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Who will write the history of these troubled times? For many years now we have heard one overriding story, the official story, rehearsed day by day before global audiences. By its reckoning, the inexorable forces of capitalism are remaking the world once and for all, their victory ensured three times over—by the allure of their wares, the threat of their arms, and the blessedness of their cause. Every setback or sign of resistance has been portrayed as one more reason to finish the job. In the wake of a tumultuous twentieth century and in the face of mounting uncertainty, the self-proclaimed victors of history keep declaring that there is really only one zeitgeist blowing us along: the spirit of total commerce, pitched at the most encompassing level possible, capable of bringing everything to market and bringing the market to everyone. As long as the economic prescriptions are followed, any kind of political system can join the cause, so-called dictatorships and so-called democracies, strong states, weak states, and failed states. No time for losers: the recalcitrants and reprobates simply have to join up, drop out, or be left behind. From now on, the newly rehabilitated angel of history promises nothing but good news to those who heed its call—or so we are told, incessantly, even when there is nothing but bad news to tell.

The official story was never true, but it remains powerful. Although their victories have never been as decisive as those of ancient generals and golden-age imperialists, the rulers of our era do exercise a special kind of dominion. Above and beyond the monopoly of
violence claimed by the major states, there has emerged a new kind of command, a monopoly of actuality, exercised on one hand through the power of teletechnology to shape the world in its own image, and on the other by the power of money to decide what deserves to exist. The effective horizon of this control oscillates somewhere between the news cycle and the business cycle; moment by moment it translates everything it knows into the present tense. It seeks its glory not only in ratifying its mastery over what happens today; it meticulously amortizes what used to be and assiduously discounts what is yet to come. The past is worth saving only if it is worth saving right now, and the future, insofar as it has not already been paved over or scheduled for expiration, will just have to take care of itself. Cut loose by destabilizing flows of capital and caught by ever tighter nets of competition, people everywhere live more fraught, more bewildered, more defensive, more pressured lives. Market ideology, working its way deeper into the textures of social life, becomes something more absolute: a legitimation of every present indignity for the sake of unnamed opportunities to come. Market logic, elevated to the status of a natural law, demands that everybody should live within the circle of free choices and calculable consequences, even while inventing a full range of techniques to deprive nearly everyone of effective freedoms, channeling rewards immediately upward while dumping bad consequences onto those least able to bear them, somewhere else and sometime later. Through the vigilant management of expectations and the peremptory refusal of alternatives, our common life is split up into countless schemes for survival.

So while the spirit of our age still celebrates military strength and technological invention—if only because warfare and high technology are still crowned with the highest spiritual justifications—the
of material things and everyday life, even if that remains the only world there is.

The so-called "financialization" of the global economy encompasses more than the operations of financial capital. More to the point, it implies the networked reorganization of all economic activity, an omnilateral overdetermination of all local and sectoral markets, each one with every other. The integrated, instantaneous transmission of "market signals" tends to make every transaction ever more subject to transnational variables beyond recognition or control, inflected by everything from exchange rates and credit costs to subsidy patterns and commodity futures. Only the most powerful players can deploy their interests across these disparate and differential time zones; decisive competitive advantages are secured by those who have the means to maneuver capital from one economic stratum to another, especially through abstract instruments invented by the latest financial technologies, keeping one step ahead of their fiercer rivals and two steps ahead of the rather less fierce regulators. In staking their positions, the financial swarm appear to be interested only in playing the margins and leveraging their stakes, treating anything in their path as an infinitely fungible mass of value to be broken up, reconfigured, and played off against itself. To find the smallest edge, traders stay glued to their screens, appraising every piece of news for chances and dangers, sifting torrents of information for glimpses of intuition or premonitions of fate. The first draft of history—the only one that matters to them—scrolls across the screen with the divine serenity of raw data, abbreviated in the ciphers of rates and prices. Everything else is mere commentary.

In order to appear natural, necessary, and inevitable, market institutions have always called upon both scientific discourse and showbiz hucksterism. But now the circuitries of economic exchange and electronic media are becoming ever more closely fused: each echoes the other, blending the solemn voice of certainty with the yapping and howling of animal spirits. While the markets look to the media for clues about what to do next, the media look to the markets for clues about the meaning of what just happened. This sloppy feedback loop instills quick decision-making reflexes and permanent uncertainty at the same stroke. The market-media machine, created over the years as much by political default as design, has become a global organ of countergovernance, and it will continue to mutate whenever its functional autonomy is threatened by regulation or supervision. Not only does its expansion reframe the temporalities of investment and the uneven development between sectors and regions, it also creates its own apparatus of enforcement, whereby the mood swings and stubborn grudges of market discipline become the most decisive kind of reality. Heeding its mixed signals, the planners, bureaucrats, and managers set their watches and pretend to be in charge. Everybody else is supposed to keep working, obey the local authorities, enjoy the show, and wait patiently for a lucky break. Such is the historical role global capital wants to assign to the vast majority of the world's population, for now.

For now. But if this diagnosis holds true, it would be hard to see how the future could offer anything other than more of the same, and more and more of it, punctuated by breakdowns and marginal reforms, outliving all of us until the planet is exhausted. That is why so many attitudes and opinions about our epoch in its state of crisis, no matter how varied they may seem when lined up on the shelf, typically do no more than consecrate the general insecurity and confirm the inertia of foregone conclusions. By cornering the resources of memory and anticipation alike, the current order of things lays claim to all the time in the world, a world perpetually in debt to the power of what already exists.

The chapters in this book approach the current situation through the question of indebtedness. It is a partial and roundabout approach, stemming at least in part from the way the concept of indebtedness
itself keeps shifting from economics to philosophy, from psychology to sociology to anthropology and elsewhere. Even these disciplinary markers do not really touch upon what we already think we know about debt. It seems obvious that everybody lives in a state of indebtedness, yet people sometimes speak as if it were a state that can and should be avoided, as if debt were something we could simply do without. At the same time, people tend to take the need for indebtedness for granted, striking a bargain moment by moment between the force of circumstances and the way things ought to be. One way or another we try to shape our own debts into a personal footprint, a mixture of wanting and waiting, of having and giving up.

That is why it seems a mistake to try to pin down either the concept or the experience of indebtedness in a single definition. It is certainly true that credit card companies rely upon vague feelings of guilt to collect their bills, and that contemporary nations impose financial obligations upon all of their members in the name of individual freedom—but it seems impossible to decide where practical calculations end and moral imperatives begin, just as it seems impossible to say where a sense of autonomy and self-sufficiency stops and a recognition of the needs of others begins. Instead of opting for one disciplinary language over another, it seems better to trace the outlines of the question in several different ways, in various theoretical idioms and using rather different objects of analysis. All of which is to say that these essays, taken together, try to engage with various discourses on indebtedness, different nodes or clusters where thinking about the state of the world cannot help but examine the ways we do or do not feel bound to it. Indeed every discourse on indebtedness proposes a certain notion of the "we," and no matter who that "we" might be—and precisely because it might change from one moment to the next—we owe it to ourselves to learn which debts are worth keeping and which ones are not.

I Once in a Lifetime

At first nobody knew what to call it. Everybody agreed that a "crisis" had broken out, but then again there is always a crisis going on somewhere, and this one seemed different. The stock markets were sliding, central banks were scrambling, and politicians were trying to figure out how to take sides against a looming disaster that would engulf them all. The media mouthpieces, having no idea what was going on, began to speak in tongues: brokers' stoicism, bankers' self-pity, and populist rage all at once. As the mood darkened and the experts began to tussle over which dire scenario was unfolding, it became clear that a recession was already going on. The next step had to be at least a "slump," probably a "crash," and maybe a "depression," but there were lurking doubts as to whether even those labels went far enough. All at once the "credit crunch" and the "financial freeze" became a "tsunami" and a "meltdown," as if only a deadly natural catastrophe or a nuclear disaster could be an adequate metaphor for what now gripped the global markets. (Recall that "tsunami" was Alan Greenspan's choice, while the IMF opted for "meltdown.") The apocalyptic rhetoric, springing from the mouths of revered oracles, had the desired effect: everybody got scared. Bailouts were rammed through, emergency powers were invoked, and a few well-paid heads rolled. Then, as soon as the first burst of panic died down, the rewriting began.

It did not take long before a crowd of explanations, interpretations, and predictions started wrangling over the story line. The upheaval
had been clearly centered in the US financial sector, but as hindsight led further and further backward, the source of the troubles became ever more diffuse and the scale of the problems grew. In the first revisionist narrative, the whole mess became the “subprime mortgage” crisis, as the wrathful finger of blame singled out the untold legions of deadbeat homeowners who were failing to keep up with their house payments, thereby upsetting the banks’ careful calculations. Outrageous stories were circulated detailing the presumptuous and reckless efforts of people with very little income to buy expensive real estate. A moment later it was decided that there must have been something wrong with the federal government’s efforts to help poorer people buy homes, because such people were obviously not ready for the solemn duties of property ownership. That story had to be revised when it emerged that those subprime mortgages had been processed en masse, like factory-farmed cattle, into innocently looking and highly rated securities which, like fast food hamburgers, could no longer be traced to any particular source. Although the weakness of the mortgages could be estimated, the value of the securities suddenly seemed completely unknowable. It turns out that many kinds of financial transactions work that way, churned out by what is now known as the “shadow banking system,” through which a full range of arcane and now rather insecure securities had been bought, sold, and scattered across balance sheets and portfolios large and small. For a short time the complexities of the shadow banking system seemed to offer some kind of key to the perplexing situation, a secret logic or a hidden agenda, although nobody seemed to know how it really worked. Most commentators professed to be shocked and dismayed that things had gotten so far out of hand, although the complaints were usually followed by a grudging admission that the only people who could clean up the mess were the very same people who had created it. Likewise, the ratings agencies and accountants who had been signing off on the dubious valuations were now enlisted to assess the damage and design the rescue. As the troubles continued and the explanations were recycled and refined, it became clear that there was plenty of blame to go around. Sooner or later it would be everybody’s fault, because everybody had been lulled by easy credit and rising markets. And so it was nobody’s fault, since nobody could have seen this coming, and even if they had, any effort to stop it would have violated the core principles upon which the whole system is built.

Just as liquidity problems turned into solvency problems, so a localized crisis of confidence turned into a systemic crisis of knowledge. It unfolded in several stages over the course of 2007 and 2008, reaching its most intense phase in mid-September 2008. According to the theory of efficient markets, uncertainty and risk always go hand in hand, so reluctant buyers should be able to demand a discount, driving down the prices of the more dubious deals. When traders begin to decide that they do not know enough about the securities they are trading, prices are supposed to drop, the issuance of new securities is supposed to slow, and there should be more insurance and hedging all around. Even with a sudden cool-off, the system can sputter along until confidence returns. But when there is enough skepticism stalking the markets, uncertainty cannot find its price. Any asset can become toxic once the market freezes up, not simply losing value but effectively counting for nothing at all. Likewise, a loan can go irretrievably bad anywhere along the line, whether through the failure of the lender, the borrower, or any of the long line of intermediaries between them. The autumn of 2008 brought more than that: the very fact that the financial system had seized up at all proved traumatic. The so-called risk management models, which were advertised as techniques for dealing with imperfect information and providing protection from supposedly less likely scenarios, simply fell apart under the waves of doubt. The best proof that there really is a global capitalist system has been provided not by its successes but by its failures: its markets are most efficient when they are transmitting fear.
As financial institutions of all sizes scrambled to determine their exposure to these abyssal risks, it became clear to everybody that both internal and external oversight of the industry had been disastrously negligent or ignorant or both. Esoteric debates over accounting rules broke into public view because many institutions simply clammed up, refusing to set a value on their losses, to payout on insured claims, or to take massive write-downs. Banks stopped lending to each other, swindles unraveled, hedge funds vanished, once-mighty behemoths shrank to shadows of their former selves, whereupon they were gobbled up or turned into wards of the state. Hardly anybody objected to the emergency lines of credit and other concessions offered by the Federal Reserve, but the debates sharpened as liquidity injections turned into equity stakes, and federal authorities imposed conditions that were not entirely welcome to those who were being saved from ruin. (Wall Street firms thus replayed a scenario from imperial military history: having "invited" the United States government to intervene, they were shocked to see the troops setting up permanent bases.) If all the big players can be paid off without debauching the currency—an outcome that is still uncertain—the financial system will be handed back to the private sector in fighting shape, although it may henceforth have to operate under new guidelines devised by their once and future colleagues sitting in the administration. Yet it is hard to escape the impression that the debates over re-regulation have been halfhearted: all of the participants were united in their effort to "save capitalism," and one way or another huge sums of public money found their way into the hands of multinational banks, insurance companies, and individual investors. Despite a full round of confessions and accusations—a duet between mea culpa and I-told-you-so—nobody in the public eye seems to have stopped believing for a second that this thing called capitalism can and should rule the world.

What the various stories and interpretations have in common is the impression that there has been a day of reckoning, a moment of truth, a time when old illusions dropped away and the real state of affairs was at last revealed. Each version positioned the turning point in a different place and drew rather different conclusions. If the troubles had been brewing for just a few months, or a year or so, there would be no need to undertake any fundamental rethinking: it was just a cyclical shift that got out of hand, so perhaps shuffling the leaders in Washington and Wall Street was enough to make sure it does not happen next time. Taking a slightly longer view, the current difficulties could be blamed on the convergence of bad luck, greed, and incompetence that accompanied the reign of George W. Bush, perhaps enabled by the Clinton-era deregulation of banking: now that Bernanke, Summers, Geithner, and the other children of Greenspan have learned from their mistakes, the regulatory regime can be patched up again. But as soon as one begins to trace the problems any further back in history, the major trends of the recent past will begin to seem unsound and a whole epoch will be called into question.

The turning point might be sought about thirty or thirty-five years ago, that is to say, somewhere in the mid to late 1970s, when an Anglo-American blend of neoconservative politics and neoliberal economics gained ascendancy and unbridled capitalist globalization took off. Whatever historical basis there may be for this periodization—and we will examine some evidence shortly—it has the polemical advantage of treating the current crisis as a moment of truth for a whole passage of world history, up until now dominated by the triumph of the market model, the emergence of the US as the sole superpower, and the emergence of China as the biggest new engine of wealth creation and accumulation. Seen in that light, the present conjuncture would be more momentous than that of 1989, which now appears to have merely confirmed global tendencies already under way. (The tanks in Tiananmen Square and the fall of the Berlin Wall would now signify the same process: the implacable advance of market culture, whether enforced at gunpoint or
imposed by default.) Likewise the current juncture would have to be considered more decisive than 1968, another monumental date that now seems to be nothing more than the high-water mark of an era that has finally washed away. Indeed, precisely because the past thirty years can be seen as a prolongation of a whole postwar trajectory (and thus a repudiation of its countercultural and antisystemic movements), the present turmoil could be delivering a judgment on the past sixty years or more. Such moments of closure, along with the sense of renewal that follows, are supposed to come only once in a lifetime.

There is one problem with this attractive story: the moment of truth never happened. There has been no transformative revelation, no collective coming-to-our-senses, no realignment with reality, no Vergangenheitsbewältigung for the boomer generation. The passage from unhinged cries of panic to the restoration of confidence has been rather smooth, even while trillions of dollars of paper wealth were disappearing. The crisis of knowledge—as messy, confusing, and embarrassing as it was—did not turn into a crisis of faith. Capitalism could be declared saved from the brink of disaster precisely because its partisans and guardians cried out for a rescue without ever admitting any mortal danger. The media presented the whole ordeal from the Roadrunner’s perspective rather than the Coyote’s: the Roadrunner knows that if you run off a cliff, you won’t plummet as long as you never look down. Nevertheless, there may be some adjustment in the rhetoric from now on. There might even be a new kind of compromise within established opinion: the free market fundamentalists no longer need to claim infallibility in order to get what they want, while the idealists and the skeptics can finally give up on the idea that there is any alternative to the present system. In that sense, this moment may indeed have been a once-in-a-lifetime event, an ideological somersault in place, led by those who want us to believe in capitalism more than ever.

It will not be easy to keep the faith. Both the media-driven panic (short-lived) and the ideological turmoil (quickly calmed) obscure a more fundamental and permanent kind of crisis, one that makes it just as impossible to start over as to carry on as before. We will call this situation a crisis of indebtedness, operating in at least two dimensions. In the first place, the present crisis can be understood as a debt crisis in the classic sense, the piling up of unserviceable obligations, the leveraging of values beyond belief, and a breakdown in the mechanisms that maintain credit and more generally the capital form of value itself. In a broader and more elusive sense, this is a crisis in the social and psychic relations that make economic debts possible: the various forms of economic belonging, selfhood, responsibility, and mobilization that make indebtedness of any kind durable and binding. As different kinds of debts stack up, more than ever people find themselves too much bound to everything that exists. This is not only a problem with everything that exists—the whole world brought to order by a juggernaut system that requires so much energy, time, and space just to keep going—but it is also a problem with the way we bind ourselves to it, and to each other. It is hard to imagine that this more fundamental crisis will be over anytime soon.

It will be necessary to tell the history of the present differently. The readily available narratives have been exhausted and the new ones have not yet projected their horizons very far. In order to get a sense of what stories it might be possible to tell, we should begin with a comparison of several critics of contemporary capitalism who share a common virtue: they understand how the system works without taking for granted that it will survive. At the same time, as opposed to the critics and skeptics who are always predicting disaster, in their work they concentrate precisely on the capacity of the system to profit from its imbalances and to stave off collapse a little longer. Although everybody seems to agree that the financial crisis signaled the end of something, and perhaps even the end of many things at once, it is even more important to examine how and why everything else keeps going.
Robert Brenner presents a theoretically sophisticated and empirically detailed analysis of the global economy in his two books, *The Economics of Global Turbulence* (1998/2006) and *The Boom and the Bubble: The US in the World Economy* (2002). Brenner's basic narrative is divided into two parts: an account of the "long upturn," which lasted from the late 1940s until 1973, and then, in sharper focus, an account of the "long downturn" that has persisted ever since. There are three main protagonists in his story: the United States, Germany, and Japan—or to be more exact, the combined business and political elites of these countries, insofar as they act in concert for their mutual interests. Brenner does not tell the protagonists' stories the way they like them to be told, each centered on itself, but as the tectonic shifting of overlapping zones, in which the external relationships between them prove more decisive than their own internal dynamics. As the (unsigned) preface of the 1998 edition puts it:

"Here it is not the vertical relationship between labour and capital that in the last resort decides the fate of modem economies, but the horizontal relationship between capital and capital. It is the logic of competition, not class struggle, that rules the deeper rhythms of growth or recession."

At every step, Brenner notes, the narrative is driven by the "unplanned, uncoordinated, and competitive nature of capitalist production," where individual agents and national strategies, acting with what might seem to be impeccable business sense, nevertheless drive the system into dead ends over and over again. The world economy, here represented by its fiercest regional leaders, goes through several rounds of success and revenge, where the supposedly benign search for comparative advantages turns into an implacable threat of mutually assured destruction of wealth. During the long upturn, the United States managed to secure the lion's share of rewards from the rapidly growing world economy, both by prolonging the wartime boom of its domestic economy and by organizing the postwar global trading system to its advantage. Germany and Japan played catch-up by pursuing more statist varieties of capitalism, geared toward poaching shares of world trade from the US and the UK. The growth pattern reached its limits by 1973, which Brenner attributes largely to "international manufacturing over-capacity and over-production." Throughout the long downturn, this problem does not go away, and the rest of the story concerns the fitful and misguided attempts by the various economic agents to break out of the downward-dragging spiral. Brenner wants to explain not only why the downturn happened, but also why it has persisted.

His interpretation is presented in three parts, each of which demarcates both a phase in a process and a level in a structure. The first moment or level he describes as the "anarchy and competitiveness of capitalist production," in which each capitalist pursues his or her own interests without regard for the needs of the system. "As long as everything goes well," Marx wrote, "competition acts ... as a practical freemasonry of the capitalist class." Evidently this kind of competition, supported in some fashion by the state, provided the updraft during the 1950s and 1960s. But as soon as "chronic overproduction and over-capacity" sets in, competition becomes, in Marx's words, "a struggle of enemy brothers." As profits are squeezed, each

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3 EGT, p. xxi.
competitor must either take a loss and get out, or look for cheaper ways to stay in the game, thereby forcing others to do the same. At this level, one might expect conventional economic theory to declare that all is well: once there has been sufficient exit from the scene, accompanied by the destruction of whatever capital was sunk in the failed enterprises, the survivors stand a chance to regain higher profitability. But the very persistence of the long downturn, with its numerous false dawns and overhyped booms, suggests that there will be no easy path back up.

At the second level, Brenner lays out a different kind of obstacle to the recovery of profits: the fact that investment and exit do not happen continuously and smoothly, but rather in "waves, or blocs, of interrelated placements of fixed capital." This jagged pattern characterizes "uneven development" in Brenner's use of the term: the gaps between "early-developing" and "later-developing" blocs of capital constitute a new axis of competition. Older and newer ensembles of capital, more or less entrenched in different kinds of investment, battle over diminished opportunities to turn a decent profit. Thus, to take one example, the technology bubble of the 1990s grew so huge precisely because it seemed to herald a new wave of greater profitability (grounded in greater productivity across all kinds of sectors), in the process rendering a great deal of older fixed capital redundant. In Brenner's account, however, the tech boom should be seen as only one component of the equity bubble of the late 1990s. That glorious surge was driven not by the advent of a new technological wave but rather by the codependent irrationality of markets intoxicated by the prospect of endless short-run returns and a Federal Reserve confident that it could make everybody feel wealthier (due to rising stock and real estate prices) without ensuring that some kind of underlying wealth was actually being produced. The whole episode demonstrates, in terms of the larger argument, how efforts to break free from the constraints of overproduction and overcapacity have so far ended up prolonging the decline by extending the lifespan of older chunks of capital.

But, as Brenner demonstrates, the double whammy of anarchic competition and uneven development operates on yet a third level: the long-range maneuvering between the US, Germany, and Japan to find a national or regional strategy to overcome the downturn that all three have propelled. Instead of providing leverage to allow each to break free from the others, competition ensured that they would all share a similar fate within "an advanced capitalist world that, as a whole, remained fettered by reduced profitability and mired in quasi-stagnation, evincing ever-decreasing vitality, business cycle by business cycle, between 1973 and 1995." As overall growth stalled, each protagonist sought some formula, combining trade policy and currency revaluations, to break the cycle of lower profits, investments, outputs, and productivity. Nowhere did the brief phases of recovery ever reach the heights last seen in the 1960s, and from the vantage point of 2006, Brenner concluded that all efforts had failed across the board. Again we have to ask: Why?

At each stage of the story, the economic field becomes more crowded: too many capitalists, too much machinery, too many commodities, too much mobile capital. "What makes the new century's bubbles and imbalances potentially so lethal is that they have so far covered up and compensated for serious underlying weakness in the real economy." In falling short of the profitability demanded by its owners, the sheer weight of all the capital produced in recent decades can be kept aloft only by circulating more paper claims on future expectations:

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7 EGT, p. xxi.
8 EGT, p. 280 (emphasis in original). Nicholas Crafts has objected to this claim in detail in "Profits of Doom?" New Left Review 54, November-December 2008, pp. 49-60.
[We are witnessing] the still further continuation of the long downturn against a background of over-supplied lines of production, decelerating aggregate demand, and a mountain of over-priced paper assets, all made possible by the accumulation of private and public debt at unprecedented speed and at historic levels.10

It is important to stress that Brenner does not treat this financial expansion as a cause of the prolonged downturn, except insofar as it disguises or blocks the reckoning that ought to come. Indeed the buildup of debts cannot help but drag more and more sectors of the system into crisis, even where corporations have tried to “mend their balance sheets” and the bubbles inflated by easy credit have been more or less rudely popped.11 From such a perspective, there is nothing to foresee but ever more constricted stagnation and greater turbulence, if not a more cataclysmic breakdown.12 Shorn of its Promethean glamour and its Utopian underpinnings, capitalism reaches the end of this tale broken, helpless, and disoriented.

10 EGT, p. xxiii (emphasis added).
11 Robert Brenner, The Boom and the Bubble: The US in the World Economy (London: Verso, 2003), 302. The 2003 Postscript outlines the consequences of easy credit at the turn of the millennium in the form of three bubbles in the US economy waiting to pop: overpriced stocks, inflated house prices, and a massive current account deficit. He summarizes the situation as a self-undermining process in which the inexorable rise of US obligations to the rest of the world enables the rest of the world to grow through exports at the expense of US productive power and therefore of the capacity of the US to honor those obligations ... opening the way to rising interest rates, falling asset prices, and a plummeting dollar that would undercut a US and global recovery. In the middle of 2002, Alan Greenspan announced that the recession was over. But the economy is still far from out of the woods. (pp. 311-12.)

Even after the crisis of 2007-2008, the bubbles still have some air in them, and nobody is saying anything about getting out of the woods.

12 EGT, p. 343. For Brenner’s own account of the crisis, see “What’s Good for Goldman Sachs Is Good for America: The Origins of the Present Crisis,” available at: escholarship.org/uc/item/0sg0782h.

Giovanni Arrighi

Giovanni Arrighi tells an equally startling but very different kind of story. In The Long Twentieth Century (1994) and Adam Smith in Beijing (2007), along with smaller texts and collaborative works, he offers a grand-scale recasting of the historical and geographical evolution of capitalism since the fifteenth century. Arrighi insists that he did not set out to construct such a massive edifice: he began with the slightly more modest intention of examining the “long twentieth century” of US ascendancy, stretching from the 1870s to the end of the 1990s. But Arrighi also wanted to show how the trajectory of US ascendancy reiterated the patterns of earlier “long centuries” of expansion. In order to tell that story, he found it necessary to elaborate a more general theory of the world system itself, based on the conjunction between economic “systemic cycles of accumulation” and political hegemonies oriented by “territorialist” imperatives. The history of the system takes its shape from the ways these distinct and otherwise divergent forms of power are reconciled, for a while, before giving way to a new geography of capital with a new governing center. On one hand, Arrighi finds, there have been four systemic cycles of accumulation, the Genoese, Dutch, British, and American. On the other hand, there emerged three successive state formations capable of exercising a world hegemony, centered first on the uneasy leadership of the Dutch, and then on the more unilateral power of the British and the Americans. Thus his narrative aligns and contrasts the trajectory of US power in the long twentieth century with the “long nineteenth century” of the British and the “long seventeenth century” of the Dutch. (Curiously enough, the eighteenth century, usually cited as the cradle of the industrial and democratic revolutions that gave birth to modern capitalism, loses its pride of place in this chronology.) It is already clear in the 1994 book that Arrighi expected that a major realignment of global power was already under way, although it was not clear whether...
Japan could pull it off; by 2007 the only question was how quickly the relocation of the global epicenter to China would take place, and with what degree of disruption and violence.

In the present context, the most striking component of Arrighi's project is his account of the inner dynamism of the "systemic cycle of accumulation" that gives each of the long centuries a similar shape. First comes a "material expansion" under the aegis of a dominant bloc powerful enough to control interstate competition and "ensure material cooperation." Then, as the productive potentials of such an arrangement reach their limits, a "financial expansion" takes off, as capital increasingly abandons the hazards of material production in pursuit of more liquid, more speculative returns. For Arrighi, this alternation of material and financial expansions, anchored by a hegemonic center, accounts for the emergence of capitalism itself, yet as each cycle concentrates a greater degree of power, it also hastens its own exhaustion. The beginning of the financial expansion can be seen as the "signal crisis" of each cycle, but it may be some years before a "terminal crisis" marks the point of no return.

From this perspective the whole period since the early 1970s (Brenner's "long downturn") appears not only as the desperate search for profitability but also as the twilight of US hegemony. Over those years, the US sought to deploy its military and financial powers to secure what advantages it could: spreading the neoliberal gospel of free trade, whether using the soft or hard option, became the only way to make the most of a losing hand. Superior firepower working together with the privileges of the almighty dollar gave the US the capacity to run an ever mounting current account imbalance with the rest of the world. It is often observed that the US since the 1980s went from being a creditor nation to being the world's biggest debtor: this was no accident at all, but rather the most plausible strategy, as more and more global capital abandoned material expansion and indeed "development" itself.

Arrighi's emphasis on the cycles of expansion builds upon the arguments advanced by Fernand Braudel in his three-volume study of capitalism and civilization in the fifteenth to eighteenth centuries. Braudel's work, however, famously evades the strictures of conventional historical narrative; instead, his account maps a capitalist civilization structured on three levels. The lowest of these levels is "material life," people living within the parameters of self-sufficiency and survival, largely unaware of the systems and flows that surround them. In the middle is a "market economy," functioning as the ordinary circuitry of exchange relationships extending in ever larger and denser networks. At the top is capitalism proper, an accumulation of financial power that both grounds itself in the labors of material life and rises above the traditional markets.

Indeed, Braudel insists that capitalism should be understood as an "anti-market" sphere, unfolding at the "very summit of society." He traces the origins of modernity to the mounting power of the early financiers and their growing attachment to the state, achieving the optimum formula only in the mid-nineteenth century, "when the banks grabbed up everything, both industry and merchandise, and when the economy in general was strong enough to support this edifice permanently." In Arrighi's view, the ascendancy of capitalism over the market economy is not permanent or irreversible, and the tension between them has returned with a vengeance in the current situation. He wants us to entertain the possibility that the present terminal crisis might not lead to yet another systemic cycle.


14 The now classic argument that neoliberalism constitutes nothing less than an abandonment of modernization itself is presented in Robert Kurz, *Der Kol/aps der Modernisierung* (Leipzig: Reclam Verlag, 1994). Perhaps China would be the exception that proves the rule.

once again guided from the commanding heights of capital, destined for hegemonic domination and financial apotheosis. Instead, the decades ahead might bring a historically original kind of market economy, in defiance of what has seemed like a natural life cycle embedded in capitalist modernity.

In *Adam Smith in Beijing*, Arrighi traces the emerging contours of an especially vigorous material expansion with Chinese characteristics. The terminal crisis of the US systemic cycle has exhausted the Western "capital-intensive, energy-consuming" path of accumulation, which had been in force since the takeoff of the British cycle (circa 1820). Now an Eastern "labor-intensive, energy-saving" path is taking the lead, boosted by Western technologies selectively adapted to its needs. The ascent of East Asian economies may be impressive but it is not uncritically celebrated: Arrighi notes these economies' growing inequalities and offers a guarded assessment of their longer-term prospects, especially given their ecological recklessness.

The more speculative question for Arrighi is whether China's path might, in an unexpected and belated twist, realize Adam Smith's vision of market-led growth, shorn of the upper-level concentration of power that characterizes the capitalist mode of production. Such a prospect would not only strip market logic of its transcendental force, it might also provide a rather different role for the state than the one granted in the neoliberal dispensation, where the state must scramble as a competitor for capital on the global markets, following strict policy prescriptions in order to attract capital from potential creditors. Rather than serving as conduits of fiscal discipline under the tutelage of Washington, political institutions pursuing this alternative path might take on unaccustomed tasks, such as reorienting policies "towards a more balanced development between rural and urban areas, between regions, and between economy and society." Indeed Arrighi holds out hope that China's ascent might "contribute decisively to the emergence of a commonwealth of civilizations truly respectful of cultural differences." Within the vast horizon of Arrighi's text this hopeful prospect is not yet a prophecy, and there remain plenty of countervailing currents as well as counter-arguments. (Among other objections, one might note Slavoj Žižek's warnings about a coming era of "authoritarian capitalism," taking Lee Kuan Yew of Singapore as its founding father.) But Arrighi's argument, pitched on the broadest plausible historical scale, offers an unexpectedly optimistic and open-ended glimpse beyond the apparent closure of the present moment.

David Harvey

David Harvey's recent work, especially in his books *The New Imperialism* (2003) and *A Brief History of Neoliberalism* (2005), approaches the present conjuncture through the geographies of uneven development and the dynamics of class power. His analysis complements Arrighi's, exploring the dynamic relations between the logics of accumulation and the exercise of territorial power, although we can also set Harvey's description of the victorious, well-nigh messianic celebration of free-market orthodoxy alongside Brenner's picture of capitalists struggling to regain lost levels of profit. It is no accident that the intellectual arrogance and relentless boosterism of neoliberals has been accompanied by a mediocre and lopsided economic performance. (In the United States, this aura of success has been a notable achievement, generating not only a numbing political consensus but also enlisting significant personal investment to prop up the markets.) By emphasizing the institutional victories of neoliberalism—whether inflected by neoconservative or "third way" rhetoric—Harvey poses questions that do not figure in Brenner's or Arrighi's work, in particular questions that...
concern the ideological and political conditions that have accompanied the current system. How indeed could an apparently marginal and strictly academic theory have come to rewrite the basic operating rules for the entire global economy? Here is Harvey's initial description of the phenomenon:

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. 19

As he goes on to explain, such a conception is loaded with assumptions about “human well-being” and “freedom” that demand a leap of faith. By taking “free enterprise” as the ideal instance of human freedom, neoliberal policy celebrates and rewards those powers that only the wealthy can wield, while disguising the fact that that kind of freedom is not meant to be shared and thus that the advancement of “human well-being” was never the goal after all. In wrenching the notion of freedom away from the various strands of post-sixties culture, neoliberalism established itself as a “market-based populist culture of differentiated consumerism and individual libertarianism.”20 It proved to be a potent formula in the US and the UK, where it was presented as the antidote to visibly failing institutions and disappointed hopes.

Apart from its ideological zeal, the neoliberal round of accumulation acquires its specific force through a comprehensive arsenal of economic, political, and legal techniques that Harvey calls "accumulation by dispossession." Under this heading he designates both old and new forms of coercion and expropriation, comprising everything from the various forms of "primitive accumulation" described by Marx (whereby land, labor, and natural resources are turned into commodities) to newer processes including biopiracy, privatization of publicly owned assets (including the nationalized property of former socialist states), and the exploitation of cultural, collaborative, and intellectual labor. Neoliberal states become key agents of dispossession by learning to manipulate social and economic turmoil to carry out redistributions of wealth at home and abroad.21 Thus Harvey stresses that the credit system itself functions as a "radical means" of dispossession: the "strong wave of financialization that set in after 1973" has created deeper forms of debt peonage, spectacular forms of fraud, and expanded opportunities for legalized corruption and market manipulation.22 All of these techniques tap into new zones of value in an attempt to evade the obstacles posed by an economy already choked with unprofitable investments, obsolete fixed capital, and mobile surpluses.

Accumulation by dispossession, then, provokes a new range of antagonisms and struggles running along the internal and external borders of the capitalist system. In some instances, these struggles signal new possibilities for radical politics, but Harvey is keen to emphasize that the older lines of contestation over "the expansion of wage labour in industry and agriculture" remain in force.23 The analysis presents a political dilemma: on one hand, the full-spectrum strategy of neoliberalism faces resistance on many fronts at once. On the other hand, amid the profusion of struggles and the variety of their rhetorics, every project of resistance runs the risk of losing sight of the fact that the system of capitalism itself remains the main opponent. As Harvey puts it, borrowing a flourish from Ronald Reagan, "The first lesson we must learn, therefore, is that

20 Ibid, p. 42.
22 NI, pp. 147, 156.
23 BHN, p. 178.
if it looks like class struggle and acts like class war then we have to
name it unashamedly for what it is. 24 And so Harvey's first reading
of the crisis of 2008 was an unashamedly class-based one: coming
after the neoliberal restructuring of the state and the financializa-
tion of everything, the bailout of the banks and insurance companies
was tantamount to a "financial coup against the government and the
people of the US," consistent with the past three decades of poli-
cies aimed at consolidating the capitalist class, especially its finan-
cial wing. 25 Whatever world-historical logics may have been playing
themselves out in the crisis, the response of the Bush and Obama
administrations has demonstrated that the champions of the current
order are not about to admit defeat.

The regime of indebtedness

To readers of Brenner, Arrighi, and Harvey, the financial tumult of
2007–2008 could not have come as a surprise, and would have been
immediately recognized as a symptom of bigger transformations
already afoot. Although we may be witnessing the end of a certain
cycle of accumulation, along with the end of its ideological self-
image and its political pecking order, the present system remains
both propped up and weighed down by the cumulative weight of its
obligations. That is why debt as such appears to be both the cause
and the cure of the present distress. "The core of the problem, the
unavoidable truth, is that our economic system is laden with debt," write contrarian economists Nassim Nicholas Taleb and Mark
Spitznagel in the Financial Times, trying their best to sound like
prophets newly arrived from the desert. 26 Another op-ed, this one
by a contrarian hedge fund trader, declares that debt is "capitalism's
dirty little secret." 27 That much is old news. But now that Brenner's
bubbles have lost their effervescence, Arrighi's terminal crisis is
behind us, and Harvey's financial junta has settled into power, we
have to wonder what comes next. For our purposes it is not a matter
of choosing which story is most likely to predict the future, but
rather of asking how far the alignment of forces that led up to the
breakdown will also preside over its aftermath.

All roads to the future lead through an immense pile of debt.
Whereas earlier crises were associated with ballooning debt that was
concentrated in one sector (such as the massive leveraging of corpo-
rations before the Depression or the gargantuan sovereign debts
of Third World countries), the latest crisis was built upon debts of
all kinds, contracted for various, often conflicting reasons. What
has been driving this explosion? In the first place, as we have seen,
increased debt has allowed many globally competing manufacturing
firms to muddle through the eighties and nineties, boosting profit-
ability in fits and starts until it took a full-blown credit expansion
to sustain them. 28 At the same time, a nearly universal but uneven
increase in household debt (especially in the form of refinanced
mortgages and proliferating credit cards) has boosted consumer
demand in the West without sparking the long-term growth and
employment that could sustain it. Public debt (as a ratio of GDP)
in the G20 countries has already doubled since 1980 and looks
set to rise dramatically in the coming years. 29 Finally, the financial
sector pursued its speculative strategies through highly leveraged

25 David Harvey, "Is This Really the End of Neoliberalism?" Counterpunch, March
26 Nassim Nicholas Taleb and Mark Spitznagel, "Time to tackle the real evil: too
27 Ben Funnell, "Debt is capitalism's dirty little secret," Financial Times, July 1,
28 See David McNally, "From Financial Crisis to World-Slump: Accumulation,
Financialization, and the Global Slowdown," Historical Materialism, Vol. 17, No. 2
(2009), pp. 35–83.
29 International Monetary Fund, "The State of Public Finances: Outlook and
borrowing, backed by what Alan Greenspan politely called “the underpricing of risk worldwide.” In fact, much of that speculation was backed by precisely nothing, since the risks of failure were never calculated. Nobody on Wall Street had read Mallarmé: “A throw of the dice will never abolish chance . . .”

Yet it is important to remember that debts and obligations shape economic prospects and life possibilities in even more fundamental ways. In the most elementary sense, debts enable economic activity by liberating present resources from the most immediate pressures of productivity or profitability. Brenner’s account makes clear that this enabling capacity of debts, tapped ever more desperately throughout the long downturn, has been squandered: the mass of unproductive debts on the supply side has been greatly augmented by a new mass of unproductive debts on the demand side. Insofar as all those debts will be held and enforced by a class of creditors keen to preserve the prerogatives of free-ranging capital, the only economic trend that seems certain to continue is the ongoing transfer of wealth to those who already have a lot of it. Meanwhile the basic political function of public debt—channeling resources toward socially necessary investments—has been redefined as a subsidy program to increase the power of the private sector. (How else can we explain the contortions made to avoid any talk of “nationalizing” troubled industries or public services?) With Arrighi’s narrative in mind, we can see how this “structural adjustment” of public finances has played out rather badly in most places where the Washington Consensus was implemented, not least in Washington itself. Asian countries and especially China, on the other hand, have deployed the political function of debts differently, both by preserving the place of state power in the economy and by taking advantage of market opportunities to fuel development. Nevertheless, both paths lead toward an ever greater alienation of popular support as the shared debt burden grows and social provision suffers. Finally, then, we can see how debt also functions in an existential and biopolitical register. By penetrating more and more into the lifeworld and reshaping scarcity itself in its own image, indebtedness encompasses something more than the list of debts anyone happens to owe at a given moment. At the same time, it projects the twists and turns of inner life on a global scale, as if the economic system could broker a compromise between good conscience and base instincts. By forging countless short circuits between the macro and the micro, indebtedness becomes something like a whole “structure of feeling,” whereby humans find themselves owing their existence (along with the lives of other beings) ever more fully to the economic apparatus that claims to control life as such.30

The fraught status of collectivity under capitalism can be glimpsed in an acute observation offered by Marx in Capital: “The only part of the so-called national wealth that actually enters into the collective possession of a modern nation is—their national debt.”31 Most people will laugh ruefully when they get the joke: the only thing that a capitalist nation can ever collectively possess, or share, is its public indebtedness. Marx clearly wants us to see how this kind of collective bond has been shaped into a tool of oppression and expropriation. Yet we will miss the dialectical force of the insight if we do not see that collective indebtedness can function as a mechanism of oppression only because it marshals a variety of cooperative relationships into a productive, constitutive force. Capital never relies on its own power alone: it secures its rule only when it can draw upon the resources of social solidarity, which it has never yet been able to exhaust. What gets called the “national debt” is really an apparatus to capture the collectivized potential wealth of a necessarily open-ended political community. The symbolic appropriation of this

potential takes the form of "credit" issued from above, like capital "fallen from heaven," as Marx puts it. By contrast, we should reserve a special meaning of the word indebtedness to describe the reciprocal bonds of productivity generated between people, in their work and their lives alike—before, beyond, and through capitalist relations of production.

By definition, then, this kind of indebtedness precedes and exceeds all forms of credit. For its part, credit acquires value not through some kind of vague reciprocal "faith" between two parties but precisely because it enacts an ongoing recoding of productive powers in order to adapt them to the mechanisms of accumulation. A collective must always be "indebted" to itself in order to carry out any kind of production; it must, in other words, find durable ways to anticipate and mobilize its potential in order to realize it. As soon as the circuits of credit are coextensive with worldwide production, we can speak of a global regime of indebtedness. What characterizes capitalist societies, then, is the way that this collective indebtedness gets expressed in the generalized form of credit, which shapes and mediates relations between individuals, states, and markets, thereby subdividing and separating the collectivity that indebtedness necessarily implies. What indebtedness makes possible, credit makes profitable. Although capital always tries to take credit for everything people can do in common, its power depends at every moment upon the variable relations of force that operate between the structures of accumulation and the potentialities of indebtedness. That is why capital is always worth only as much as it can get away with, which is not everything and not forever.

By emphasizing the problem of debt in the present crisis, then, we can cut across many of the other explanations currently on offer, whether those highlight the hubris of financiers, the folly of borrowers, the irrationality of the institutional structures, or the imbalances rooted in the international system. It might be best to say that all of those explanations are somehow true, and more: we are living through a generalized crisis of the regime of indebtedness, that ensemble of structured, codified, and lived social relations upon which the reproduction of the system depends. That is to say, this regime comprises not only the financial and legal infrastructure that upholds capitalist enterprises and imposes market constraints, but also the interwoven expectations and responsibilities that put the whole apparatus in motion. The current regime of indebtedness operates on a rather different scale, and along a greater number of axes, than earlier ones. Today it is not just the "national debt" and the provision of industrial or commercial credit that is under pressure, but also new flows of international credit, as well as various deeply penetrated kinds of household debt. At the limit we may say that the collective that is now indebted to itself has become unbounded—perhaps it is itself what some theorists have started to call the global multitude. So we are witnessing today a crisis in the way structures of credit seize, partition, and exploit the productivity of the multitude, which finally owes its powers to nothing other than itself.

All of this suggests that the very notion of "crisis" needs to be recast. We usually think that a crisis means that something has broken down or stopped working properly. The word carries alarmist, if not catastrophist, overtones. But now, in spite of the apocalyptic tone recently adopted by economists, the current crisis seems eerily quiet, resembling an economic lockdown and permanent state of exception. It is as if the system itself wants to be seen as "too big to fail," it being understood that bigness is the best defense against government regulation and popular unrest alike. Instead of imagining global capital as an orbiting unearthly power, we should see it as not only grounded in reality but also newly entrenched there, built into the ruins it leaves behind.

At the same time, the crisis has provided a few glimpses of what might happen if the economic scaffolding came apart. In such moments of danger, we need not be preoccupied with visions of imminent collapse. Instead, such moments prompt us to look at the
situation with new eyes, seeing how things really work, how a generation's worth of certainties must be rethought, and how a common life can be arranged differently, based on the recognition that wealth begins and ends in what we owe to each other, anybody to everybody and everybody to anybody.

2 Inequality, Poverty, Indebtedness

Now, in the old days, it was not just the common people who were poor, but the rulers too.

—Herodotus, The Histories

People have been saying “The rich get richer and the poor get poorer” for a long time, but it's not clear whether the phrase still carries much of a sting. Quite the contrary: although it once sounded like a bitter complaint about the ruling order, now it often serves as a cheerful defense of it, another way of saying that everything is working just the way it is supposed to. If we do not yet hear it proclaimed by prime ministers and central bankers as a basic policy goal, that can only be because there might be some lingering embarrassment about its consequences, especially in these difficult times. Nobody disputes the first part: the rich do indeed get richer, as we will see in some detail. There is some dispute, however, over whether the poor are getting poorer, and if so, how and why. Of course, for the wealthiest people on the planet that's not an issue. They seem to believe that the rich live a blessed life and that if the poor get poorer, that's only natural. Others offer a more modest version of that idea. They acknowledge that the rich do tend to get richer, but they insist that the poor do not necessarily get poorer, so that one may express a cautious hope that some of the poor might sometimes become somewhat less poor than they used to be. Indeed, the only remaining moral justification of the current system hangs by that thread: as long as it can