously from Nepal, to the Pacific regions of Bolivia, to the deindustrialising cities of Michigan and the still booming cities of Mumbai and Shanghai and the damaged but by no means destroyed financial centres of New York and London, so all manner of experiments in social change in different places and at different geographical scales are both likely and potentially illuminating as ways to make (or not make) another world possible. And in each instance it may seem as if one or other aspect of the existing situation holds the key to a different political future. But the first rule for an anti-capitalist movement is: never rely on the unfolding dynamics of one moment without carefully calibrating how relations with all the others are adapting and reverberating.

Feasible future possibilities arise out of the existing state of relations between the different spheres. Strategic political interventions within and across the spheres can gradually move the social order on to a different developmental path. This is what wise leaders and forward-looking institutions do all the time in local situations, so there is no reason to think there is anything particularly fantastic or utopian about acting in this way.

It must first be clearly recognised, however, that development is not the same as growth. It is possible to develop differently on the terrains, for example, of social relations, daily life and the relation to nature, without necessarily resuming growth or favouring capital.



It is false to maintain that growth is a precondition for poverty and inequality reduction or that more respectful environmental policies are, like organic foods, a luxury for the rich.

Secondly, transformations within each sphere will require a deep understanding of both the internal dynamics of, for example, institutional arrangements and technological change in relation to all the other spheres of action. Alliances will have to be built between and across those working in the distinctive spheres. This means that an anti-capitalist movement has to be far broader than groups mobilising around social relations or over questions of daily life in themselves. Traditional hostilities between, for example, those with technical, scientific and administrative expertise and those animating social movements on the ground have to be addressed and overcome.

Thirdly, it will also be necessary to confront the impacts and feedbacks (including political hostilities) coming from other spaces in the global economy. Different places may develop in different ways given their history, culture, location and political-economic condition. Some developments elsewhere can be supportive or complementary, while others might be deleterious or even antagonistic. Some inter-territorial competition is inevitable but not all bad. It depends on what the competition is about – indices of economic growth or the liveability of daily life? Berlin, for example, is a very liveable city but all the usual capitalist-inspired indices of economic success depict it as a backward place. Land values and property prices are lamentably low, which means that people of little means can easily find not bad places in which to live. Developers are miserable. If only New York or London were more like Berlin in that regard!

There have to be, finally, some loosely agreed upon common objectives. Some general guiding norms can be set down. These might include respect for nature, radical egalitarianism in social relations, institutional arrangements based in some sense of common interests, democratic administrative procedures (as opposed to the monetised shams that now exist), labour processes organised by the direct producers, daily life as the free exploration of new kinds of

social relations and living arrangements, mental conceptions that focus on self-realisation in service to others and technological and organisational innovations oriented to the pursuit of the common good rather than to supporting militarised power and corporate greed. These could be the co-revolutionary points around which social action could converge and rotate. Of course this is utopian! But so what! We cannot afford not to be.

Suppose the preferred form of social relations is that of radical egalitarianism, between both individuals and self-defined social groups. The case for this presumption arises out of centuries of political struggle in which the principle of equality has animated political action and revolutionary movements, from the Bastille to Tiananmen Square. Radical egalitarianism also grounds an immense literature and the idea seems to transcend many geographical and cultural differences. In the United States, polls show a deep attachment to the principle of equality as the proper foundation for political life and as the bedrock for organising social relations between both individuals and social groups. The extension of civil and political rights to former slaves, to women, to gays, to the handicapped may have taken 200 years, but the claim for progress on these fronts is undeniable, as is the continuing quest for equality not only between individuals but also between social groups. Conversely, the way in which contempt for élites in the US is politically mobilised (and often perverted) derives from this egalitarianism.

While the principle of radical egalitarianism may appear unassailable in itself, problems arise out of the way in which it gets articulated with other spheres of action. The definition of social groups is always contested, for example. While multiculturalism can accommodate the ideal of equality between most self-identified social groups, the one persistent divide that creates the greatest difficulty is that of class. This is so because class is the foundational inequality necessary to the reproduction of capitalism. So the answer of existing political power is either to deny that class exists, or to say that the category is so confusing and complicated (as if the other categories like race and



gender are not) as to be analytically useless. In this way, the question of class gets evaded, denied or ignored, whether it be so in hegemonic intellectual constructions of the world (in, say, the field of economics) or in practical politics. Class consciousness, unlike political subjectivities given by race, gender, ethnicity, religion, sexual preference, age, consumer choices and social preferences, is the least discussed and the most actively denied except as some quaint residual from former political times and places (like 'old' Europe).

Clearly, class identities, like racial identities, are multiple and overlapping. I work as a labourer but have a pension fund that invests in the stock market and I own a house that I am improving with sweat equity and which I intend to sell for speculative gain. Does this make the concept of class incoherent? Class is a role, not a label that attaches to persons. We play multiple roles all the time. But we do not say because most of us play the roles of both car drivers and pedestrians that it is impossible to plan a decent city around an analysis of relations between drivers and pedestrians. The role of the capitalist is to use money to command the labour or the assets of others and to use that command to make a profit, to accumulate capital and thereby augment personal command over wealth and power. The relation between the roles of capital and labour need to be confronted and regulated even within capitalism. A revolutionary agenda entails rendering the relation truly redundant as opposed to hidden and opaque. Designing a society without capital accumulation is no different in principle to designing a city without cars. Why can't we all just work alongside each other without any class distinction?

The way radical egalitarianism articulates with other spheres in the co-evolutionary process therefore complicates matters at the same time as it illuminates how capitalism works. When the individual liberty and freedom it promises is mediated through the institutional arrangements of private property and the market, as it is in both liberal theory and practice, then huge inequalities result. As Marx long ago pointed out, the liberal theory of individual rights

that originated with John Locke, writing in the seventeenth century, underpins surging inequalities between an emergent class of owners and another class made up of those who have to sell their labour power in order to live. In the neoliberal theory of the Austrian philosopher/economist Friedrich Hayek, writing in the 1940s, this connectivity is tightly coupled: the only way, he argues, to protect radical egalitarianism and individual rights in the face of state violence (that is, fascism and communism) is to install inviolable private property rights at the heart of the social order. This deeply entrenched view has to be challenged head on if capital accumulation and the reproduction of class power are to be effectively challenged. In the field of institutional arrangements, therefore, a wholly new conception of property – of common rather than private property rights – will be required to make radical egalitarianism work in a radically egalitarian way. The struggle over institutional arrangements, then, has to move to the centre of political concerns.

This is so because the radical egalitarianism to which capitalism subscribes in the market place breaks down when we move inside of what Marx called 'the hidden abode' of production. It disappears on the building sites, down the mines, in the fields and in the factories, offices and retail stores. The autonomista movement is quite correct to insist, therefore, that the achievement of radical egalitarianism within the labour process is of paramount importance to the construction of any anti-capitalist alternative. Schemes of autogestion and worker self-management here fit the bill, particularly when interwoven with the other spheres in democratic ways. The same applies when we try to connect principles of radical egalitarianism to the conduct of daily life. When mediated through private property and market arrangements, radical egalitarianism produces homelessness for the poor and gated communities of MacMansions for the rich. That, surely, is not what radical egalitarianism in daily life should mean.

A critique of labour processes and of everyday life shows how the noble principle of radical egalitarianism is impoverished and



debased under capitalism by the institutional arrangements with which it is articulated. This finding should not be surprising. Private property and a state dedicated to preserving and protecting that institutional form are crucial pillars to the sustenance of capitalism, even as capitalism depends upon a radical entrepreneurial egalitarianism to survive. The UN Declaration of Human Rights does not protect against unequal outcomes, turning the distinction between civil and political rights on the one hand and economic rights on the other into a minefield of contested claims. 'Between equal rights,' Karl Marx once famously wrote, 'force decides.' Like it or not, class struggle becomes central to the politics of radical egalitarianism.

Ways must be found to cut the link between radical egalitarianism and private property. Bridges must be built with institutions based, say, in the development of common property rights and democratic governance. The emphasis must shift from radical egalitarianism to the institutional sphere. One of the aims of the right to the city movement, to take one example, is to create a new urban commons to displace the excessive privatisations and exclusions (associated as much with state ownership as with private property) that put much of the city off limits to most of the people most of the time.

In like fashion, the connectivity between radical egalitarianism and the organisation of production and the functioning of labour processes has to be rethought along the lines advocated by workers' collectives, autonomista organisations, cooperatives and various other collective forms of social provisioning. The struggle for radical egalitarianism also requires a reconceptualisation of the relation to nature, such that nature is no longer viewed as 'one vast gasoline station,' as the German philosopher Martin Heidegger complained in the 1950s, but as a teaming source of life forms to be preserved, nourished, respected and intrinsically valued. Our relation to nature should not be guided by rendering it a commodity like any other, by futures markets on raw materials, minerals, water, pollution credits and the like, nor by the maximisation of rental appropriations and land and resource values, but by the recognition that nature is the

one great common to which we all have an equal right but for which we all also bear an immense equal responsibility.

What now seems pie in the sky can, however, take on an entirely different meaning once our mental conceptions and our institutional and administrative arrangements are opened up to transformative political possibilities. So can shifts in mental conceptions change the world?

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When Her Majesty the Queen paid a visit to the London School of Economics in November 2008, she asked how was it that no economists had seen the financial crisis coming. Six months later, the economists in the British Academy sent her a somewhat apologetic letter. 'In summary, Your Majesty,' it concluded, 'the failure to foresee the timing, extent and severity of the crisis and to head it off, while it had many causes, was principally a failure of the collective imagination of many bright people, both in this country and internationally, to understand the risks to the system as a whole.' It is 'difficult to recall a greater example of wishful thinking combined with hubris,' they observed of the financiers, but went on to admit that everyone – presumably including themselves – had been caught up in a 'psychology of denial'. On the other side of the Atlantic, Robert Samuelson, a columnist for the *Washington Post*, wrote in a somewhat similar vein: 'Here we have the most spectacular economic and financial crisis in decades ... and the one group that spends most of its waking hours analyzing the economy basically missed it.' Yet the country's 13,000 or so economists seemed singularly disinclined to engage in 'rigorous self-criticism to explain their lapses'. Samuelson's own conclusion was that the economic theorists were too interested in sophisticated forms of mathematical model-building to bother with the messiness of history and that this messiness had caught them out. The Nobel Prize-winning economist and columnist for *The New York Times* Paul Krugman agreed (sort of!). '[T]he economics profession went astray,'



he wrote, 'because economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth.' The British economist Thomas Palley, in a follow-up open letter to the Queen, was even less generous: the profession of economics had become 'increasingly arrogant, narrow and closed minded', he wrote, and was completely unable 'to come to grips with its sociological failure which produced massive intellectual failure with huge costs for society'.

I do not cite these examples to single out the economists. First off, not all of them failed. Current chair of the White House's National Economic Council Larry Summers, in a telling analysis of the effects of government bail-outs on financial behaviour in the wake of the stock market crash of 1987, clearly saw where the problems of moral hazard might lead, but concluded that the effects of government not standing behind financial institutions would be far worse than the effects of always bailing them out. The policy problem was not to avoid but to constrain moral hazard. Unfortunately, when Treasury Secretary in the late 1990s he forgot his own analysis and promoted exactly the kind of unconstrained moral hazard that he had earlier shown might wreck the economy (a clear case of denial in action). Paul Volcker, past chair of the Federal Reserve, warned of a financial crash within five years back in 2004. But majority opinion sided with Ben Bernanke, before he became chair at the Fed, when he said in 2004 that 'improvements in monetary policy' had reduced 'the extent of economic uncertainty confronting households and firms', thus making recessions 'less frequent and less severe'. Such was the view of the Party (and what a party it was!) of Wall Street. But go tell that to the Indonesians or the Argentinians. It is devoutly to be wished that Bernanke's prognosis in August 2009 that the worst of the crisis is over turns out to be more reliable.

Ideas have consequences and false ideas can have devastating consequences. Policy failures based on erroneous economic thinking played a crucial role in both the run-up to the debacle of the 1930s and in the seeming inability to find an adequate way out. Though there is no universal view among historians and economists as to

exactly which policies failed, it is agreed that the knowledge structure through which the crisis was understood needed to be revolutionised. Keynes and his colleagues accomplished that task. But by the mid-1970s it became clear that the Keynesian policy tools were no longer working, at least in the way they were being applied, and it was in this context that monetarism, supply-side theory and the (beautiful) mathematical modelling of micro-economic market behaviours supplanted broad-brush macro-economic Keynesian thinking. The monetarist and narrower neoliberal theoretical frame that dominated after 1980 is now in question.

We need new mental conceptions to understand the world. What might these be and who will produce them, given both the sociological and intellectual malaise that hangs over knowledge production more generally? The deeply entrenched mental conceptions associated with neoliberal theories and the neoliberalisation and corporatisation of the universities has played more than a trivial role in the production of the present crisis. For example, the whole question of what to do about the financial system, the banking sector, the state-finance nexus and the power of private property rights cannot be broached without going outside of the box of conventional thinking. For this to happen will require a revolution in thinking, in places as diverse as the universities, the media and government, as well as within the financial institutions themselves.

Karl Marx, while not in any way inclined to embrace philosophical idealism, also held that ideas are a material force in history. Mental conceptions constitute, after all, one of the seven spheres in his general theory of co-revolutionary change. Autonomous developments and inner conflicts over what mental conceptions shall become hegemonic therefore have an important historical role to play. It was for this reason that Marx wrote *The Communist Manifesto* (with Engels), *Capital* and innumerable other works. These works provide a systematic critique, albeit incomplete, of capitalism and its crisis tendencies. But as Marx also insisted, it was only when these critical ideas carried over into the fields of institutional arrangements,



organisational forms, production systems, social relations, technologies and relations to nature that the world would truly change.

Since Marx's goal was to change the world and not merely to understand it, ideas had to be formulated with a certain revolutionary intent. This inevitably meant a conflict with modes of thought more convivial to and useful for the ruling class. The fact that Marx's oppositional ideas have been the targets, particularly in recent years, of repeated repressions and exclusions (to say nothing of bowdlerisations and misrepresentations galore) suggests that they may still be too dangerous for the ruling classes to tolerate. While Keynes repeatedly avowed that he had never read Marx, in the 1930s he was surrounded and influenced by many people like his economist colleague Joan Robinson who had. While many of them objected vociferously to Marx's foundational concepts and his dialectical mode of reasoning, they were acutely aware of and deeply affected by some of his more prescient conclusions. It is fair to say, I think, that the Keynesian theory revolution could not have been accomplished without the subversive presence of Marx lurking in the wings.

The trouble in these times is that most people have no idea who Keynes was and what he really stood for, while understanding of Marx is negligible. The repression of critical and radical currents of thought – or to be more exact the corralling of radicalism within the bounds of multiculturalism and cultural choice – creates a lamentable situation within the academy and beyond, no different in principle to having to ask the bankers who made the mess to clean it up with exactly the same tools as they used to get into it. Broad adhesion to postmodern and post-structuralist ideas which celebrate the particular at the expense of big picture thinking does not help. To be sure, the local and the particular are vitally important and theories that cannot embrace, for example, geographical difference are worse than useless (as I have earlier been at pains to emphasise). But when that fact is used to exclude anything larger than parish politics, then the betrayal of the intellectuals and abrogation of their traditional role become complete. Her Majesty the Queen would, I am sure, love

to hear that a huge effort is underway to put the big picture into some sort of copious frame such that all can see it.

But the current crop of academicians, intellectuals and experts in the social sciences and humanities are by and large ill equipped to undertake such a collective task. Few seem predisposed to engage in that self-critical reflection that Robert Samuelson urged upon them. Universities continue to promote the same useless courses on neoclassical economic or rational choice political theory as if nothing has happened and the vaunted business schools simply add a course or two on business ethics or how to make money out of other people's bankruptcies. After all, the crisis arose out of human greed and there is nothing that can be done about that!

The current knowledge structure is clearly dysfunctional and equally clearly illegitimate. The only hope is that a new generation of perceptive students (in the broad sense of all those who seek to know the world) will clearly see that it is so and insist upon changing it. This happened in the 1960s. At various other critical points in history student-inspired movements, recognising the disjunction between what is happening in the world and what they are being taught and fed by the media, were prepared to do something about it. There are signs, from Tehran to Athens and on to many European university campuses of such a movement. How the new generation of students in China will act must surely be of deep concern in the corridors of political power in Beijing.

A youthful, student-led revolutionary movement, with all of its evident uncertainties and problems, is a necessary but not sufficient condition to produce that revolution in mental conceptions that can lead us to a more rational solution to the current problems of endless growth. The first lesson it must learn is that an ethical, non-exploitative and socially just capitalism that redounds to the benefit of all is impossible. It contradicts the very nature of what capital is about.



What would happen if an anti-capitalist movement were constituted out of a broad alliance of the discontented, the alienated, the deprived and the dispossessed? The image of all such people everywhere rising up and demanding and achieving their proper place in economic, social and political life is stirring indeed. It also helps focus on the question of what it is they might demand and what it is that needs to be done.

The discontented and the alienated are made up of all those who, for whatever reason, see the current path of capitalist development as leading to a dead end if not to a catastrophe for humanity. The reasons for thinking so are as varied as they are separately persuasive. Plenty of people, including many scientists, see the looming environmental constraints as insuperable. A steady state global economy and global population has for them to be the long-term aim. A new political economy of nature has to be constructed. This means radical reconfigurations in daily life, in urbanisation as well as in dominant social relations, production systems and in institutional arrangements. It would require great sensitivity to geographical differences. New environments and new geographies would have to be produced to replace the old. The trajectory of technological development would likewise have to change, away from the gargantuan and the militaristic into more 'small is beautiful' and 'less is more' consumerism. All of this would be deeply antagonistic to capitalist compound growth.

Others, nurturing political or moral objections to mass poverty and increasing inequalities, may forge alliances with those opposed to the authoritarian, anti-democratic, money-saturated and carceral drift of capitalist state policies almost everywhere. There is, in addition, an immense amount of work to be done in the field of social relations, to rid ourselves of racialisation, sexual and gender discriminations and violence against those who are merely different in lifestyle, cultural values, beliefs and daily habits from ourselves. But it is hard to deal with these forms of violence without dealing with the social inequalities that arise in daily life, in labour markets and in labour processes. The class inequalities upon which capital

accumulation rests are frequently defined by identities of race, gender, ethnicity, religion and geographical affiliations.

Many alienated intellectuals and cultural workers likewise protest the deadening weight of power relations in the media and in institutions of learning and cultural production that debase the languages of civil discourse, convert knowledge into ceaseless propaganda, politics into nothing more than competing big lies, discourses into special pleading and vehicles for peddling prejudice and hate, and social institutions that should protect the people into cesspools of corruption. These conditions cannot change without the professional intellectuals first getting their own house in order. The great betrayal of the intellectuals who became so complicitous with neoliberal politics from the 1980s onwards has first to be reversed before meaningful alliances can be constructed with the deprived and the dispossessed.

Armed with a theory of co-revolutionary politics, the intellectual wing of the alienated and discontented is in a critical position to deepen the ongoing debate on how to change the course of human development. It can set out the broad picture of the contexts in which the hows and whys of political revolutionary change must occur. The emphasis upon how to understand the dynamics of capitalism and the systemic problems that derive from compound growth can best be articulated from this perspective. Unravelling the enigma of capital, rendering transparent what political power always wants to keep opaque, is crucial to any revolutionary strategy.

But for this to be politically meaningful, the alienated and discontented must join with those whose conditions of labouring and living are most immediately affected by their insertion into the circulation and accumulation of capital only to be deprived and dispossessed of their command not only over their labour but over the material, cultural and natural relations of their own existence.

It is not the place of the alienated and discontented to instruct the deprived and dispossessed as to what they should or should not do. But what we, who constitute the alienated and discontented, can



and must do is to identify the underlying roots of the problems that confront us all. Again and again, political movements have constructed alternative spaces in which something seemingly different happens, only to find their alternative quickly re-absorbed into the dominant practices of capitalist reproduction. (Look at the history of workers' cooperatives, participatory budgeting, or whatever.) The conclusion must surely then be that it is the dominant practices that have to be addressed. The clear exposure of how those dominant practices work must be the focus of radical theorising.

There are two broad wings of the deprived and the dispossessed. There are those who are dispossessed of the fruits of their creative powers in a labour process under the command of capital or of a capitalist state. Then there are those who have been deprived of their assets, their access to the means of life, of their history, culture and forms of sociality in order to make space (sometimes quite literally) for capital accumulation.

The first category conjures up the Marxist figure of proletarian subjects struggling mightily to liberate themselves from their chains, constituting themselves as a vanguard in the quest to create socialism or communism. The workers located in the factories and in the mines of industrial capitalism were the ones who really mattered. This was so because their conditions of exploitation were so dramatically obvious to themselves as well as to others as they entered the factory gates or went down the mine. Furthermore, their assembly into common spaces facilitated the rise in class consciousness and their organisation of collective action. They also had the collective power to stop capitalism in its tracks by withdrawing their labour.

This fixation on factory labour as the locus of 'true' class consciousness and revolutionary class struggle has always been too limited, if not misguided (leftists have erroneous ideas, too!). Those working in the forests and fields, in the 'informal sectors' of casual labour in the backstreet sweatshops, in the domestic services or in the service sector more generally, and the vast army of labourers employed in the production of space and of built environments or in the trenches

(often literally) of urbanisation cannot be treated as secondary actors. They work under different conditions (often of low-wage, temporary and insecure labour in the case of construction and urbanisation). Their mobility, spatial dispersal and individualised conditions of employment may make it more difficult to construct class solidarities or set up collective forms of organisation. Their political presence is more often marked by spontaneous riots and voluntarist uprisings (such as those that occurred in the Paris *banlieues* in recent times or the *piqueteros* (demonstrators) who erupted into action in Argentina after the country's financial collapse of 2001) rather than persistent organisation. But they are fully conscious of their conditions of exploitation and are deeply alienated by their precarious existence and antagonistic to the often brutal policing of their daily lives by state power.

Now often referred to as 'the precariat' (to emphasise the floating and unstable character of their employment and lifestyles) these workers have always accounted for a large segment of the total labour force. In the advanced capitalist world they have become ever more prominent over the last thirty years because of changing labour relations imposed by neoliberal corporate restructuring and deindustrialisation.

It is wrong to ignore the struggles of all these other workers. Many of the revolutionary movements in capitalism's history have been broadly urban rather than narrowly factory based (the revolutions of 1848 throughout Europe, the Paris Commune of 1871, Leningrad in 1917, the Seattle general strike of 1918, the Tucuman uprising of 1969, as well as Paris, Mexico City and Bangkok in 1968, the Shanghai Commune of 1967, Prague in 1989, Buenos Aires in 2001-2 ... the list goes on and on). Even when there were key movements in the factories (the Flint strike in Michigan of the 1930s or the Turin Workers Councils of the 1920s) the organised support in the neighbourhoods played a critical but usually uncelebrated role in the political action (the women's and unemployed support groups in Flint and the communal 'houses of the people' in Turin).



The conventional left has been plain wrong to ignore the social movements occurring outside of the factories and mines. Class consciousness is produced and articulated as much in the streets, bars, pubs, kitchens, chapels, community centres and back yards of working-class neighbourhoods as in the factories. The first two decrees of the Parisian communards in 1871 were, interestingly, the suspension of night work in the bakeries (a labour process question) and a moratorium on rental payments (an urban daily life question). The city is as much a locus of class movements as is the factory and we need to raise our sights to at least this level and scale of political organisation and political practice, in alliance with the wide range of rural and peasant movements, if some grand alliance for revolutionary change is to be constructed.

This brings us to the second grand category of the dispossessed, which is much more complicated in its composition and in its class character. It is largely formed by what I call 'accumulation by dispossession'. As usual, it takes a seemingly infinite variety of forms in different places and times. The list of the deprived and dispossessed is as imposing as it is long. It includes all those peasant and indigenous populations expelled from the land, deprived of access to their natural resources and ways of life by illegal and legal (that is, state-sanctioned), colonial, neo-colonial or imperialist means, and forcibly integrated into market exchange (as opposed to barter and other forms of customary exchange) by forced monetisation and taxation. The conversion of common rights of usage into private property rights in land completes the process. Land itself becomes a commodity. These forms of dispossession, still extant but most strongly represented in the early stages of capitalist development, have many modern equivalents. Capitalists open up spaces for urban redevelopment, for example, by dispossessing low-income populations from high-value spaces at the lowest cost possible. In places without secure private property rights, such as China or the squatter settlements of Asia and Latin America, violent expulsions of low-income populations by state authorities often lead the way

with or without modest compensation arrangements. In countries with firmly established private property rights, seizure by eminent domain can be orchestrated by the state on behalf of private capital. By legal and illegal means financial pressures (that is, rising property taxes and rents) are brought to bear on vulnerable populations. It seems sometimes as if there is a systematic plan to expel low-income and unwanted populations from the face of the earth.

The credit system has now become, however, the major modern lever for the extraction of wealth by finance capital from the rest of the population. All manner of predatory practices as well as legal (usurious interest rates on credit cards, foreclosures on businesses by the denial of liquidity at key moments, and the like) can be used to pursue tactics of dispossession that advantage the already rich and powerful. The wave of financialisation that occurred after the mid-1970s has been spectacular for its predatory style. Stock promotions and market manipulations; Ponzi schemes and corporate fraud; asset stripping through mergers and acquisitions; the promotion of levels of debt incumbency that reduce whole populations, even in the advanced capitalist countries, to debt peonage; dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapses) – all these features are central to what contemporary capitalism is about.

Wholly new mechanisms of accumulation by dispossession have also opened up. The emphasis upon intellectual property rights in the World Trade Organization negotiations (the so-called TRIPS agreement) points to ways in which the patenting and licensing of genetic materials, seed plasmas, and all manner of other products, can now be used against whole populations whose practices have played a crucial role in the development of those materials. Biopiracy is rampant and the pillaging of the world's stockpile of genetic resources is well underway, to the benefit of the pharmaceutical companies. The transformation of cultures, histories and intellectual creativity into commodities for sale entails dispossession both past and present of human creativity. Pop music is notorious for the



appropriation and exploitation of grassroots culture and creativity. The monetary losses for the creators involved are, unfortunately, by no means the end of the story. Disruptions of social networks and destruction of social solidarities can be every bit as serious. Loss of social relations is impossible to recompense with a money payment.

Finally we need to note the role of crises. A crisis, after all, is nothing less than a massive phase of dispossession of assets (cultural as well as tangible). To be sure, the rich as well as the poor suffer, as the cases of housing foreclosures and losses from investing with Bernie Madoff's crazy Ponzi scheme show. But this is how wealth and power get redistributed both within and between classes. Devalued capital assets left over from bankruptcies and collapses can be bought up at fire-sale prices by those blessed with liquidity and profitably recycled back into circulation. Surplus capital thus finds a new and fertile terrain for renewed accumulation.

Crises may be, for this reason, orchestrated, managed and controlled to rationalise the irrational system that is capitalism. This is what state-administered austerity programmes, making use of the key levers of interest rates and the credit system, are often all about. Limited crises may be imposed by external force upon one sector or upon a territory. This is what the International Monetary Fund is so expert at doing. The result is the periodic creation of a stock of devalued and, in many instances, undervalued assets in some part of the world, which can be put to profitable use by those with capital surpluses that lack opportunities elsewhere. This is what happened in east and south-east Asia in 1997–8, in Russia in 1998 and in Argentina in 2001–2. And this is what got out of hand in 2008–9.

Deliberate provocation of crises by state policies and collective corporate actions is a dangerous game. While there is no evidence of active and narrow conspiracies to create such crises, there are plenty of influential 'Chicago School' macro-economists and economic policy makers around the world, along with all sorts of entrepreneurial opportunists, who believe that a good bout of creative destruction is required now and again for capitalism to survive and

for the capitalist class to be reformed. They hold that attempts by governments to ward off crises with stimulus packages and the like are profoundly misguided. Better by far, they say, to let a market-led 'structural adjustment' process (of the sort typically mandated by the IMF) do its work. Such medicine is necessary to keep capitalism economically healthy. The closer capitalism gets to death's door, the more painful the cure. The trick, of course, is not to let the patient die.

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The political unification of diverse struggles within the labour movement and among those whose cultural as well as political-economic assets have been dispossessed appears to be crucial for any movement to change the course of human history. The dream would be a grand alliance of all the deprived and the dispossessed everywhere. The aim would be to control the organisation, production and distribution of the surplus product for the long-term benefit of all.

There are two preliminary difficulties with this idea that must be confronted head on. Many dispossessions have little directly to do with capital accumulation. They do not necessarily lead to anti-capitalist politics. The ethnic cleansings in the former Yugoslavia, the religious cleansings during the Northern Ireland emergency or during the anti-Muslim riots in Mumbai in the early 1990s and the Israeli dispossession of Palestinian land and water rights are all examples of this. The colonisation of urban neighbourhoods by immigrants, by lesbians and gays or by people of a different colour often displaces older residents who fight against the dispossessions that may arise. While market forces and changing property values may play an instrumental or ancillary role, the political struggles that ensue are over who likes or dislikes who and who has the right to live where on our increasingly crowded planet. Questions of security, fear of others, social preferences and prejudices all play their part in the fluid conflicts between social groups over the control of space and



over access to valued assets. Social groups and individuals establish a proprietary sense of ownership over and belonging to a particular space. The corollary is widespread fear of dispossession.

Not all insurgent movements against dispossession are anti-capitalist. An older generation of mainly white male workers in the US, for example, are incensed at what they consider to be the rising power of minorities, immigrants, gays and feminists, aided and abetted by arrogant intellectual ('coastal') élites and greedy and ungodly Wall Street bankers who are generally perceived (wrongly) to be Jewish. Radical right-wing and armed militia movements of the sort that nurtured Timothy McVeigh of Oklahoma bombing fame have revived since Obama's election. They would plainly not join some grand anti-capitalist struggle (even though they are expressing antagonisms to bankers, corporations and élites and hatred for the Federal Reserve). They bear witness to a struggle on the part of those who feel alienated and dispossessed to repossess the country that they love by any means.

Such social tensions offer possibilities for capitalist exploitation. In US cities in the 1960s the practice of blockbusting neighbourhoods was widespread (it still persists). The idea was to introduce a black family into an all-white neighbourhood in the hope of stimulating white fear and white flight. Falling property values created opportunities for speculators to purchase housing cheaply before selling dear to minority populations. The responses of the threatened white populations varied from violent resistance (such as the firebombing of the home of any black family who tried to move in) through to more moderate attempts (sometimes mandated by civil rights laws) to integrate as peacefully as possible.

The second big problem is that some dispossessions are either necessary or progressive. Any revolutionary movement has to come up with a way to dispossess capitalists of their property, wealth and powers. The whole historical geography of dispossessions under capitalism has been riddled with ambivalences and contradictions. While the class violence involved in the rise of capitalism may have

been abhorrent, the positive side to the capitalist revolution was that it dispossessed arbitrary feudal institutions (such as the monarchy and the Church) and their powers, liberated creative energies, opened up new spaces and knitted the world closer together through exchange relations, opened up society to strong currents of technological and organisational change, overcame a world based on superstition and ignorance and replaced it with an enlightened science with the potentiality to liberate all of humanity from material want and need. None of this could have occurred without someone somewhere being dispossessed.

It achieved all of this at a huge social and environmental cost (made much of by critics in recent years). But it was nevertheless possible to view accumulation by dispossession (or what Marx called 'primitive accumulation') as a necessary though ugly stage through which the social order had to go in order to arrive at a state where both capitalism and some alternative called socialism or communism might be possible. Marx for one placed little if any value on the social forms destroyed by original accumulation and he did not argue, as some do now, for any restoration of pre-capitalist social relations or productive forms. It was for socialism and communism to build upon the progressive aspects of capitalist development. These progressive aspects included movements for land reform, the rise of democratic forms of government (always sullied by the role of money power), freedom of information (always contingent but nevertheless vital) and of information and of expression, and the creation of rights civil and legal.

While struggles against dispossession can form a seedbed of discontent for insurgent movements, the point of revolutionary politics is not to protect the ancient order but to attack directly the class relations and capitalist forms of state power.

Revolutionary transformations cannot be accomplished without at the very minimum our changing our ideas, abandoning our cherished beliefs and prejudices, giving up various daily comforts and rights, submitting to some new daily regimen, changing our social



and political roles, reassigning our rights, duties and responsibilities, and altering our behaviours to better conform to collective needs and a common will. The world around us – our geographies – must be radically reshaped, as must our social relations, the relation to nature and all of the other spheres of action in the co-revolutionary process. It is understandable, to some degree, that many prefer a politics of denial to a politics of active confrontation with all of this.

It would also be comforting to think that all of this could be accomplished pacifically and voluntarily, that we would dispossess ourselves, strip ourselves bare, as it were, of all that we now possess that stands in the way of the creation of a more socially just, steady-state social order. But it would be disingenuous to imagine that this could be so, that no active struggle would be involved, including some degree of violence. Capitalism came into the world, as Marx once put it, bathed in blood and fire. Although it might be possible to do a better job of getting out from under it than getting into it, the odds are heavily against any purely pacific passage to the promised land.

The recognition that dispossession may be a necessary precursor to more positive changes raises the whole question of the politics of dispossession under socialism and communism. It was, within the Marxist/communist revolutionary tradition, often deemed necessary to organise dispossessions in order to implement programmes of modernisation in those countries that had not gone through the initiation into capitalist development. This sometimes entailed appalling violence, as with Stalin's forced collectivisation of agriculture in the Soviet Union (the elimination of the kulaks). These policies were hardly great success stories, precipitating great tragedies such as the grand famine caused by Mao's Great Leap Forward in China (which temporarily halted the otherwise rapid increase in life expectancies) and sparking political resistance that was in some instances ruthlessly crushed.

Insurgent movements against dispossession other than in the labour process have therefore in recent times generally taken an

anti-communist path. This has sometimes been ideological but in other instances simply for pragmatic and organisational reasons, deriving from the very nature of what such struggles were and are about. The variety of struggles against the capitalist forms of dispossession was and is simply stunning. It is hard to even imagine connections between them. The struggles of the Ogoni people in the Niger delta against what they see as the degradation of their lands by Shell Oil; peasant movements against biopiracy and land grabbing; struggles against genetically modified foods and for the authenticity of local production systems; fights to preserve access for indigenous populations to forest reserves, while curbing the activities of timber companies; political struggles against privatisation; movements to procure labour rights or women's rights in developing countries; campaigns to protect biodiversity and to prevent habitat destruction; hundreds of protests against IMF-imposed austerity programmes and long-drawn-out struggles against World Bank-backed dam construction projects in India and Latin America: these have all been part of a volatile mix of protest movements that have swept the world and increasingly grabbed the headlines since the 1980s. These movements and revolts have been frequently crushed with ferocious violence, for the most part by state powers acting in the name of 'order and stability'. Client states, supported militarily or in some instances with special forces trained by the major military apparatuses (led by the US with Britain and France playing a minor role), took the lead in a system of repressions and liquidations to ruthlessly check activist movements challenging accumulation by dispossession.

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Movements against dispossession of both sorts are widespread but inchoate, both geographically and in their organising principles and political objectives. They often exhibit internal contradictions, as, for example, when indigenous populations claim back rights in



areas that environmental groups regard as crucial to protect biodiversity. And partly because of the distinctive geographical conditions that give rise to such movements, their political orientation and modes of organisation also differ markedly. The Zapatista rebels in Mexico, frustrated at the loss of control over their own lands and local resources and the lack of respect for their cultural history, did not seek to take over state power or accomplish a political revolution. They sought instead to work through the whole of civil society in a more open and fluid search for alternatives that would look to answer to their specific needs as a cultural formation and to restore their own sense of dignity and self-respect. The movement avoided avant-gardism and refused to take on the role of a political party. It preferred instead to remain a movement within the state, seeking to form a political power bloc in which indigenous cultures would be central rather than peripheral to political power arrangements. It sought thereby to accomplish something akin to a passive revolution within the territorial logic of power commanded by the Mexican state.

The general effect of such movements has been to shift the terrain of political organisation away from traditional political parties and labour organising in the factories (though that still goes on, of course) into what was bound to be in aggregate a less focused political dynamic of social action across the whole spectrum of civil society. What emerges is a very different organising model from that constructed historically around the labour movement. The two forms of dispossession thus spawn conflicting aspirations and organisational forms. What the broader movement across civil society loses in focus it gains in terms of relevance, precisely because it connects so directly to the politics of daily life in specific geographical contexts.

There are various broad fractious currents of thought on the left as to how to address the problems that now confront us. There is, first of all, the usual sectarianism stemming from the history of radical action and the articulations of left-wing political theory. Curiously, the one place where amnesia is not so prevalent is within the left itself

(the splits between anarchists and Marxists that occurred back in the 1870s, between Trotskyists, Maoists and orthodox communists, between the centralisers who want to command the state and the anti-statist autonomists and anarchists). The arguments are so bitter and so fractious as to sometimes make one think that more amnesia might be a good thing. But beyond these traditional revolutionary sects and political factions, the whole field of political action has undergone a radical transformation since the mid-1970s. The terrain of political struggle and of political possibilities has shifted, both geographically and organisationally.

There are now vast numbers of non-governmental organisations which play a political role that was scarcely visible before the mid-1970s. Funded by both state and private interests, populated often by idealist thinkers and organisers (they constitute a vast employment programme), and for the most part dedicated to single-issue questions (environment, poverty, women's rights, anti-slavery and trafficking work, etc.), they refrain from straight anti-capitalist politics even as they espouse progressive ideas and causes. In some instances, however, they are actively neoliberal, engaging in privatisation of state welfare functions or fostering institutional reforms to facilitate market integration of marginalised populations (micro-credit and microfinance schemes for low income populations are a classic example of this).

While there are many radical and dedicated practitioners in this NGO world, their work is at best ameliorative. Collectively, they have a spotty record of progressive achievements, although in certain arenas such as women's rights, health care and environmental preservation they can reasonably claim to have made major contributions to human betterment. But revolutionary change by NGO is impossible. They are too constrained by the political and policy stances of their donors. So even though, in supporting local empowerment, they help open up spaces where anti-capitalist alternatives become possible, and even support experimentation with such alternatives, they do nothing to prevent the re-absorption of these alternatives



into the dominant capitalist practice; they even encourage it. The collective power of NGOs in these times is reflected in the dominant role they play in the World Social Forum, where attempts to forge a global justice movement, a global alternative to neoliberalism, have been concentrated over the last ten years.

The second broad wing of opposition arises out of anarchist, autonomist and grassroots organisations (GROs) which refuse outside funding even as some of them do rely upon some alternative institutional base (such as the Catholic Church, with its 'base community' initiatives in Latin America or broader church sponsorship of political mobilisation in the inner cities of the United States). This group is far from homogeneous (indeed there are bitter disputes among them, pitting, for example, social anarchists against those they scathingly refer to as mere 'lifestyle' anarchists). There is, however, a common antipathy to negotiation with state power and an emphasis upon civil society as the sphere where change can be accomplished. The self-organizing powers of people in the daily situations in which they live has to be the basis for any anti-capitalist alternative. Horizontal networking is their preferred organising model; so-called 'solidarity economies' based on bartering, collectives and local production systems is their preferred political economic form. They typically oppose the idea that any central direction might be necessary and reject hierarchical social relations or hierarchical political power structures along with conventional political parties. Organisations of this sort can be found everywhere and in some places have achieved a high degree of political prominence. Some of them are radically anti-capitalist in their stance and espouse revolutionary objectives and in some instances are prepared to advocate sabotage and other forms of disruption (shades of the Red Brigade in Italy, the Baader-Meinhof Gang in Germany and the Weather Underground in the United States in the 1970s). But, leaving aside their more violent fringes, the effectiveness of all these movements is limited by their reluctance and inability to scale-up their activism into organisational forms capable of confronting global problems. The presumption that

local action is the only meaningful level of change and that anything that smacks of hierarchy is anti-revolutionary is self-defeating when it comes to larger questions. Yet these movements are unquestionably providing a widespread base for experimentation with anti-capitalist politics.

The third broad trend is given by the transformation that has been occurring in traditional labour organising and left political parties, varying from social democratic traditions to more radical Trotskyist and communist forms of political party organisation. This trend is not hostile to the conquest of state power or hierarchical forms of organisation. Indeed, it regards the latter as necessary to the integration of political organisation across a variety of political scales. In the years when social democracy was hegemonic in Europe and even influential in the United States, state control over the distribution of the surplus became a crucial tool to diminish inequalities. The failure to take social control over the production of surpluses and thereby really challenge the power of the capitalist class was the Achilles heel of this political system. However, we should not forget the advances that it made, even if it is clear now that it is insufficient to go back to such a political model with its social welfarism and Keynesian economics.

Both organised labour and left political parties have taken some hard hits in the advanced capitalist world over the last thirty years. Both have either been convinced or coerced into broad support for neoliberalisation, albeit with a somewhat more human face. One way to look upon neoliberalism, as was earlier noted, is as a grand and quite revolutionary movement (led by that self-proclaimed revolutionary figure, Margaret Thatcher) to privatise the surpluses, or at least prevent their further socialisation.

While there are some signs of recovery of both labour organizing and left politics (as opposed to the 'third way' celebrated by New Labour in Britain under Tony Blair and disastrously copied by many social democratic parties in Europe), along with signs of the emergence of more radical political parties in different parts of



the world, the exclusive reliance upon a vanguard of workers is now in question, as is the ability of those leftist parties that have gained some access to political power to have a substantive impact upon the development of capitalism and to cope with the troubled dynamics of crisis-prone accumulation. The performance of the German Green Party in power has hardly been stellar relative to their political stance out of power, while social democratic parties have lost their way entirely as a true political force. But left political parties and labour unions are significant still and their takeover of aspects of state power, as with the workers' party in Brazil or the Bolivarian movement in Venezuela, has had a clear impact on left thinking, not only in Latin America. The complicated problem of how to interpret the role of the Communist Party in China and what its future policies might be is not easily resolved either.

The co-revolutionary theory laid out earlier would suggest that there is no way that an anti-capitalist social order can be constructed without seizing state power, radically transforming it and reworking the constitutional and institutional framework that currently supports private property, the market system and endless capital accumulation. Inter-state competition and geoeconomic and geopolitical struggles over everything from trade and money to questions of hegemony are also either far too significant to be left to local social movements or cast aside as too big to contemplate. How the architecture of the state-finance nexus is to be reworked, along with the pressing question of the common measure of value given by money, cannot be ignored in the quest to construct alternatives to capitalist political economy. To ignore the state and the dynamics of the inter-state system is therefore a ridiculous idea for any anti-capitalist revolutionary movement to accept.

The fourth broad trend is constituted by all the social movements that are not so much guided by any particular political philosophy or leanings but by the pragmatic need to resist displacement and dispossession (through gentrification, industrial development, dam construction, water privatisation, the dismantling of social services

and public educational opportunities, or whatever). In this instance the focus on daily life in the city, town, village or wherever provides a material base for political organising against the threats that state policies and capitalist interests invariably pose to vulnerable populations.

Again, there is a vast array of social movements of this sort, some of which can become radicalised over time as they come to realise more and more that the problems are systemic rather than particular and local. The bringing-together of such social movements into alliances on the land (like the landless movement in Brazil or peasants mobilising against land and resource grabs by capitalist corporations in India) or in urban contexts (the right to the city movements in Brazil and now the United States) suggest the way may be open to create broader alliances to discuss and confront the systemic forces that underpin the particularities of gentrification, dam construction, privatisation or whatever. Driven by pragmatism rather than by ideological preconceptions, these movements nevertheless can arrive at systemic understandings out of their own experience. To the degree that many of them exist in the same space, such as within the metropolis, they can (as supposedly happened with the factory workers in the early stages of the industrial revolution) make common cause and begin to forge, on the basis of their own experience, a consciousness of how capitalism works and what it is that might be done collectively. This is the terrain where the figure of the 'organic intellectual' leader, made so much of in the early twentieth-century Marxist writer Antonio Gramsci's work, the autodidact who comes to understand the world first hand through bitter experiences, but shapes his or her understanding of capitalism more generally, has a great deal to say. To listen to the peasant leaders of the MST in Brazil or the leaders of the anti-corporate land grab movement in India is a privileged education. In this instance the task of the educated discontented is to magnify the subaltern voice so that attention can be paid to the circumstances of exploitation and repression and the answers that can be shaped into an anti-capitalist programme.



The fifth epicentre for social change lies with the emancipatory movements around questions of identity – women, children, gays, racial, ethnic and religious minorities all demanding an equal place in the sun. The movements claiming emancipation on each of these issues are geographically uneven and often geographically divided in terms of needs and aspirations. But global conferences on women's rights (Nairobi in 1985, which led to the Beijing declaration of 1995) and anti-racism (the far more contentious conference in Durban in 2009) are attempting to find common ground and there is no question that social relations are changing along all of these dimensions, at least in some parts of the world. When cast in narrow essentialist terms, these movements can appear to be antagonistic to class struggle. Certainly within much of the academy they have taken priority of place at the expense of class analysis and political economy. But the feminisation of the global labour force, the feminisation of poverty almost everywhere and the use of gender disparities as a means of labour control make the emancipation and eventual liberation of women from their repressions a necessary condition for class struggle to sharpen its focus. The same observation applies to all the other identity forms where discrimination or outright repression can be found. Racism and the oppression of women and children were foundational in the rise of capitalism. But capitalism as currently constituted can in principle survive without these forms of discrimination and oppression, though its political ability to do so will be severely curtailed, if not mortally wounded, in the face of a more unified class force. The modest embrace of multiculturalism and women's rights within the corporate world, particularly in the United States, provides some evidence of capitalism's accommodation of these dimensions of social change, even as it re-emphasises the salience of class divisions as the principle dimension for political action.

These five broad tendencies are not mutually exclusive or exhaustive of organisational templates for political action. Some organisations neatly combine aspects of all five tendencies. But there is a

lot of work to be done to coalesce these various tendencies around the underlying question: can the world change materially, socially, mentally and politically in such a way as to confront not only the dire state of social and natural relations in so many parts, but also the perpetuation of endless compound growth? This is the question that the discontented must insist upon asking, again and again, even as they learn from those who experience the pain directly and who are so adept at organising resistances to the dire consequences of compound growth on the ground.

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Communists, Marx and Engels averred in their original conception laid out in *The Communist Manifesto*, have no political party. They simply constitute themselves at all times and in all places as those who understand the limits, failings and destructive tendencies of the capitalist order, as well as the innumerable ideological masks and false legitimations that capitalists and their apologists (particularly in the media) produce in order to perpetuate their singular class power. Communists are all those who work incessantly to produce a different future to that which capitalism portends. This is an interesting definition. While traditional institutionalised communism is as good as dead and buried, there are by this definition millions of *de facto* communists active among us, willing to act upon their understandings, ready to creatively pursue anti-capitalist imperatives. If, as the alternative globalisation movement of the late 1990s declared, 'another world is possible', then why not also say 'another communism is possible'? The current circumstances of capitalist development demand something of this sort, if fundamental change is to be achieved.

Communism is, unfortunately, such a loaded term as to be hard to re-introduce, as some now want to do, into political discourse. In the United States it would prove much more difficult than in, say, France, Italy, Brazil or even central Europe. But in a way the name



does not matter. Perhaps we should just define the movement, our movement, as anti-capitalist or call ourselves the Party of Indignation, ready to fight and defeat the Party of Wall Street and its acolytes and apologists everywhere, and leave it at that. The struggle for survival with justice not only continues; it begins anew. As indignation and moral outrage build around the economy of dispossession that so redounds to the benefit of a seemingly all-powerful capitalist class, so disparate political movements necessarily begin to merge, transcending barriers of space and time.

To understand the political necessity of this requires first that the enigma of capital be unravelled. Once its mask is torn off and its mysteries have been laid bare, it is easier to see what has to be done and why, and how to set about doing it. Capitalism will never fall on its own. It will have to be pushed. The accumulation of capital will never cease. It will have to be stopped. The capitalist class will never willingly surrender its power. It will have to be dispossessed.

To do what has to be done will take tenacity and determination, patience and cunning, along with fierce political commitments born out of moral outrage at what exploitative compound growth is doing to all facets of life, human and otherwise, on planet earth. Political mobilisations sufficient to such a task have occurred in the past. They can and will surely come again. We are, I think, past due.

## Appendix 1: Major Debt Crises and Bail-outs, 1973–2009

- 1973–75** *Property market crash in US and UK, fiscal crises of federal, state and local governments in the US (New York City's near bankruptcy), oil price hike and recession*
- 1979–82** *Inflationary surge and Volcker interest rate shock forces Reagan Recession, with unemployment rising above 10 per cent in the US and knock-on effects elsewhere*
- 1982–90** *Developing Countries Debt Crisis (Mexico, Brazil, Chile, Argentina, Poland, etc.) sparked by 'Volcker shock' of high interest rates. US investment bankers rescued by aid to indebted countries organised by the US Treasury and a revitalised IMF (purged of Keynesians and armed with 'structural adjustment' programmes)*
- 1984** *Continental Illinois Bank rescued by Fed, Treasury and FDIC*
- 1984–92** *Failures of US savings and loan institutions investing in real estate. Closure and FDIC rescue of 3,260 financial institutions. Recession in UK property market after 1987*
- 1987** *Hurricane in stock markets, October 1987, met with massive liquidity injections by the Fed and Bank of England*
- 1990–92** *Property market-led Nordic and Japanese bank crises. Bail-outs of City Bank and Bank of New England in the US*
- 1994–95** *Mexican peso rescue to protect US investors holding high-risk Mexican debt. Heavy losses in derivatives culminating in Orange County bankruptcy and serious losses for other municipal governments with similar high-risk investments*
- 1997–98** *Asian Currency Crisis (partly property based). Lack of liquidity forces massive bankruptcies and unemployment, providing opportunities for predatory institutions to make quick profits after punitive IMF bail-outs (South Korea, Indonesia, Thailand, etc.)*
- 1998** *Long Term Capital Management bail-out by the Fed in the US*
- 1998–2001** *Capital flight crises from Russia (which goes bankrupt in 1998), Brazil (1999), culminating in Argentina Debt Crisis (2000–2002), devaluation of peso, followed by mass unemployment and political unrest*
- 2001–02** *Dot-com bubble and stock market crashes, Enron and WorldCom bankruptcies. Fed cuts interest rates to prop up asset values (real estate bubble begins)*
- 2007–10** *Property-led crises in the US, UK, Ireland and Spain, followed by forced mergers, bankruptcies and nationalisations of financial institutions. Bail-outs worldwide of institutions that invested in CDOs, hedge funds, etc., followed by recession, unemployment and collapses in foreign trade met by various Keynesian-style stimulus packages and liquidity injections by central banks*



## Appendix 2: Financial Innovations and the Rise of Derivative Markets in the US, 1973–2009

- 1970 Mortgage-backed securities introduced
- 1972 Chicago Currency Futures Market opens
- 1973 Chicago Board Options Exchange; trading in equity futures begins
- 1975 Trading in Treasury Bill and mortgage-backed bonds futures
- 1977 Trading in Treasury bond futures
- 1979 Over-the-counter and unregulated trading, particularly in currency futures, becomes commonplace. The 'shadow banking system' emerges
- 1980 Currency swaps
- 1981 Portfolio insurance introduced; interest rate swaps; futures markets in Eurodollars, in Certificates of Deposit and in Treasury instruments
- 1983 Options markets on currency, equity values and Treasury instruments; collateralised mortgage obligation introduced
- 1985 Deepening and widening of options and futures markets; computerised trading and modelling of markets begins in earnest; statistical arbitrage strategies introduced
- 1986 Big Bang unification of global stock, options and currency trading markets
- 1987–8 Collateralised Debt Obligations (CDOs) introduced along with Collateralised Bond Obligations (CBOs) and Collateralised Mortgage Obligations (CMOs)
- 1989 Futures on interest rate swaps
- 1990 Credit default swaps introduced along with equity index swaps
- 1991 'Off balance sheet' vehicles known as special purpose entities or special investment vehicles sanctioned
- 1992–2009 Rapid evolution in volume of trading across all of these instruments. Volume of trading, insignificant in 1990, rose to more than \$600 trillion annually by 2008

## Sources and Further Reading

I relied on news reports for much of the detailed information I cite throughout the text. *The New York Times*, supplemented by the *Guardian* and the *Financial Times*, were the primary sources. I also relied on other accounts of the crisis, particularly those written before the breakdown in the summer of 2008, for both theoretical insights and structural understandings. The idea of an alliance between the discontented and the dispossessed comes from Peter Marcuse and I am grateful to him for the formulation. I also want to thank Margit Mayer and the participants in my graduate seminars at the Graduate Center, City University of New York, and the Freie Universität in Berlin who commented on some early drafts of the text.

I found the following works particularly helpful as both theoretical guides and as sources for detailed information:

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