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## More Discussion on the Crisis and the Three Way Fight

3 Responses

Nick Paretsky, Don Hamerquist and Mcbee

October 17, 2008

**October 13, 2008**

**comments by Nick Paretsky.**

There's analysis and commentary all over the internet on the pending nationalization of the banking system throughout the advanced capitalist world; here's a little more.

During the seventies, when capitalism was entering a long period of crisis, (a crisis some argue never really was resolved), some radicals thought the U.S. ruling class would be forced to turn to state planning of the economy, emulating the planning methods of European and Japanese capitalism. Paul Sweezy of Monthly Review predicted "a great leap into state capitalism" was coming (this is in a 1975 issue of Monthly Review). The Reagan recession of the early '80s kept alive the analysis that capitalism was on the verge of a new phase of development in which the state would have a much greater role in the economy. I think this view was influenced by Marx's belief that the contradictions of capitalism grow in intensity as it develops, that the resolution of crises, such as the Great

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Depression, eventually leads to contradictions surfacing at a higher level down the road. This analysis turned out to be wrong (at least in the short term), but now Paul Sweezy's 1975 prediction that a "great leap into state capitalism" was around the bend (he said this Monthly Review) is coming true.

It seems likely that the vast nationalization that will be underway will only prop up the corporate sector, but won't resolve underlying structural problems in capitalist economies. There is still an absence of a coherent, long-term perspective or program for capitalism within the ruling class. But capitalist thinking about this is beginning.

One important center of organized support within the ruling class for a more statist form of capitalism seems to be the Council on Foreign Relations (a U.S. ruling class body) and the closely linked Trilateral Commission. I monitor the CFR & the Trilateral Commission because past research (in a past life as a graduate student in sociology) seemed to me to show that these organizations, during the ruling class economic strategy debates of the seventies and early '80s, were vehicles for a capitalist policy current supportive of a more active economic role for the state.

(When looking at international capitalist policy-planning organizations, everybody's heard of the Trilateral Commission, Bilderberg, and Davos, but there are others, including the World Business Council for Sustainable Development, the International Chamber of Commerce, and the Atlantic Institute for International Affairs. There's a good article examining these organizations and their slightly different policy orientations by William K. Carroll and Colin Carson in the journal *Global Networks*. 3, 1. 2003. "The Network of Global Corporations and Elite Policy Groups: A Structure for Transnational Capitalist Class Formation?" pp.29-57. Carroll and Carson take the view that we are dealing with a global ruling class. The article's apparently no longer available for free on the internet, but I can provide a PDF copy if anyone's interested.)

Last Friday the CFR's website posted an interview with a member of the CFR's board of directors, David Rubenstein ([www.cfr.org](http://www.cfr.org)) is a cofounder of the Carlyle Group, a big private equity firm which had some temporary notoriety after 9/11 because of its dealings with the Bin Laden family via George Bush Sr. Rubenstein is also a board member of the Institute for International Economics, a think tank closely connected to the CFR and Trilateral Commission. He's also been an adviser to JPMorgan-Chase. Rubenstein gives an honest (capitalist) appraisal of the situation:

“The leaders in our government today, and the leaders of the business world today, do not really have a clear understanding of what needs to be done. I'm not sure anybody does. Everything that has been thought of has been tried and it hasn't yet worked. I do think that at some point we will hit a bottom and people will say this is as far down as the markets should go. The problem is that by the time we hit that bottom, it may well be that many companies do not survive, that unemployment has gone up much higher than people can tolerate, that the credit system is not fatally but near-fatally wounded, and the entire economic construct under which the globe has conducted itself has to be radically changed. Nobody has ever anticipated something like this, nobody has ever seen anything like this, and it's therefore taxing everybody's abilities to find out what the solution is.”

Rubenstein goes on to advocate the kind of massive equity injections in banks now being supported by Paulson, and also argues that industrial and other non-financial companies will need similar government investment. He briefly calls for government-business “cooperation,” in a way that sounds to me like French-style economic planning of the post-World War 2 period, and Japan's planning “miracle.” He also talks, like a good businessman, about the

opportunities for making money out of the crisis. He doesn't unveil a comprehensive, point by point program for change, but I think he's talking about a new model of capitalism, not just a temporary set of measures to prop up the system that can be dispensed with after a while, allowing a return to neoliberalism. (Government ownership itself is, of course, not all that new: there's the French case in postwar reconstruction, and during the Great Depression in the U.S. the Reconstruction Finance Corporation did the same thing. But Rubenstein seems to be thinking of permanent arrangements in which government ownership becomes a central mechanism for economic growth.)

How do we define "Liberal, Centrist, Conservative" sectors of the ruling class? What is the "liberal" capitalist position? It's possible for capitalists to support a great deal of state intervention without being "liberal" in the New Deal, Ted Kennedy sense, where there's a welfare state and organized labor is made a "partner" in the government planning process. John Connally of Texas and people around him advocated large-scale government bailouts of corporations while being hostile to trade unions and other New Deal constituencies. Remember, also, that "liberal" capitalists in the recent past who have advocated government ownership have not been all that liberal: the prime case being the financier Felix Rohatyn, active in the Democratic Party, who advocated during the early 1980s a new Reconstruction Finance Corporation to make equity investments in companies as a tool for "reindustrialization". Rohatyn's liberal brand of state interventionism, involved a lot of austerity for the working class. Rohatyn is famous for overseeing the rescue of NYC from bankruptcy in the 1970s, a rescue which involved squeezing the working class. Rohatyn endorsed "right-to-work" laws.

Is Rubenstein a "liberal" capitalist? He was an official in the Carter administration. He probably supports Obama. But in his brief interview he shows no concern with creating a new "compact" with labor, or with creating some welfare safety net for all the those

I believe that the discussions on fascism on both BTR's site and on Three Way Fight has been some of the most critical and interesting I have seen from the left in some time. Thanks for pushing my thinking forward.

McBee

left has really failed to understand how it should relate to the power structure. The far right has done a much better job of navigating that terrain. I think that's why the vice president nominee for the GOP is a far right stalking horse, and the Dem's offer two totally reliable corporatist's. They don't feel any need to co-opt our "side" at all. That's not a call to opportunistic electoralism, but a desire to have a nuanced discussion that is not ideologically corralled, as is so often the cases in our circles.

I believe that it is important to discuss the ramifications of a permanent "left" establishment, at least in urban centers and at a national level, and a disenfranchised far right, clinging to it's reactionary white supremacy and xenophobia, and of course, it's guns. Looking towards the recent past, the rise of the insurgent right, It occurs to me that the State's struggles with armed right wing cadre eclipsed most of the overtly armed phase of the left urban guerrilla offensives of of the late 60's and 70's. Waco and Oklahoma city are two of the most salient examples of this escalation. If the farming crisis and imposing neo-liberalism domestically gave birth to the Army of God, and the Militia's, one shudders at the response to a rapid dismantling of most of white supremacy.

I think most of us have assumed that the capitalist state would be in league with fascist elements in opposition to a revolutionary left challenge. This may not be the case, as a truly radical and autonomous fascist movement may constitute a far more potent armed challenge to their order. 3 way fight indeed. But it may afford us some space. Both because the challenge from the right would be presumably primarily violent, and perhaps more controversially, a "left" establishment may be easier to compromise, to maneuver around (or through).

I understand this is certainly getting a little far afield, and in the current context, we can only be sure the future will hold surprises (I mean, Barack Hussein Obama as POTUS?). And all we are doing is engaging in more or less informed speculation. But It certainly seems to me that things may be changing very rapidly right now.

who are being and will be emmiserated and devastated by the crisis. (He might address these issues elsewhere.)

Any state interventionist capitalist program is going to be faced with certain problems over the long haul which will force more authoritarian, repressive forms of rule, not only directed at the working class but also at certain sectors of capital. Not only will governments have to take ownership positions in companies, they will also be forced to make choices about the fate of individual firms, such as which will be allowed to live and which must die. There will be capitalist resistance to these decisions. There may be struggles within the state apparatuses between different capitalist groupings over the direction of restructuring. A heavy hand will be needed to keep recalcitrant capitalists under control.

With widespread nationalizations, a problem for the ruling class will be the politicization of the economy. There will be demands for state action to serve the interests of the working class (a bailout for the banksters, why not for ordinary people), which may not be easily be accomodated. An ideological benefit of neoliberalism was that economic conditions – such as unemployment, low wages, and general working class misery – could be portrayed as being the result of the impersonal, almost "natural" forces of the "free market". When economic life is no longer governed by the "invisible hand," and economic conditions are the result of visible. conscious, collective decisions by the state and capitalists, the state becomes a target of protests; the class character of the state is more clearly revealed. The class struggle becomes politicized, state power becomes an issue.

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**October 13, 2008**  
**Paretsky,**

This is in response to the 9/28 and 9/29 comments from Nick Paretsky in the discussion on the current crisis in the global capitalist financial system.

Nick, it's good to hear from you after a couple of decades.

Of course you are right in your initial point. Cyclical and secular theories of crisis are not contradictory but complementary. I treated the relationship between them in a glib and superficial fashion as if business cycles were accidental phenomena having no relationship to the limits of the capitalist mode of production when, in fact, they are more productively understood as a major form in which these limits are manifested.

I'm afraid I was too anxious to criticize Mike's skepticism about the entire issue of crisis. I know the categories aren't defined as we would do it and don't want to overstate the point, but even the commentators on CNBC mention the entanglement of "cyclical and secular" elements in the current financial crisis.

I'd particularly want to back off from any implications that the Marxist conception of the business cycle has no essential differences with orthodox economic theory and that both regard cyclical crises as "self-correcting". The difference between them rests on the element of class struggle which shapes all of the features of capitalism for Marxists – at least those that deserve the name. The essential indeterminacy of the class struggle trumps any mechanistic hidden hand conception of the business cycle.

The self correcting aspect of the cycle that I mentioned in a casual and sloppy way is essentially its "creative destruction" of outmoded productive assets, providing the basis for a new phase of expansion. However, this process is always conditioned by the particular development of class forces and consciousness. The Italian workerists including Negri, and also the Johnson/Forrest tendency, have the merit of seriously considering these issues, although in my opinion they both fail to adequately incorporate the element of historical project which can transform the ideal into the real.

I want to spend some time on two other points you make:

erick" status. If one needed to placate certain forces, it begins to make more sense.

So the question regarding a truly fascist movement in this country, seems like it would come from a rupture in the Republican Party. It's almost a given that the Dems will continue to the right, and it's expanded corporate wing. In light of the clear debacle of the Bush regime's administration of the World's primary capitalist state, one could easily see the more pragmatic sections of the RC abandoning the GOP all together. The challenge to the Dem's (as always) would be marrying the tattered remnants of their "base" to capital, in the context of long term recession, or perhaps depression. It would perhaps be a pantomime or more probably a parody of the "national Unity" government. We certainly should expect the "left" state to administer the bitterest of medicine, the liberal sprinkling of sugar whipped into the dog shit.

This would leave the truly wing nut elements to inherit the GOP. One can be sure that lacking effective leadership, chaos would ensue. But one can't underestimate leadership. Perhaps more dangerous the GOP splits, under the weight of its contradictions, with the rise of a large truly fascist party from the rump end of that split. One could imagine a organization of several million people developing the most reactionary of programs, unfettered by the corporate baggage lugged around by the GOP.

It would seem that in either of those events would lead to the Democratic Party maintaining hegemony over the National government, driving the right towards extra-parliamentary actions. If history is any indication, and the current crisis will in fact restructure the North American economy in a fundamental way, the right will be well positioned at this time to cash in. The militia movement was in large part the fruits of Reaganomics, particularly the effective corporate "collectivization" (or liquidation of the family farm) in the Agricultural sector.

Should the Democrats sweep into a entrenched majority, we should really grapple with what that means. I think that the radical

It seems like the Democrats are going to win the White House, but also a good part of the legislative branch as well. All signs point to a rout of the GOP, and the far right that is currently contained within the GOP. This far right element will then lack an outlet to state power. I could easily see that this, coupled with a non-white president that the GOP cannot counter could lead to a breaking point in that party. I believe that could offer the development of a truly fascist element into the body politic.

I don't know if you have heard the stuff about Palin's past, and the layer she comes from. The Alaska Independence Party (AIP) is a reactionary secessionist party, that networks with neo-Confederacy elements. I can tell you, from living in Alaska for awhile, that Wasilla's black helicopter set is well entrenched. The paranoia of the One World Government runs deep in the Mat-Su Valley. At one point a denizen of the last frontier claimed to have been pulled over and ticketed for speeding by a blue helmeted UN storm trooper or some such thing. The State Troopers did not believe his story, as they then charged him with filing a fake police report. He called a meeting out there in the Valley, over 150 people showed up. This was in a town of some 5000 people. Palin's rise to power in Wasilla was helped by this particular faction. The recently AIP characterized her as a mole of sorts. I recommend people check out Democracy Now's piece on Palin's past.

It seems to me that Palin is an olive branch to the more truly fascist elements within the GOP, and her role has been to mobilize that base. She certainly has engaged in the worst of the racist meta-message being telegraphed by the GOP. That she has such radical roots, well known within those circles I'm sure, is certainly an expression of the current tensions within the Republican Party. It seems foolhardy for a relatively moderate Republican hack like McCain to promote an individual from this political layer, gambling (so far successfully) on the media's fickle laziness to avoid uncomfortable questions for no other reason than maintaining a "mav-

"...state power is increasingly required to manage these (cyclical) crises. This overlaps with the aspect of the secular crisis theory that a 'strong state' becomes a permanently necessary feature of capitalism to keep the law of value going."

I know that I have argued a similar position in the past and I still think it contains a good deal of validity. However, complicating issues have emerged with the development of globalization. Globalization decenters the capitalist economy and creates gaps between the economy and the political and cultural institutions through which power is exercised and hegemony perpetuated. In the case at hand, the state structures, despite their increasingly authoritarian "strong state" character, haven't been able to effectively regulate the financial system of the global economy in the interests of the "collective capitalist". The so-called tools that it has available are limited to distinct areas and spaces – to nations, more or less – while the economic processes they hope to regulate are transnational, operating with little transparency, and according to an accelerating clock.

It is apparent to the ruling class that the type of national rivalries and conflicts characteristic of the imperialist period can not be allowed to dominate the situation. This introduces a contradiction within the tendency towards authoritarian and interventionist strong state responses to the situation between the economic and the political side of issues. No particular state has the capacity to exercise hegemony over the global system or to impose its particular solutions on its points of fracture. Look, for example, at the problems created by an action such as Ireland's guarantee of all bank deposits, which created an immediate distortion of capital flows resulting in a measure intended to increase liquidity in a specific country undermining it in the system as a whole. There is an urgency to cobble together international agreements despite conflicting national interests and create transnational quasi-state

structures to implement them. However these lack even the shaky legitimacy accorded their national predecessors, and the new institutions and regulatory systems must be developed semi-covertly, because the political support in any section of the existing state structure is dubious.

A strong state response with the potential of having some staying power, that is, with some plausible base of political consensus, would necessarily result in centrifugal pressures. The constituencies in the primary subject state will be expecting differential advantages in return for their support and this will potentially mobilize a countervailing response from their counterparts in the object states. (I see this isn't very clear, but will let it go as is in the hopes that the discussion will work through the ambiguities.

This indicates some content for your assertion – one which I certainly accept – that; “things are heating up and getting closer”. Here's one way I see this working. The system's approach to the financial crisis is through disguised transfer payments from the working class to the ruling class cloaked in a variety of monetary and fiscal maneuvers designed to be accomplished over a period of time. These will be packaged as an inevitable and necessary austerity program, the complete features and extent of which will only become clear years down the road. At some time and some point in the system, this transfer will engender mass resistance. Depending on where it occurs there will be serious issues about how to suppress this resistance. In certain cases, the immediately available police and military forces may be relatively more inadequate and the limitations on legitimate supranational repressive forces will come into play more quickly. In all cases there will be a danger of a general contagion igniting from specific resistances and spreading from nation to nation. The more extensive the supernational structure to maintain economic equilibrium, the more explosive the potentials for any specific national site of resistance to leap borders and become a global alternative.

Of course this will not necessarily work out well for our side. It's within the range of possibilities that the resistance will be segmented, fragmented and sporadic, and that capital will develop the resources to respond to its newly discovered limits by crushing and incorporating its initial antagonists. It's also possible – maybe even likely – that the resistance will be partially effective against global capital- but essentially fascist in trajectory and will not lead to liberatory revolutionary internationalism but to particularized palinogenetic populisms at war with each other and with the left as much as with global capital.

We are entering a political period when it will be essential for the left to provide a categorical and comprehensive alternative to capital as a matter of action, not of stance. We have no blueprints for this task, but we have collectively had some useful experiences that can be brought to bear. What is crucial is to break with the lethargy of gradualist base-building premised on the continuation of conditions that are dissolving in front of us. We have to be alert for situations when masses of people break with the imposed routines and begin to look at radical alternatives as the reasonable alternatives.

**Don H.**

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**October 16, 2008**

**From Mcbee:**

I have been trying to wrap my head around the law of value, as per the discussion and it's relationship to the current crisis. I think that the more theoretically inclined comrades should flush these out a bit for us. More on that later, after the Advil kicks in. I have been reading with interest the discussions around fascism, and wanted to put a few things out, regarding this election, and the current context.