



## FALSE PERSPECTIVES

Neo-liberalism is not exactly something new, but the obviousness of the facts in question are new to the traditional Left. This is because Marxism has never adequately dealt with the state and its role in the economy. I find this particular problem of Marxism can be remedied by studying the early modern period, and perhaps this can help us return to the viewpoint of our own tradition, where Bakunin saw that the state and the economy were inherently intertwined, and if the state were destroyed, the inherent distaste of people for avarice would ensure the disappearance of the system we call capitalism.

From the beginning, I would add the proviso that I think it is inappropriate to call what we have today, capitalism, which makes it seem a natural force (e.g. like we have magnetism). In this way we have naturalized a system that is far from natural, and given it a sort of regularity that it does not really possess. Rather, capitalism is first of all a way of thinking about a thing, capital-ism. It is the belief in an entity called capital (before the economics of Adam Smith generally known as goods or money) that can grow on its own, this unnatural

belief in usury, or reproduction of money by money. One will recognize this viewpoint as simply the unnatural and fallacious view of money, which in the classical grounding of Aristotle was called *chrematistics*. All Marx has done is take this unwarranted belief in the magic growth of capital at face value, and claim to find this in labour. In truth, *what is to be questioned is the magical growth of money*, not its source. The discussions prior to Adam Smith and his followers were all generally agreed that any generous profit was in some way related to fraud or injustice, which I think is an eminently reasonable view, to which we could add today, also related to environmental destruction.

Well, if we go back before Smith, we find that there are not the same views of economic crises, so-called. I say in a general sense that what distinguishes our modern crises are a speculative collapse followed by general economic gloom: workers are fired, services dry up, people begin to starve. In following the practice of the Victorian era, which especially survives in our economic thought, many transfer back to the past our modern conceptions that

actually have no meaning there, so while there may have been depreciation of currency by Roman Emperors, this is not really an economic crisis in our modern sense. As a further example of this transference of modern terms to the far distant or mythic past, modern productivist notions are placed upon tribes—people who exhibit not the slightest notion of ‘the economy’ nor much incentive to work. This anthropology is the cornerstone of Smith and also Marx’s theory, and so this is a great refutation of the theory, because if there is no real incentive to constantly produce to overcome the shortages of Nature (a Victorian prejudice eternalized in this way) then desires and production in the brute struggle against nature cannot have impelled humanity to advance to higher modes of production. But if we concede this fact (proved among others by Marshall Sahlins in his various works) then the sadly linear historical materialist schema of Marxism (and also Liberalism) collapses, right at its beginning point.

To come back to modern times, I would like to focus on economics, or its study, *before* the radical change

made by Adam Smith. It is interesting to note that economics, before Smith popularized it in his homely, moralistic fashion, was largely a technical science, not of ultimate human meaning, but of state control. In this way the revenues and balance of trade were debated by Locke and Hume, and we also had the very interesting work of William Petty, who coined his study "political arithmetic". In this work he added up the numbers of ships, sailors, and so forth, in order to tabulate the possibilities of war for the English state. All of this, I would like to note, comes in the matrix of that mode of governance which we call Liberalism. The characteristics of the liberal state, such as it emerged in history, are its Protestantism, its maritime and commercial character (tending towards oligarchy), and also the revolutionary character of this State, having emerged amidst the turmoil of the wars of Religion. It is quite notable that when William of Orange crosses the Channel to England, he brings with him, not only troops and his stout Protestant faith, which make the Glorious Revolution of 1688, but also the practices he took from Amsterdam, concerning a stock exchange and a national bank. These are in no way 'economic' ideas, as if they were known to all, or were common-sense notions. At the time they were known to very few, and were regarded as widely impracticable. The first speculative panic (a term which I prefer to our 'crisis') we can find begins in precisely this very advanced country, the Netherlands. It concerned the trading of exotic goods, like tulips, and eventually collapsed. The difference is that the traders were in no ways bailed out by the state, but the collapse was seen for what it was: the result of moral folly, or avarice. Another collapse we have is the South Sea bubble, now in Liberal England. This is interesting, as the result is that the State bails out the traders, as they are largely connected to the state-owned monopoly, the South

Sea company. Here we have things looking very much like what is supposed to be a "special development" of a terminal capitalism: finance capital, government collusion, colonialism, monopoly, insider trading, etc. In fact it looks very much like today. I would suggest that *capitalism has never really changed*, from its basic role as a State-inspired confidence game, connected to plunder at home and abroad. Many Marxists even now are forced to admit this, finding that 'primitive accumulation' is either back since the 1970's or has never gone away. But if it has never gone away, then their entire presentation of capitalism as a sort of natural system, reveals its *largely state-directed and piratical character*, from start to finish. Here again the Marxist historically progressive schema collapses. Similarly it would show that the character of mercantile capitalism abroad (colonial monopolist ventures) simply comes to be applied at home. In this sense neo-liberalism would simply be the generalization of neo-colonialism to the developed societies, just as its ancestor, fascism, was the application of colonial practices to European society.

This is my contention, and so I remark that none of these things concerning capitalism were possible without, and were indeed directly linked, with colonial ventures. But the colonial ventures do not take place out of economic motives, the economic motives are allowed to exist from the colonial ventures that were started from religious or military reason of state. After all, the conquest of America was treated by the Spaniards as a Crusade. Settlements in New England and South Africa were founded by religious fanatics. Every country soon had to have its share of a carved-up world, or itself be gobbled up, as Scotland was amalgamated with England after the failure of its colonial ventures. As Hobbes says, revealing the thinking of

this period, "Wealth is power". The emphasis in this phrase is on the power, as wealth is obviously wealth, while Hobbes is well-known to be concerned with state power. In doing so I am here reversing the utterly misguided primacy of the economic over the political and putting them back in their proper place of millennia, where the political is above the economic. We see this today, where economies are destroyed by austerity because of the political interests of Protestant imperialism. We have many more examples from history: just as WWI was in the economic interest of no one, and yet still continued for four years (against the predictions of Kautsky, representing Marxist illusions), so too the European Union, a project based on this same liberal, economic idea (that the economic will supersede the political) is being completely refuted by the resurgence of exactly the political differences between the member states that the economic is supposed to erase. Incidentally, as we have previously noted, the fracture in Europe is largely between the Protestant-Liberal states and the rest, who have not succeeded to the same degree. But the template of Liberalism always fails to apply successfully to other lands than Protestant countries.

For Liberalism, the strange thing is that all economic development is always statist. This is seen as curious (the particularities of France), or occasionally bad (the Soviet model), or denounced as backwards. Actually it is really the result of Liberalism denying where it came from, the State, and presenting itself as a *fait accompli* of civil society. But the state directed economic development in Italy, in Germany, in Japan, in all the Soviet models- and also in England too, where this Reformation state enforced the enclosure laws, destroyed the Levellers and Diggers, took over Church lands, sent out its colonies and fleets, etc. These religious and

political state activities directly create the environment for the emergence of this middle class. What is exceptional in Liberalism is not the miracle of things developing spontaneously without the State, since this is not at all supported by any historical evidence. The exception is that Liberalism does not acknowledge the role the state plays in economic development. Marxism, taking a cue from this theory, denied in the past what it implemented in its own time. I suppose since we are exploding myths, then it follows that there has never been anything other than "state-capitalism", to use an imprecise but popular term. It was simply that the Soviet Union took state control to a much further level than anything previously attempted. On the one side, the USSR had no speculative crises, excluding those in the turmoil of its birth and dissolution (again, the economic problems have a political cause). The problems it did have, are not labelled "critical" under traditional economic thought- political repression, the agricultural disasters of the 30's (much like the Potato Famine in Ireland, or the starving peasants of the *Ancien Régime*), environmental catastrophe, etc. This same model applied to Pinochet's Chile allows neo-liberalism to call it a success.

An interesting example of a failure to implant Liberalism in semi-modern garb is the history of John Law in France. The country was having financial difficulties (not from anything inherently economic, but the military and cultural expenditures of Louis XIV bequeathed to Louis XV) and John Law, a part-charlatan part-banker came and promoted a scheme for a national bank founded upon the proceeds of distant colonies. This was exactly what Law had learned in England. But the implementation of this plan was ruinous, and soon resulted in speculation and collapse, after which he was chased from the country. James Steuart, a famed economist just before

Smith, comments amply on this crisis, and is quite clear to draw lessons for future governors. Basically he proposes the use of the state to make a legal halt to withdrawals (state coercion), to restore trust by paying small nominal sums, and in this way to stave off the problems. This was done with the seizure of gold or assets by many governments in the 1930's, and I would not be surprised if we see forced devaluations in the future, which was already talked about in Cyprus.

A great lesson is with the French Revolution as well. There we can see Liberalism having to defeat the governing model of Bonapartism, which was basically the healthier Physiocratic version of economics, and was imposed on the majority of European societies. There was nothing ineluctable about the defeat of Bonaparte; in fact, it was in the words of Wellington, "a near-run thing". This is also where Marx is caught with Liberalism, because the thinkers of his day cannot help but project their own triumph back into a past where it was uncertain. This has Marx regard the 19th century as still progressive, a view one easily finds problematic- whereas the view of the enlightened bourgeoisie was that the fall of Napoleon was the beginning of general decadence. In this sense what we call capitalism has never really been progressive, but can properly be understood as always-already decadent. It was not an economic victory of this nation of shopkeepers, as Napoleon called the English, but a string of naval victories, and Napoleon's own errors. The English promoted the idea of free trade as a method of war, not an economic or morally just "right". They needed to trade with Europe because London was full of unsold goods after 1806, with the beginnings of the Continental System. And only at this period did the franc stabilize itself: e.g., when France had an overwhelming military victory and spoils to give some

confidence to lenders, and could begin to make regular payments, unlike the prior governments of the Convention, Directory, etc. The countries that win wars are allowed a certain period of grace, quite literally, to profit from faith in their prospects which allows them to advance on the market their state debt. This in turn allows them to multiply the amount of money they are able to use, far beyond what they actually have at the time. This it was that Napoleon remarked about fighting the British: the country was always able to continue to raise loans during the wars. Yet this is because it always paid promptly, and was never threatened with political disaster because of its island position protected by its navy. There is nothing economic at all about that, but political calculations.

I think it is worth noting, in passing, that Continental Europe was short of coffee and other amenities at this time. Revolution means a necessary stoicism, which will become a practical observation quite soon. Furthermore concerning England, the measures of Bonaparte were taking effect: the Luddites arose at this time, as the factories were shuttered, and England was quite seriously considering resuming commercial relations. If we think to ourselves in modern terms about this fulcrum point of our history, then Europe being organized as an economic unit was dependent on its keeping out subsidised goods, which meant recognizing the control of the State, the transnational Bonapartist State. England was not full of the only manufactured goods at this time, rather it was commonly observed that English manufactures were generally shoddy or unnecessary (thus there is nothing really new in the critique of the lack of quality in modern production-like everything, this hasn't ever really changed). A tradition of state-directed enterprises, for example the famous porcelain we know as Limoges, or the French military



equipment (or Soviet Ak-47s) were all state-directed and quite superior to anything the undirected market might put out. Again, that toxic junk comes from sweatshops in China, we all know—but in its day, England was just like this China, just as America was after 1914.

Moving on, developmental economics, it has been claimed, have been disproved. I would say rather *the ideas of developmental economics* have been defeated, by the curious developmentalist economics of the Anglo-American world, which don't acknowledge their own state-directed character. When they have a large enough region to exploit, and don't shy away from conquest and violence, then the autarchic states can do quite well: just look at the past of the USA, or Marxist China or Russia. In fact later this autarchic state can present itself as supporting free trade, when it knows it can swamp its smaller rivals and dominate them with commerce. Or with many even more complicated schemes, such as competitive devaluations (inflation) and so forth. We have an interesting scenario today, where the world is basically united

under an American aegis of inflationary spending, which is allotted to America by its military primacy, as it previously was to England.

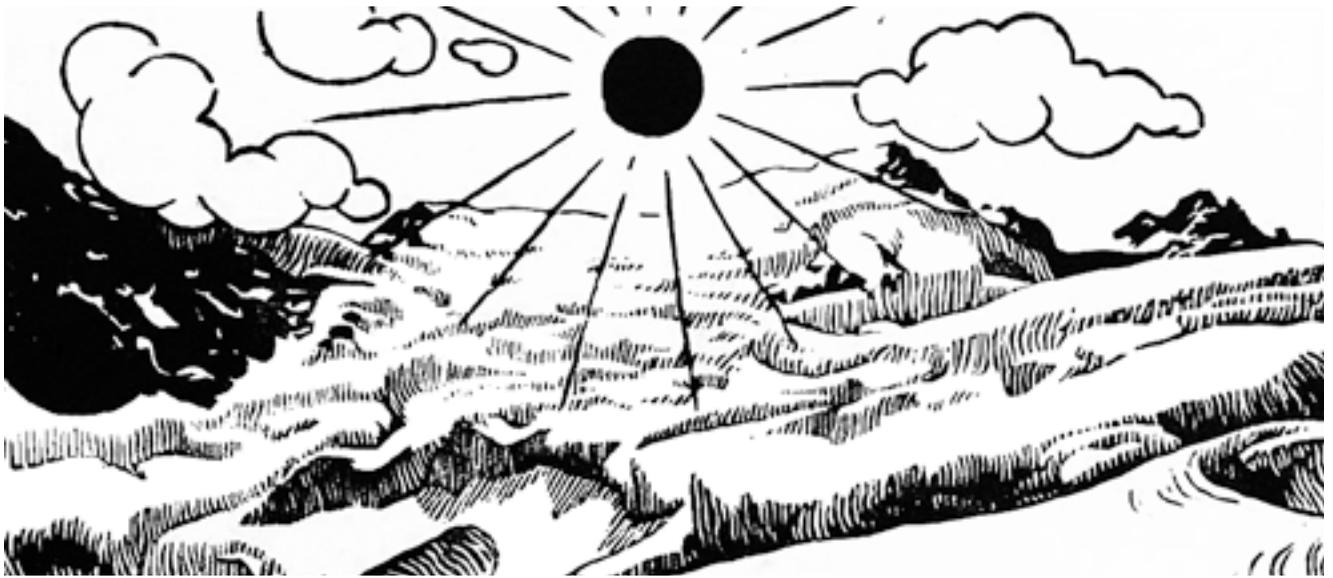
This is why one cannot help but be amazed at the perspicuity of Goethe in his sequence in *Faust part II*, where we are,

*Conjuring Helen out of Time,  
like phantom paper-money from the  
air.*

The devilish Mephistopheles has promoted more or less exactly the same scheme as John Law and Liberalism. I think many are not ready for the enormity of the fraud committed on not only present humanity but on future generations and nature. Liberals and Marxists still think of capitalism as a lamentable but somehow progressive system. I would propose we reconsider it as simply a disastrous continuing error, this system of *chrematistics* made a religion. The speculative game of printing money lasts with some discipline on the part of those running the game (e.g. steady payments, reasonable finances, self-control—

the hallmarks of Protestantism). But this is quite a real perspective: when the next speculative panic hits, it will be seen that nothing really has been done, nothing has been produced, and the official economic statistics which are apparently scientific were made totally fraudulent through political considerations. But this refutes the idea that money is tied to productivity or that it is a commodity tied to labour. It is much more related to political control and imperial domination, with the State. After all the current rouble crisis has nothing economic about it, it is a political speculative attack of the dominant state, the US, against an imperial rival, Russia.

It is then not at all a crisis of economic over-production, but of *political speculation and then political banditry*. Interestingly, in this I am supported by the infamous reformist Edward Bernstein, and common observation, that what we call modern economic crisis is always begun by speculative collapse. But the one causes the other quite obviously, not involving a hidden cause related to production. If things are over-produced, they are over-



produced out of a desire to speculate. Otherwise, the over-production mantra simply repeats the Judeo-Christian dogma of the sinfulness of the material world. But the chestnuts continue to fall every autumn, lining the forest floor to no ill effect, and no one has ever thought fit to call this a crisis of over-production. In this sense the Marxists and Liberals with their confused metaphysics of production are far behind average people on the street, who see the obvious corruption and collusion of a political-financial elite protected by armed guards.

Neo-liberalism is before everything an idea about economics. But as a practice, it can only exist with the state. And as a practice it has to exist with the state since the incompetent ideas of neo-liberalism simply lead to defective disasters every time they are applied. In this sense the speculative crisis is the refutation of Liberalism, but it is not 'natural', which would make it seem like Marx's idea where boom and bust are like tides on the beach. Rather crises always happen, but as houses of cards always collapse: because the inherent idea of money producing

money is impossible, not that there is a discernible rationality with a regulated coming and going. But there are other things that also refute the governing model of Soviet statism, not speculative panics, but environmental and human disasters. The real issue is concerning the nature of wealth and happiness. The systems that exist, both Liberal and Marxist, and everything in between, *are all centred on material goods and money as the ultimate meaning of life*. But this is emphatically not the case, and every day refutes this view more and more. This is incidentally why anarchy is the only thing really ethically different: because the state cannot bring happiness on earth, because the material cannot touch the spiritual. They are on different planes of meaning.

I believe this brief study might help in clearing up various economic intellectual questions and allows us more space to concentrate on more important issues, like philosophy, art or destroying the State. Because Anarchy, through its grounding with Proudhon, Bakunin and Stirner, is much more able to retain something of

a classical heritage of viewing economic concerns as of less importance than spiritual issues; and of seeing that the state enforces and makes possible our modern economy, which is nothing other than a bureaucratic and statist project of control. So if we think about how to envision a world after the revolution, this necessarily means a reduction in our current standards of life (inevitable at any rate) and also a sort of return to a traditional *oikonomia*, to return to the old use of the word- agriculture concerned with consuming the bounty of nature, not despoiling it. Where the only surplus of production is tied with Nature, and then spent in the spiritually-grounded festival. And of which, the management of a farm among friends, is simply the necessary precondition for more rewarding activities- political, spiritual, philosophical, and so on.