Midnight Notes Collective Promissory Notes: From Crisis to Commons

GREAT DEPRESSION VERSUS THE CURRENT ECONOMIC CRISIS: FINANCIALIZATION OF THE ECONOMY

“A comparison is often made between the present crisis and the Great Depression, and, by extension, a capitalist “solution” is often sought after in a replica of the New Deal. However, the profound differences between Great Depression and the present crisis prevent a return to New Deal policies. Similarities between the two crises abound, of course. In both crises, the epicenter lay in speculative investments. Both crises can be seen as the results of capitalists’ refusal to continue to invest in production on the face of diminishing returns. Most importantly, both crises can be read as products of over-production and under-consumption, resulting in gluts and a fallen rate of profit, all of which combine to freeze new investment and instigate a “credit crunch.” Many left analysts hypothesized that these common trends in capitalist society have led to “over-accumulation” or “stagnation”—in other words, to the inability of capitalists to find investment opportunities in commodity production that would provide an adequate rate of return.” 3

“The result it is argued, is the “financialization” of the economic system, where, because investment in production is no longer profitable enough, more and more capital has been invested into making speculative loans and complex hedging bets. This financialization has benefited from and strengthened the effort to monetarize and marketize all actions within society, from eating dinner to planting seeds in a garden.” 3

NEW DEAL SOLUTION—THE PRODUCTIVITY DEAL

“The New Deal solution—a combination of (1) the institutional integration of the working class through the official recognition of unions, (2) the stipulation of a productivity deal where increased wages would be exchanged for increases in productivity, and (3) the welfare state—is not in the cards today.” 3

NEOLIBERAL RESPONSE TO KEYNESIANISM

“Neoliberalism’s overall solution to the crisis of Keynesianism was to devalue labor power, reconstitute wage hierarchies, and reduce workers to the status of apolitical commodities (as they were considered in the bourgeois economics of the 19th century). Neoliberalism took many forms in response to the different composition and intensity of workers’ power: relocation of the means of production, deterritorialization of capital, increasing the competition among workers by expanding the labor market, dissipation of the welfare state, and land expropriation (see MN, 1997).” 3-4

FINANCIALIZATION—MAKING MONEY FROM MONEY

“Capital’s flight into financialization is one more move in the neoliberal effort to continually shift the power relation in its favor. Faced presumably with diminishing returns in the “real economy” and an inability to sell their goods, capitalists made two important moves: on one side, they leaped to the world of hedge funds and derivatives, and, on the other, intensified the availability of credit for the US working class, so that US workers would buy the goods that workers in China and other (mostly Asian) nations continued to produce at extremely low wages (compared to the US). The success of this game—whose eminent goal was deferring crisis—depended upon the high profits capitalists operating in China and in Third World nations could accrue because of the low wages, which were then invested in credit markets in the US, enabling growing financialization. This circuit came to an end only at the point in which the enormity of (both workers’ and capitalists’) debt sent its underwriters into a panic flight.” 4

REASON FOR DECLINING RATE OF PROFIT

“An actual fall is rooted in many factors, but there are two that are especially crucial for us: capital’s inability (a) to increase the rate of exploitation by decreasing wages; and (b) to reduce the value of the constant capital (raw materials, especially) involved in the production of a commodity.” 4

NEOLIBERALISM AND THE PROGRAM OF PRIVATIZATION (INCLUDING THE EXPANSION OF INTELLECTUAL PROPERTY)

“Neoliberal globalization depends upon a framework of laws and rules that eliminate barriers to commodity trade and financial transactions, especially those transactions that emanate from the US, Japan, or Western Europe. The process of elimination began in the Keynesian era (with GATT), but took institutional shape with the formation of the World Trade Organization in 1994. The WTO had an ambitious agenda of realizing the globalization of traditional trade and money transaction, but also services and intellectual property.” 6

NEOLIBERAL PROJECT OF ENCLOSURE

“The “New Enclosures” have operated though Structural Adjustment Programs and the fomenting of war that were meant to expropriate people throughout the Third World of their attachment to their communal land and its resources. Certainly, they have driven millions of people from their land and communities in Africa and many parts of the Americas, if the increase in immigration rates and numbers of refugees is any indicator. But there has also been a powerful response to the attack on common lands and resources throughout Asia (especially in India and Bangladesh), in much of South America, and in parts of Africa. The Bolivian “water” and “gas” wars of the last decade have made it clear that the effort to privatize vital resources is a risky enterprise.” 7

CREDIT AS NEW DOMAIN OF CLASS STRUGGLE—FINANCIALIZATION AS A PRODUCT OF STRUGGLE

“With the dismantling of the so-called welfare state, workers in the US had to pay a greater share of the cost of their own reproduction (from housing and health care to education) at the very moment when their real wages were falling. Workers demanded access to these requirements for reproduction through the credit system. Capital’s “sharing” with workers of accumulated value through making credit available comes at a price: that workers’ desires for access of the means of reproduction (home, auto, appliances, etc.) are aligned with capitalists’ desires for accumulation. “Financialization” is not simply a capitalist plot; it too is a process and production of class struggle. True, there is an element of necessity in workers’ response to the attack on their conditions of reproduction, but without necessity there is no agency either.” 7

\*WORKERS’ STRUGGLE TO ACCESS THE MEANS OF REPRODUCTION—ABOVE QUOTATION

CREDIT SYSTEM AS A CAPITALIST COMMONS

“Most crucially for us, Marx writes as if workers never receive loans and pay interest. This is important, for the credit system is like a capitalist commons, since it offers the capitalist (or the person who can pass as a capitalist) “an absolute command over the capital and property of others, within certain limits, and, through this, command over other people’s labor.” Value detached from its owners becomes a common pool resources that, though abstract, gives tremendous power to those who can access it. This power was not to be shared with workers, at least not in the 19th century.” 9

MARX DID NOT CONSIDER CREDIT EXTENDED TO THE WORKING CLASS

“Marx got many things right about the future of capitalism, but here he failed to see the absorption of the propertyless but waged working class into the financial system. When he looked at workers’ debt, he saw only pawnshops. Since workers had almost no property that could be used as collateral to take out loans from financial institutions and they had almost no savings to be used as deposits in banks, they were never important direct players in the financial world.” 9

“This is no longer the case. Workers’ pension funds are an enormous source of capital for the system, and their debts comprise a large share of total indebtedness in the US (household debt is about 30% of the total debt in the US). Consequently, when we speak of financial crisis in the 21st century, we must speak of inter-class conflict as well as conflict among capitalists.” 8-9

WORKERS’ CLAIMS ON CREDIT (ENCROACHING ON THE VALUE COMMONS)

“As noted in the previous section, workers in the neoliberal deal have been using the credit system to enter into the realm of non-wage income, i.e., to get access to the value common that had previously been the sole privilege of the capitalists. In doing so, they have posed a collective threat and opportunity to capital. The question is: Can capital operate in the 21st century without extensive working class participation in the credit system? Can capital return to the days before “life on the installment plan” and make credit the sole realm of capitalists again?” 9

VALUE COMMONS—WEALTH AS A COMMONS OF LABOR

“Capitalists have conclusively shown (once more) that they cannot be trusted to provide the minimal means of security even in capital’s heartland. But they hold hostage the wealth generations have produced. This pool of labor past and present is our common. We need to liberate, to re-appropriate that wealth—bringing together all those who were expropriated from it, starting with the people of the First American Nations and the descendants of the slaves, who are still waiting for their “forty acres and a mule” or its equivalent. We also need to construct collective forms of life and social cooperation, beyond the market and the profit system, both in the arena of production and reproduction.” 11

COMMONS AND COMMUNITY AS MUTUALLY CONSTITUTIVE

“As the indigenous Americans put it, in order to collectively eat from a dish with one spoon, we must decide on who gets the spoon and when. This is so with every commons, for a commons without a consciously constituted community is unthinkable.” 11

RESISTANCE—“INSIDE” AND “OUTSIDE” STRUGGLES AGAINST CAPITALISM

“One of the most important distinctions to make (but most difficult to draw) is that between those that are on the “inside” (what we sometimes call “social democratic”) and those that are “autonomous” or “outside.” In a way, this distinction is a variant of one between “reform” and “revolution” in the anti-capitalist politics of the first part of the 20th century when “reformist” social democratic parties were important institutions.” 13

“The “inside/outside” distinction, however, is not a spatial one, but one of political relation. “Inside” means demands on a (state/market) institution that is normally dedicated to reproducing the labor-capital relation, while “outside” means communal appropriation of de/non-commodified resources, perhaps in parallel with formal demands. Either can happen anywhere, just as a commons can be maintained or created anywhere. The two aspects can be complementary or contradictory. For example, appropriation can be enhanced and/or undermined by demands made on an institution. Either can be means to build alliances and express needs beyond those making the demands. By analyzing inside/outside relationships and potentials in specific contexts, a movement can clarify its strategy.” 13

“INSIDE” STRUGGLE

“The inside struggles are wages primarily within existing institutions and arenas, such as the state, corporations, the legal system, traditional civil society, or traditional cultural constructs, the goals of which are generally to increase working class income, commodity wealth, and power within the system, without directly challenging the capitalist organization of society or creating collective alternatives to the capitalist system. They typically take the form of demands on the system. However, they may at times be quite confrontational and push the bounds of capitalist legality and propriety. Such willingness to openly confront the system is very valuable, at least at this point in the US, since it has greater likelihood of transcending initial demands.” 13

“OUTSIDE” STRUGGLE

“By contrast, “outside,” autonomous struggles strive to create social spaces and relations that are as independent of and opposed to capitalist social relations as possible. They may directly confront or seek to take over and reorganize capitalist institutions (a factory, for example) or create new spaces outside those institutions (e.g., urban gardening or a housing cooperative) or access resources that should be common. They foster collective, non-commodified relations, processes, and products that function to some real degree outside of capitalist relations and give power to the working class in its efforts to create alternatives to capital. In the US many of these struggles appear as outside the formal economy.” 13

IMPORTANCE OF TRANSITIONING FROM INSIDE TO OUTSIDE

“First, we must note the inevitability of many “inside” struggles. Indeed, most struggles against the destructive consequences of the crisis at this time in much of the world at least start from the “inside.” But such struggles may escape the bounds of being “inside.” Our intent is that the characteristics we identify below can help determine whether social democratic struggles create, or are likely to create, conditions that foster real alternatives to capital. That is, whether they foster or lead to “autonomous” struggles, rather than confine struggles to the systems’ limits, perpetuate or recompose divisions within the class, or turn those involved off to any possibility of future revolutionary struggles.” 14