

Table of Contents

elskes test pod	1
Under the Beach, the Barbed Wire	1
Coded Utopia	6
1973 Redux?	14
Continuity and Discontinuity in the Decline of Dollar-Centered World Accumulation	14
‘Today, capitalist paper expands and social reproduction contracts.’ In a single pithy line, Loren Goldner sums up the nature and form of capitalism’s current crisis. The following article assesses the geo-economic state of play and offers an analysis of capital’s ills which goes beyond the widespread assumption that (economic) value creation is pervasive (and equally distributed) in a supposedly ‘post-fordist’ system. If labour at the point of production – or reproduction, for that matter – is only part of the story, the ‘neo-liberal’ financial apparatus plays a decisive role in structuring exploitation around the needs of the world’s largest debtor, the USA. Here, Goldner opens up an urgent enquiry into the impact of finance capital on geopolitics and class struggle and considers how the US’s apparently faltering ‘dollar hegemony’ could affect its ‘global leveraged buyout’ of the last 30 years. Is this an opportunity for enemies of capitalism, as well as the US’s economic rivals?	14
Drowning by Numbers â The Non-Reproduction of New Orleans	20

elskes test pod

Under the Beach, the Barbed Wire

By Angela Mitropoulos

The 'race riots' in Cronulla at the end of last year made it clear that all is not well in Australia's multicultural paradise. Here, Angela Mitropoulos examines the racism, mechanisms of border control and changing conditions of work underneath the beach utopia

[IMAGE]

If for a certain imaginary, the beach has often evoked a realm of authenticity hidden under the concrete strata of urban development, capitalist spectacle and exploitation, the relentlessly iconised Australian beach has, in addition, been put to use as proof of egalitarian sentiment and vast democratic horizons. Here, the generic vista of the Western frontier is shorn of its embarrassing wars over land, the guns and forts lined up against the natives, and redrawn as pre-economic, pre-political idyll. Never quite acknowledged as urban but, even so, presented as more urbane and civilised than either rural, uncultivated or desert lands, the space of the beach is assumed to have shaken off the dissensions of politics and economics much as the figurative beachgoer is presumed to effortlessly shed clothing. Like Rousseau's state of nature, the mystical space-time of the beach operates as both a denial of the nation-state – the presupposition of the *contrat social* in its legal, political and not least, economic senses – and its naturalisation. And no more pronounced are these projections than in post-colonial spaces such as Australia, where persistent anxieties about unruly savages mingle with dreams of being closer to nature.

Popcultists have long campaigned for 'the beach' to be recognised as Australia's eminent utopia. Some five years ago, Craig McGregor argued that the beach represents 'our yearning for a world different from the concrete pavement universe that most of us inhabit for most of our lives. The beach today represents escape, freedom, self-fulfilment, the Right Path. It represents the way our lives should be.' Similarly, John Fiske contended that the beach 'is the place where we go on holidays (Holy Days), a place and time that is neither home nor work, outside the profane normality.' It is perhaps not surprising that such homilies have become more pious just as coastal areas have become more developed, increasingly the scene of bloated property values, mortgage anxieties and a burgeoning tourist industry run mostly on precarious labour. Indeed, these hymns to 'the beach' are a crucial affective support in this political economy and these industries. And they leverage affection all the more fiercely when deployed as eulogies or calls to restoration. Therefore, it is in part *because* beachside suburbs do not provide for an indifferent repose – longed for as both fortress and refuge against difference – that they have become the scenes of overt violence, riot police and emergency 'lockdown' laws that seek to restore, by force, the order on which seaside utopics were assembled.

The enchantment of 'the beach' began in Australia in the late 1940s – which is to say, in the immediate post-WWII period and at the ideological high point of Fordism and the Keynesian settlement. That post-war accord between unions and employers took shape as a nationalist compact between descendants of the English upper classes and working class Irish. Persuaded by clerical anti-communism, promises of property and class mobility – in the form of the post-war housing ownership boom and university admissions – the latter were seduced into forgetting their genealogy as convicts deported from Britain under policies justified by their depiction as a separate 'race'. This particular racialisation was set aside with the post-WWII Anglo-Celtic compact, which is the precise meaning of the figure of the Aussie and its egalitarian ethos – which is also an *ethnos* – of the 'fair go'. Frozen in that dehistoricised and dreamlike zone after colonisation had been accomplished and before

the collapse of the 'White Australia' policy in the early 1970s, the ostensible peace and contracted civility of the emblematic beachside has always depended on violence and separation, borders and fences, property and expropriation.

In the final month of 2005 in Sydney, it was these contingencies that would be laid bare and, with recourse to emergency laws, reasserted as necessary for the restoration of what was deemed natural. It is not clear what the immediate inducement was. Lifeguards were assaulted, it is said, because they made racist slurs while attempting to stop people playing football (soccer) on Cronulla beach and, in the ensuing fight, came off second best. Cricket and Australian Rules (i.e., Celtic) football are commonplace on beaches and elsewhere – soccer, on the other hand, is regarded as the 'wog' game. Moreover, lifeguards are drawn from local residents, and their role is just as much concerned with beach safety as it is with enforcing the bonds between property and propriety. Yet, their authority on this occasion, derived as it is from a customary consensus over their iconic status, faltered. And so, this apocryphal confrontation over land use and the perceived failure of Aussie supremacy would converge with earlier tales in Sydney of 'organised ethnic gangs' rapes of Australian women' and fears of miscegenation (in which women's bodies are considered above all as racial property) to produce what, elsewhere, would be called a lynch mob.

As is more or less well known, around five thousand people gathered in Cronulla on December to 'Take Our Beaches Back' or, as it was put less obliquely in other circulating leaflets and SMS, 'bash wogs and lebs'. Slogans such as 'ethnic cleansing' and 'Aussies fighting back' were prominent enough, on placards, posters and scrawled on skin, given force with punch and kick. Draped in Australian flags, singing *Waltzing Matilda*, large parts of the crowd rampaged around the suburb beating anyone they assumed to be a 'wog' or a 'Leb', including one woman whose parents migrated from Greece and a Jewish man. Such is the populist version of racial profiling – officiated more recently by the phrase 'of Middle Eastern appearance' – that has become standard in Sydney and at a time of a global biowar. It might be noted here that the women who were raped in the most prominent of recent cases in Sydney would not so easily have 'passed' as Australian in Cronulla that day, and yet their attackers would not have been given such unprecedented sentences if they had not been identified in court and the media as a 'Lebanese gang' targeting 'Australian women'. Indeed, given that migration officials have deported or interned over a hundred people whom they incorrectly assessed to be 'illegal non-citizens' – such as Vivian Solon, a permanent resident deported to a hospice in the Philippines from her hospital bed after being hit by a car – suggests that this moment in Cronulla was, despite all the denials, continuous with the normative inclination of public policy and the racialising demeanour of the rights-bestowing, and rights-denying, state.

[IMAGE]

Since the events at Cronulla, there have been numerous accounts from the commentariat whose affective range is distinctly more elitist than anti-racist, demonstrating far more shock at the appearance of an unruly mob than the pogrom it enacted. But contrary to that perspective, which can only elicit demands for the restoration of law and order, the vulgar calls to reclaim ownership were merely the coarse, volunteerist expression of, most notably, the Prime Minister's civic declarations of sovereignty ('We will decide who comes here and the circumstances under which they come'), the more than decade-long policy of the internment of undocumented migrants by successive governments and, more recently, a war that is legitimated on racist grounds. As border policing became central to the conduct of elections and government policy throughout this period, the border was bound to proliferate across social relations and spaces, and in circumstances both casual and administered. This is why the worst of the attacks occurred in the train station. That train takes people from Sydney's Central railway station to the nearest beach and, given the composition of Sydney as a whole, this includes people from the suburb of Lakemba, which has a high proportion of migrants from the

Middle East. Cronulla, for its part, is notable for being the most Anglo-Celtic of suburbs in Australia. The Prime Minister once described the area as ‘a part of Sydney which has always represented to me what middle Australia is all about.’ Responding to the events at Cronulla, he would quickly deny that it was racism at work, adding: ‘I do not believe Australians are racist,’ and going on to propose that those who did believe such a thing lacked a cheerful disposition.

Over the subsequent three nights, there were retaliations. Hundreds of cars were smashed, people beaten and shops destroyed, as Cronulla and surrounding beachside suburbs were made unsafe for those whose belonging there had never before been threatened. One of the calls to retaliate declared:

Our parents came to this country and worked hard for their families. We helped build this country and now these racists want us out. [...] Time to show these people stuck in the 1950’s that times have changed. WE are the new Australia. They are just the white thieves who took land from the Aboriginals and their time is up.

In the midst of this, the NSW Police Commissioner remarked that the Cronulla rally to ‘Take Our Beaches Back’ was a ‘legitimate protest’. It was, according to him, born of a ‘frustration’ with the failure of the police and the state to do their job, which is to say, to ensure the Australian border remained secure *within* Sydney. The Prime Minister insisted that the problem of ‘ethnic gangs’ – which he unequivocally denied those at Cronulla might be regarded as – should be left to ‘policy’, ie, the state. On the third day of rioting, the NSW Premier announced emergency laws to give police, among other measures, the power to ‘lockdown’ those beachside suburbs under threat. This was, he declared, a ‘war’ and the state would ‘not be found wanting in the use of force’. And so the task of the Cronulla pogrom was more smoothly accomplished by the police acting as border guards, refusing entry to the beaches to those who could not prove that they belonged there. The ‘lockdown’ laws, in summary, allow the state to remove entire suburbs from the ostensibly normal functioning of the law for periods of 48 hours. Among other things, and within the designated ‘lockdown’ zone, the laws remove the presumption of bail for riot and affray, allow for the area to be cordoned off to prevent vehicles and people from entering it, empower police to stop and search people and vehicles without warrant or the standard criterion of suspicion, and to seize cars and mobile phones for up to a week.

In some respects, this could be viewed as a sequel to the so-called ‘anti-terror’ laws; recast here as an explicit attempt to reterritorialise the ‘moving mêlée’ – as one journalist described those engaged in the retaliatory riots. Yet, just as the failures of border controls have prompted recourse to measures both militaristic and ferocious they have also reanimated the search for ‘social solutions’. If the culture industry and its disciples remain enthralled by a depoliticising understanding of ‘the beach’, there is no shortage of more conventional disciplinary approaches that, for instance, have found renewed impetus in psycho-sociological clichés: deviancy, crisis of masculinity, youth alcohol abuse and, not least but most comically, ‘ethnic gangs’ who listen to rap music and use mobile phones. All of these constructs do not simply deny the existence of racism. They practically deploy racism through the assumption that the problem is a failure of integration. In other words, they reiterate the classical sociological preoccupation with social or, more accurately, *national* cohesion. Here, having assumed the nation-state as a natural entity – often by obliquely rendering it as ‘community’ or ‘society’ – it is the appearance of divisions that are not expedient for and normalised by the very assembly of national unity which are registered as a problem to be solved. That such a perspective has been echoed by much of the Left, in their calls for a renewal of multiculturalism as a response to recent events, should in no way surprise, given that much of the Left continues to aim for representing the nation and *its* people. And, as it implicitly denounces both pogrom and retaliations alike as the abetting or cause of ‘racial disharmony’, this is ironically where the Left discloses the affective pull of its overwhelmingly Australian identification – an identity which is assumed to bestow rights universally and without exceptions that are legitimated through racism.

What is, however, remarkable is the extent to which multiculturalism continues to be idealised as a way of managing the exercise of ‘difference-in-unity’ that the nation-state at certain moments requires without, presumably, having to resort to either violence or criminalisation. Which is to say, it was precisely alongside the much-touted apex of multiculturalism as official state policy in the early 1990s that the policy of automatic and extrajudicial internment of undocumented boat arrivals was introduced. In that moment, internment camp sat comfortably alongside tributes to Australia’s diverse cultural mosaic, just as the most recent regime of border controls around the world were ushered in along with the ‘globalisation’ of trade and finance. For if multiculturalism was initially tendered as a better form of governance at the time of lengthy wildcat strikes by migrant workers in the early 1970s, this is because it offered an improved means of assimilating certain differences while criminalising those that did not align with the imperatives of national labour market formation. This is what the paradigmatic post-Fordist border has sought to realise: the filtering of antagonism into competition, difference into niche markets, and the recapitulation of an ostensible consensus over the nation as household firm vying for position in the world market. And it is on these questions that the part of the Left which retains some commitment to notions of class struggle has been either silent or expressed its bewilderment. Coming just days after the introduction of the ‘Workchoices’ policy (which principally seeks to restrict, if not entirely abolish, any remaining non-individuated work contracts), the inclination here has been to understand recent events as a distraction, much like racism – and indeed sexism – are routinely theorised as the diversions of an apparently otherwise unified class consciousness.

[IMAGE]

Yet there is no experience of labour in capitalism that occurs outside a relation to the border. This association does not arise simply because migration controls create legally-sanctioned segmentations within and between labour markets that, in turn, condition or ‘socialise’ the labouring circumstances of both immigrant and citizen. Nor does it occur only because, for instance, it is possible to show that the recent tendencies toward temporary residence permits and that of so-called ‘flexibilisation’ were both responses by employers and governments to a similarly coincident and prior exodus from the Fordist factories and the ‘Third World’ in the 1970s. Nor is it solely due to the fact that jurisdictions, currencies and the hierarchical links between them are manifest in *every* pay packet – although this is so obvious and therefore naturalised that it often needs emphasising.

While all of these are crucial in illustrating the significance of the border to the labouring experience, they are not quite sufficient to explaining the force of that relation, its acquiring a necessary disposition. To put this another way: the particular – which is to say, *capitalist* – nexus between labour and border comes about because the asymmetrical wage contract only acquires *the semblance of a contract* through the delineation of the figure of the foreigner. Put simply, without the foreigner, the notion and practice of the social (or wage) *contract* – as a voluntary agreement between more or less symmetrical agents – falls apart. There are three aspects worth considering here, and certainly in more detail: the conversion of the chance encounter into naturalised ‘origin’, the transformation of imperatives into individual choice, and the punctuated temporality of the contract which normatively distinguishes wage labour from slavery.

Firstly, capitalism acquires a ‘law-like’ character through the establishment of borders, whether those of nation-states or, more generally, enclosures. For while Marx’s ‘discovery’ of the surplus labour that lies behind the formally equivalent wage contract is more or less well known, it is the border that permits the chance historical ‘encounter between the man with money and free labourers’ to ‘*take hold*’ – as Marx noted, and Althusser would emphasise in his later writings.

Secondly, the contract functions as the conventional mark of capitalism’s distinction from feudalism,

asserting that individuals have the power to organise their lives, *against* the pressures of inherited inequalities, if not strictly as a matter of *will*, then at the very least, as performativity. The contract is a theory of agency and self-possession. It formally asserts indeterminacy (or freedom) by explaining and *rationalising* the substance of any given contract as the result of a concordant symmetry. Consider here the Australian Government's 'Workchoices' policy that aims to replace 'collective' wage rates and conditions in particular occupations with individual contracts – that is, it is an instrument which seeks to generalise the conditions of precariousness that have existed outside the perimeter of the post-WWII 'settlement' referred to earlier. Responding to charges that this amounted to the reintroduction of coercion, since refusing to sign an individual work contract would entail not having the means to live, the Prime Minister responded: 'Everyone who wants a job will have one.' For the Prime Minister, the existence of coercion does not refute the contractual nature of waged work; it merely obliges a reassertion of contract theory.

Let us, then, consider Rousseau's argument that the 'social compact' requires 'unanimous consent' – or, more specifically, that 'no one, under any pretext whatsoever, can make any man a subject without his consent.' While this is often read as a foundational democratic argument against slavery and involuntary submission, it is more accurately the democratic substitution of the figure of the 'born-slave' with that of the 'foreigner-by-choice'. In this way, the existence of submission (or slavery) is redefined as the consequence of an individual's choice to reside within borders in which they do not belong – and they do not belong because they do not agree to the contract. In the *Social Contract*, after positing the natural foundations of the nation state in voluntary agreement, Rousseau goes on to argue:

If then there are opponents when the social compact is made, their opposition does not invalidate the contract, but merely prevents them from being included in it. They are foreigners among citizens. When the state is instituted, residence constitutes consent; to dwell within its territory is to submit to the Sovereign.

Just as Rousseau's perfect circle of democratic despotism cannot do without the 'foreigner', there is no semblance of the wage, as wage *contract*, without the border. This is the contingency of a specifically democratic capitalism, relating as it does to a certain axiom of money as universal equivalent and seemingly competent measure of all things, while preserving all the ambiguities through which repression, inequality, slavery and, not least, surplus labour-time are explained and stabilised. Given that there is no way in which someone might profit at the expense of another through an agreement that is indeed symmetrical, as the wage contract is asserted to be, racism (and sexism, which is never far away) *prepares us for, distributes and rationalises asymmetry*. The contractarian braces the contingent world of capitalist exploitation by ascribing it to individual authorship. Where this risks destabilisation, either by dissent or in the undeniable presence of inequality where all are born equal, the figure of the foreigner is put into service in the guise of the unpatriotic, the unassimilable and those deemed to be, for reasons of biology or 'culture', incapable of signing a contract, of the very capacity of individual authorship. It is the latter that most clearly emphasises the bond between exploitation and racism, between the surplus as understood by political economy and the extrinsic (the foreign) as conceived by demography.

Thirdly, while the punctuated duration of the wage contract customarily distinguishes wage labour from slavery, the 'normal working day' was always demographically and geopolitically rationed. Cronulla did not simply represent 'middle Australia', but also the 'normal working day'. Seen from outside this limited perspective, borders have long operated as a form of detainment, beyond which the conventional (and perhaps simply Fordist) delineation between the time of life and that of work is suspended. In this sense, the distribution of racism (and sexism) is also the distribution of a particular temporality. Yet, today, the 'regular' tempo of work more closely approximates the temporality of

slavery (and, not least, of housework), in that no firm distinction operates between the time of working and not working or, better: in the sense that unpaid labour time is laid bare as the condition of capital and the linear time of progress comes to a standstill.

[IMAGE] The question then is, as it always was perhaps, how unpaid labour (or exploitation) is distributed, as well as whether it is counted or not. The Cronulla pogrom was as much about space, belonging and property as it was about relative advantage: about who is counted and who is detained, who might be said to possess one's labour such that they might contract for its sale and who might be said to be a slave. Here, one might note the ways in which certain migrants are *held up* at the border, airport and detention centre, no less than the ways in which the *banlieues* have existed as a *de facto* space of internment. In this time of detainment, it is not labour (as something that might be disassociated and 'sold' by one's self) that is stolen, but whole lives. It is not surprising, then, that the moving *mêlée* emerged here, as both description of a response to the Cronulla pogrom as well as apparition of chaos. Neither discernible as individuals nor enumerated as collective, with an emphasis on motion that is as spatial as it is temporal (appearing as quickly as it disappears), the moving *mêlée* had a whirlwind temporality that provisionally cut through the time of detainment even while it failed to escape it.

Not surprising, either, that the 'lockdown' came into being here, as a reconfiguration of the mechanisms of detainment. And, it did not take long for a 'lockdown' to be invoked a second time. On January 1st in the country town of Dubbo, after indigenous teenagers fought with police against their attempt to arrest suspected car thieves, the police (as with the lifeguards in Cronulla) came off second best, and a lockdown was subsequently put into effect. Nevertheless, given the aim of halting movement through a shifting definition of lawlessness and a mobile decree of emergency zones, it needs to be emphasised that the form of the 'lockdown' predates the monumental pretext of 9/11. In a more direct sense, the 'lockdown' echoes the (offshore) internment camps and the excision of territories from the 'migration zone' that have characterised post-1992 Australian migration policies – a model that has since been explored by UK and other European governments. Moreover, much like the state of emergency declared in France after the riots of the *banlieues*, the suspension of the putatively normal functioning of the law duplicates the colonial encounter in a metropolitan context. For these reasons, it would be a mistake to construe this resort to emergency laws, such as the 'lockdown', as a mark of the triumph of border policing or, more generally, as cause for pessimism. Such instances do not signal a decline in our fortunes so much as they suggest the potentiality of a world that has surmounted its division into 'First' and 'Second', openly struggling with and against all the senses in which 'our' fortunes are dependent upon the expropriation of 'others'.

Angela Mitropoulos has been involved in *xborder*, and written on borders, class composition and migration, including 'Precari-Us?' (*Mute*) and, forthcoming, 'Cutting Democracy's Knot' (co-authored with Brett Neilson, in *CultureMachine*), and 'Migration, Recognition, Movement' (*Constituent Imagination*, AK Press)

Coded Utopia

By Brian Holmes

Makrolab is one of the more seminal and enduring projects to have developed out of the tactical media canon. Brian Holmes sets the project in the context of epochal shifts underway in the former Yugoslavia during its inception and fixes our vision firmly on the utopian horizon that this living laboratory probes

'Khlebnikov built a very complex system.... On the one hand it is based on historical research, and on the other on the research of language, that is, its material quality and composition. We may safely say that Khlebnikov changed the language; he changed the basic unit of thought and used it in accordance with the system he had invented. This is one of the paths I find extremely important, and one which, as such, may serve as a code, as a matrix for all the activity at the end of this century, when we are again facing a fundamental tectonic movement in the social spheres.'

Marko Peljhan¹

Moving away from the creation of recognizable works, art becomes an experimental territory for producing subjectivities â according to the "ethico-aesthetic paradigm" of Felix Guattari.² But what does that paradigm entail? How do forms of contemporary artistic practice lead their participants outside the dominant modes of subjectivation? How do they lend a different structure to cooperation? How do they take up threads from the past, displacing them onto the terrain of experience?

Makrolab is a collaborative project that emerges from the vision of the Slovene artist Marko Peljhan. It offers some answers to these questions â singular answers. To make them useful in any general way, one would first have to approach the project in its multiple dimensions, to discover its stakes and challenges, to locate its contexts and learn to read its codes. Is it sculpture or architecture? A concept or a performance piece? A nomadic war machine, or a theater to replay history? The difficulty, when you want to perceive a project like this, is to let yourself enter the horizon of its possibilities, even while analyzing its specific features.

Makrolab

LIVING LABORATORY

What strikes you first is the object's technical aspect, its glistening, futuristic exterior, bristling with sensors and aerials. Makrolab has been designed on a modular principle, for easy disassembly and transport by container. It comes together as an extruded octagon with a flattened base, outfitted with wooden floorboards, sheathed in translucent plastic panels, lined with silvery insulation and raised off the ground by tubular legs. Inside, it is divided into four functional zones: kitchen, workspace, dormitory (8 bunks), shower and toilets. In front, a metal staircase leads up to a narrow airlock, which rises vertically at the push of a button. On the other side, a larger hatch opens up like an awning over a gridworked terrace. Solar panels and a windmill furnish electricity, with backup from a generator; a waste-treatment system allows for minimal water consumption; communication is assured across the electromagnetic spectrum, notably by satellite links. Mounted in desolate environments, it looks a meteorological research center, or even more, like a stranded space station.

The project dates back to December 1994, when Peljhan made a trip to the island of Krk, off the Croatian coast. The landscape was strange, almost lunar; warplanes shot through the sky above. Eyewitness to the destruction of Yugoslav society, he read the poem *Ladimir* (1920) by the Russian futurist Velimir Khlebnikov. The title of this violent revolutionary epic combines the Russian words for harmony and peace.³ Between two radically different kinds of vision, optical and poetic, Peljhan imagined the form of the theater to come: 'A stage appears on the horizon and walks slowly forth. On it the sailors of *Ladimir* work the spinnaker of thought. Large sails propel it forward, a complex mechanism allows its legs to lift and twist. There are no metal noises. The materials are new and unknown. It does have legs and looks like an insect. It has the functionality and energy balance of a bee and the armor of an Armageddon cockroach.'⁴

Makrolab

>> Makrolab crossection drawing

1994 is the year when the Internet boom began, on the transnational markets but also in our imaginations. Peljhan had already entered the art scene with a series of performances; now he moved toward the world of media activism, as a cofounder of Ljudmila, a group devoted to autonomous uses of the new communications technologies. Inspired by the Russian aesthetic of faktura, which calls for a mix of sensory qualities and abstract ideas, he worked on the design of the laboratory with two architects, Bostjan Hvala and Jurij Krpan, and with Luka Frelj for the communications systems. A prototype, Makrolab Mark I, was included in the program of Documenta X and installed for the summer of 1997 on Lutterberg Hill, several miles away from the city of Kassel.

That is where the choreographer Johannes Birringer discovered the mobile laboratory, and wrote the first significant text about it. Paradoxically, this stage performer, known for his digital dances, seemed only to perceive the technical and activist sides of the project: 'Launching an artistic process that yields knowledge and insight into the evolution of the electronic public sphere, Makrolab intervenes into the radio and telecommunications circuits to test the conditions under which transmission technologies operate and under which the relations between communicating individuals can be empowered,' he wrote.⁵ The empowerment came through the reception and decoding of civil and military transmissions, carried out in collaboration with the American artist Brian Springer. The early experiments of 'tactical media' were in full swing: it was a rush to appropriate and transform the functionalities of the new computerized media tools, before they disappeared beneath the surface of commodified forms that would permit no further improvisation. Birringer locates Peljhan and Springer's practice on the borderline between the new technologies and the techniques of the historical vanguards (collage, readymade, cut-up, drift). The specific difference of the contemporary mixes, in his view, was the framework within which they were exchanged: no longer did the artists address the classical institutions (magazines, galleries, museums) but instead the new public spheres of the NGOs, and above all, the 'gift economies' of the net activists.

Makrolab at Documenta X 1997

>>Makrolab at Documenta 1997

Five years later, the writer Kodwo Eshun also noted this change of address. But he sensed something more elusive as well. His text describes the atmosphere of the laboratory during its installation on the hunting grounds of Blair Atholl in Scotland. In June and July of 2002, Makrolab hosted five different crews — artists, writers, scientists, hackers — for research into its three broad fields of investigation: climate, telecommunications, human and animal migration. The work would be carried out under conditions of insulation/isolation which, for Peljhan, define the essential parameters of the project. What Eshun recounts is the production of a 'very particular subjectivity': 'If Makrolab's public imperative is to conduct experiments in a post-media environment, then its private, not-quite secret imperative is to offer the participant the chance to become the experiment. To become the guinea pig. To experiment on the self as she or he adapts to the interpersonal dynamic of microcommunal life.' The public or 'epic' work of environmental and informational mapping becomes subtly secondary to the 'confessional mode,' recording the 'intricately funky daily routine of the Makronaut.'⁶

Makrolab

Â

Eshun understands the experience of the participants as a micropolitical transformation of the data yielded by the technical capacities of the laboratory, by the natural and cultural environment where it is installed, and by the informational sphere that it continuously probes. But what he means is that the

artistic aims of the Makrolab find their most concentrated fulfillment, not in a work or a performance, but in the lives of its inhabitants. The artifacts they produce, the diaries, the photos, the maps, the streams of remixed information â in short, everything that could be displayed in a traditional museum â make up a flux of constantly evolving material, a 'dataesthetic' that seeks to 'immerse the insensitive and impervious viewer in the information networks that provide the operating systems of the planet.' What distinguishes artist from viewer would be the degree of immersion. The change of address thereby comes to signify a mutation in the very concept of art, which no longer exists to be contemplated from the outside, to be appreciated as bounded whole (in its form, its complexity, its internal harmonies or disjunctions), but only appears as a by-product, a kind of secondary trace â raw material pointing back toward the immanence of lived experience.

In support of this argument, Eshun quotes an article by Boris Groys entitled *Art in the Age of Biopolitics: From Artwork to Art Documentation*. Groys remarks that the effectiveness of biopolitical technologies is to give form to life itself, conceived as 'a pure activity that occurs in time': 'If life is no longer understood as a natural event, as fate, as Fortuna, but rather as time artificially produced and fashioned, then life is automatically politicized, since the technical and artistic decisions with respect to the shaping of the lifespan are always political decisions as well.'⁷ Art documentation is a record of these life-decisions, 'the only possible form of reference to an artistic activity that cannot be represented in any other way.' Groys makes an important step for art criticism, by adopting Foucault's understanding of the way that technical devices 'artificially' configure human subjectivity; and he stresses the uncanny side of that relation, through the extreme example of cloning procedures that make it impossible to distinguish the technological reproduction of genetic code from the unique destiny of living beings. Such procedures, he says, have become ubiquitous. His article concludes with a Benjaminian notion of the documentary installation as a way to relocalize our approach to experience â or to 'resingularize' it, in Guattari's terms â through 'strategies of resiting and inscription based on situation and context, which make it possible to transform the artificial into something living and the repetitive into something unrepeatable.'

There is certainly a connection between this line of thinking and a project like Makrolab, which constantly creates a difficulty of approach, so as to offer an initiatory path from distant spectatorship to direct collaboration. At stake is a resingularization of the dominant semiotic codes, whose capacity to structure society has become so visible with the spread of computerized networks. Still the most interesting questions seem to disappear, when all the attention comes to focus on an ontological divide between the uniqueness of being and the sterility of digitized repetition. If technological decisions shape our lifespans, don't we need to know what they are and how they are taken? According to which priorities, which orientations? How can a critical distance or disjunction be achieved, without losing the immanence of lived experience? Isn't it necessary to distinguish between biopower and biopolitics?

Makrolab

>>Makrolab, interior

ENTROPIC SOCIETIES

'Insulation/isolation is understood as a vehicle to achieve independence from and reflection of the actual entropic social conditions.... The thesis is that individuals in a restricted, intensive isolation can produce more evolutionary code than large social movements.'⁸ This is Makrolab's ethico-aesthetic program: it is a generative matrix, a device for producing evolutionary code. But it is impossible to grasp the specific language of this device â its crisscrossing of scientific and artistic experiments within a retro-futurist architectural vehicle â without recalling the full political and cultural complexity of the crisis of the former Yugoslav state, then the 'transition' to Western (i.e. capitalist) democracy.

What's missing from the earlier studies of Makrolab is an account of its departure points.

Marko Peljhan grew up in the Federal Republic of Slovenia in the 1980s, where he studied theater and radio. It was the heyday of the industrial rock band Laibach, then of the broader art movement known as NSK (Neue Slowenische Kunst) — a time when cultural revolt took place through what philosopher Slavoj Žižek called an 'over-identification' with the most explicit symbols of authoritarian power.⁹ In 1986, Peljhan saw the NSK theater spectacle *Baptism under Triglav*, staged by the Scipion Nasice Sisters Theater, with music by Laibach and scenography by the painting collective Irwin. For an entire generation it was an initiation to the transgressive powers of art — but also to its utopian potential: 'The Scipion Nasice Sisters Theater regards the utopian instinct as an innate, but not acquired, value which exists in man in the form of a desire for a unity with the Cosmic, Aesthetic and Moral elements. That is why the creation of the Style of the Scipion Nasice Sisters Theater cannot originate in the Actor, Space or Staging, but only in Culture and Civilization, renewed and recurrently traumatized...' ¹⁰ The paradox of Slovene art in the 1980s was to express its utopia through a merciless —retro-production— of the historical traumas of civilization.

The cultural ferment of the time included an explosion of social movements: punks, pacifists, feminists, homosexuals, ecologists, joined after 1986 by the official youth organization, with its dissident newspaper *Mladina*. Soon came the 'Slovene Spring' of 1988. Democratic elections, followed by national independence in 1991, ushered an entire society to the other side of the authoritarian curtain — and into the dissolving embrace of postmodern capitalism.

Makrolab

>>Zero Gravity

The exit from communism would be marked by a double imaginary, of boundless space and the capsule. How to move from a relatively closed, tightly-knit provincial society — bound together in resistance against the central government — to the wide-open, dizzyingly expansive environment of globalization? In 1992, in a video accompanying the release of the album *Kapital*, the musicians of Laibach appear in the guise of cosmonauts, inside a rocket ship decorated with Suprematist crosses.¹¹ The year before, the members of Irwin had invented the NSK *State in Time*, and inaugurated the series of NSK Embassies in Moscow. In the absence of the totalitarian foil that had given meaning to the transgressive gestures of over-identification, they attempted to establish their own limits as a social entity, tracing borders that were no longer spatial but temporal: 'In Moscow this model of a voyage — as transposition of the entire group — was tested for the first time, and it confirmed our assumption that with such projects an autonomous NSK territory can be defined; a territory capable of moving, not confined by geographical, national and cultural borders; a territory realizing its own notional space.'¹² But it was Dragan Zivadinov, the director of *Cosmokinetic Cabinet Noordung* (successor to the Scipion Nasice Theater) who went the furthest with the imaginary of the capsule, orchestrating in 1995 the first in a series of complex performances, carried out in a sculptural stage-set resembling a space vehicle. All this clearly resonates with the imaginary of Peljhan's work — and indeed, Peljhan would later collaborate with Zivadinov on the first-ever zero gravity theatrical performance, held in 1999 in an Ilyushin jet used by the Russians for cosmonaut training.¹³ Yet a fundamental difference separates him from the generation of the 1980s, a difference involving the very conception of artistic practice, and of its role in society.

In an interview with Eda Cufer in 1999, Peljhan appealed at once to utopia and to the exercise of technologically assisted vision. Yet both of these were at a standstill: 'My declarative position in creative work, the "isolation of isolation" strategy, or two-fold isolation, is a very utopian position, and every time I present it I find it has no interlocutors.'¹⁴ The absence of interlocutor also affected what

he calls the 'satellite perspective,' which for the first time allows individuals to see everything, to become 'chroniclers of the entire global system.' 'It seems to me that we live in a time when reflection is not only desirable but necessary,' he remarked in the interview; 'however, what is happening at the same time is that the interlocutor, the recipient, no longer exists. The entire theoretical apparatus is practically shut down, frozen â in Slovenia and elsewhere.' Peljhan attributes this freeze of thinking to the overwhelming energy of the capitalist economy, victorious on a planetary scale. It was urgent to pursue the utopia of social evolution, while reactivating the theoretical apparatus by the creation of a vision machine. But that meant abandoning a purely theatrical approach: 'There was one defining moment when I decided that this is not going to be a stage. This is going to be something different. It's not going to be a performance. It's going to be real.' ¹⁵

Being real means obtaining funding, logistical support and cultural prestige for an expensive sci-art project that originates from a small Eastern country and operates on the fringes of the globalized exhibition system, drawing on the autonomous energies of the hacker ethic and the tactical media crowd to conduct 'civilian counter-reconnaissance' with high-tech equipment. ¹⁶ This unusual position has led the Makrolab team towards a disarming critical pragmatism in negotiations with a wide range of partners, from the Documenta and the Venice Biennial to a British foundation (Arts Catalyst), a Slovene mobile phone company (Mobitel UMTS), or the Russian aerospace bureaucracy of Star City. Self-institutionalization under an ambiguous postnational identity becomes a way to slip through the cracks of the world-spanning technological systems. The contrast could hardly be greater with the transition strategy of NSK's Irwin group, culminating in the recent East Art Map. This vast and brilliant project aims to integrate little-known practices from the former Soviet bloc into expanded history of contemporary art â a history as yet unwritten, but henceforth plotted out as a network of names, dates and places, establishing a territory that can be slowly invested by complex institutional and historiographic processes of comparison, evaluation, legitimation. If the NSK project succeeds, the 'notional space' documented by the map will slowly be reterritorialized, inscribed within a supporting framework of museums, galleries, critical discourses, publications and collections. ¹⁷ By contrast, Makrolab gathers its historical references and unrealized utopias into a semi-autonomous material structure that seeks to ride the deterritorializing wave of post-Cold War expansionism towards far-flung listening posts such as Rottneest Island, Australia (where the laboratory was installed in the year 2000), and ultimately, to the transnational space of Antarctica, where the conditions of insulation/isolation could be pushed to their limit. The vanguard ambition of 'overcoming art' here combines with the 'radical media pragmatism' of libertarian net-culture in the late 1990s, with its acute awareness of 'infowar' and its confrontational approach to all the established circuits of distribution. ¹⁸

From the start, Peljhan seems to have relished these contradictions. To close his first series of performances at the Galerija Moderna in Ljubljana in 1993, amidst the turmoil and uncertainty of the transition to capitalism, he called for a public debate between artists and businessmen. Among the latter was the art patron Andrej Drapal, the producer of Peljhan's own series and an associate of the Slovene public-relations firm Pristop, which had already begun to exert a decisive influence on the development of culture and communication in the newly independent country. Two words were written on a reflecting glass pane hung behind the invited guests: Power/Religion (PR). Peljhan arrived in the room, opened a suitcase installed on a pedestal, took out a hammer and violently shattered the mirror, then sat down among the public to let the debate unfold between equals.

Makrolab
>>Makrolab at Rottneest, 2000

HORIZONS

Makrolab is a sophisticated attempt to pass through all the ideological screens that configure the religion of power. In this respect once again it is a Khlebnikovian utopia, asserting the rights of the 'inventor-explorers' against the more assured claims of the 'investor-exploiters'.¹⁹ The utopia is encoded through the abstract materiality of faktura, which in this case means: conceptual art, flexible architecture, hi-tech engineering, computerized communication systems. But the project is also oriented by a reflection on the modulation of time, conceived as a control procedure: 'We are constantly defined by time, timetables, dates, our lives are planned, the time stamp of our computer messages, our electronic identifications place us in the abstract and immaterial space of the networks.... Space has in the first world lost its place in consciousness over time and with this loss, a loss of orientation senses occurred too. A loss that has never occurred to the centers of power.'²⁰ Discovering how life-decisions are made at the scale of globalization means locating the men and machines who control the human flow â a pragmatic response to Groys' concern with 'time artificially produced and fashioned.' Even while shrinking the intimate space of groups of researchers living in microcommunity, Makrolab enlarges its cartographic explorations to all the sites and frequencies of power. In this way, it participates in the groundswell of geographic activism that has attempted to track the expansion of transnational capitalism.²¹ Biopolitics â the consciously cooperative creation of life's artificial frameworks â defines itself in resistance to the coercive biopower that is exercised on human time.²²

Considerable stakes underlie this kind of project, though they are rarely formulated in any explicit way. No one can work on the recurrently traumatic structure of technological civilization without realizing how deeply its military origins reach into the fabric of our daily lives. Indeed, the American military expansionism of the Second Cold War (1980-89) is what sparked the globalization process, culminating in the events of September 11 and the invasions of Afghanistan and Iraq. At the very outset of the eighties, Deleuze and Guattari conceived the heteronomous model of the 'nomadic war machine' as a way to dissolve the military hierarchies of contemporary civilization. This is what Peljhan more pragmatically calls the conversion to civil technologies. But to understand how this could even be attempted, is it really enough to say that art becomes life, and artwork becomes documentation?

The language of Makrolab suggests something else: a generative matrix, close to the models of social evolution developed in Guattari's complexity theory.²³ Guattari tried to understand how people can displace their embodied routines, their existential territories, by transiting through a machinic assemblage capable of producing collective enunciations. Makrolab achieves this by bringing the deterritorializing force of scientific formulas and artistic images into play on the experiential level, the level of temporary habitation. What results for the participants is not a simple 'decoding' of encrypted contents. Rather, within a device that itself encapsulates certain aspects of the Slovene artistic experience, fragmented images from a wider variety of vanguard projects can knit together into complex sensorial refrains, interrupting the normalized modulation of time imposed by the commercial and military cultures of transnational capitalism, and loosening up subjectivity for original work with the most challenging scientific and symbolic material, at variance with the dominant patterns. Each of participants then adds something to the device, to its pool of references, tools, algorithms and images â to its horizon of evolutionary code.

The end-products of the 'dataesthetic' can therefore be interpreted somewhat differently, outside the gap between raw documentation and the ineffable immanence of lived experience. For the vital activity of the researcher does not just produce data in the etymological sense, mere 'givens' excerpted from the dominant flux. Instead these maps, images, films, diaries, programs, soundscapes, texts and streaming signals are artistic and scientific gifts â offered to other sites, other devices, other possible futures.

FOOTNOTES

¹ Eda Cufer, 'An Interview with Marko Peljhan,' in *Geopolitics and Art* (Ljubljana: SCCA, 1999); online under a different name (and without the paragraph quoted here) at <http://www.manifesta.org/manifesta3/newsletter7.htm>

² Félix Guattari, *Chaosmosis: An ethico-aesthetic paradigm* (Bloomington: Indiana University Press, 1995)

³ The poem is included in *Collected Works of Velimir Khlebnikov*, vol. III: *Selected Poems*, tr. Paul Schmidt (Boston: Harvard University Press, 1997), under the title 'Lightland'

⁴ Marko Peljhan, 'Krk,' in *Makrolab* (*The Arts Catalyst/Projekt Atol*, 2003); online at <http://makrolab.ljudmila.org/vision/krk>

⁵ Johannes Birringer, 'Makrolab: A Heterotopia,' in *Performing Arts Journal* n° 60 (1998); online at <http://makrolab.ljudmila.org/birringer.html>

⁶ Kodwo Eshun, 'Makrolab's Twin Imperatives and their Children Too,' in *Makrolab*, op. cit.

⁷ Boris Groys, 'Art in the Age of Biopolitics: From Artwork to Art Documentation,' in *Documenta 11*, cat. (Ostfildern: Cantz, 2002); online at www.ranadasgupta.com/notes.asp?note_id=34

⁸ Marko Peljhan, 'Isolation/ Insulation Proceedings,' lecture at *Documenta X*, online at <http://makrolab.ljudmila.org/peljhan1.html>

⁹ On the theme of over-identification, see Laibach, '10 Items of the Covenant,' online at <http://www.ljudmila.org/embassy/3a/10.htm>; Slavoj Žižek, 'The Enlightenment in Laibach,' in Inke Arns, ed., *Irwin: Retroprincip*, 1983-2003 (Berlin: Künstlerhaus Bethanien et. al., 2003); and the film by Michael Benson, *Predictions of Fire* (1996).

¹⁰ Scipion Nasice Sisters Theater, 'The Founding Act' (1983), online at <http://www.ljudmila.org/embassy/4a/2.htm>

¹¹ Laibach, 'Wirtschaft ist Tod' (1992), in the DVD *Laibach - The Videos* (Caroline Distribution: 2004).

¹² Remarks by Miran Mahar, from 'The Symptom of the Vehicle,' interview with Irwin by Eda Cufer, in *Irwin: Retroprincip*, op. cit.

¹³ For an account see Michael Benson, 'Noordung Zero Gravity Biomechanical Theater' (1999), online at www.nskstate.com/noordung/noordung-benson.php

¹⁴ Eda Cufer, 'An Interview with Marko Peljhan,' op. cit.

¹⁵ Remarks by Marko Peljhan, quoted in Kodwo Eshun, 'Makrolab's Twin Imperatives and their Children Too,' in *Makrolab*, op. cit.

¹⁶ For an example of 'civilian counter-reconnaissance,' see <http://www.s-77ccr.org>

¹⁷ See *New Moment #20*, Ljubljana, 2002, special issue, 'East Art Map'; introductory text online at <http://www.nskstate.com/irwin/works-projects/eastartmap.php>

¹⁸ See Geert Lovink, 'Radical Media Pragmatism,' in *Infowar* (Linz: Ars Electronica, 1998); online at http://www.aec.at/en/archives/festival_archive/festival_catalogs/festival_artikel.asp?iProjectID=8436

¹⁹ These terms are from Marko Peljhan, 'Insulation/Isolation Proceedings,' op. cit.

²⁰ Marko Peljhan, *ibid.* For a study of control as the temporal modulation of attention, see Maurizio Lazzarato, *Les révolutions du capitalisme* (Paris: Les empêcheurs de penser en rond, 2004)

²¹ For considerations on the role of mapping in the critique of capitalist globalization, see my text

'Flowmaps: The Imaginaries of Global Integration,' online at <https://pzwart.wdka.hro.nl/mdr/pubsfolder/bhflowmaps>. Other references can be found at <http://www.u-tangente.org>

²² See Maurizio Lazarrato, 'Du biopouvoir Ã la biopolitique,' in *Multitudes* 1, Paris, March 2000, online at http://multitudes.samizdat.net/article.php3?id_article=207. An English translation is available at <http://www.generation-online.org/c/fcbiopolitics.htm>

²³ See Chaosmosis, op. cit., and *Cartographies schizoanalytiques* (Paris: GalilÃ©e, 1989).Ã For an introduction to the way that complexity theory is deployed in *A Thousand Plateaus*, see Mark Bonta and John Protevi, *Deleuze and Geophilosophy* (Edinburg University Press, 2004)

Brian Holmes <brian.holmes.wanadoo.fr> is an art critic, activist, cultural theorist and author of the book *Hieroglyphs of the Future: Art and Politics in a Networked Era*

1973 Redux?

ByLoren Goldner

Continuity and Discontinuity in the Decline of Dollar-Centered World Accumulation

'Today, capitalist paper expands and social reproduction contracts.' In a single pithy line, Loren Goldner sums up the nature and form of capitalism's current crisis. The following article assesses the geo-economic state of play and offers an analysis of capital's ills which goes beyond the widespread assumption that (economic) value creation is pervasive (and equally distributed) in a supposedly 'post-fordist' system. If labour at the point of production – or reproduction, for that matter – is only part of the story, the 'neo-liberal' financial apparatus plays a decisive role in structuring exploitation around the needs of the world's largest debtor, the USA. Here, Goldner opens up an urgent enquiry into the impact of finance capital on geopolitics and class struggle and considers how the

US's apparently faltering 'dollar hegemony' could affect its 'global leveraged buyout' of the last 30 years. Is this an opportunity for enemies of capitalism, as well as the US's economic rivals?

Before entering into the class dynamic of the current world economic situation, let us consider the manifestations of crisis on the visible surface, which are real enough.

The world is still in the early phase of an inflationary blow-out centered on the indebted 'U.S. consumer' as the 'locomotive' of the world economy.

Every indicator in the world economy today points to a reflation-driven boom that can ultimately be traced back to credit expansion in the U.S., generalised to the world by the unbelievable levels of U.S. balance-of-payments deficits. When this world-wide Ponzi scheme unravels, the Asian export giants (Japan, Korea, China) will go into the tank with the U.S., as will the Third World raw materials producers (e.g. Latin America) currently enjoying a boom from exports to Asia, above all China.

The parallels with the the early 1970's, just prior to the 1973–1979 inflationary surge, are uncanny:

- the U.S. bogged down in a losing, unpopular war (Vietnam then, Iraq now)
- a scandal-ridden, foundering Republican administration (Nixon then, Bush now)
- all commodity prices headed skyward, led by gold and oil
- a lingering 'boom' mentality in the U.S. mainstream (the Dow Jones Industrial Average finally regaining the peak levels of early 2000, just before the dot.com crash; in fact, the U.S. stock market has gone exactly nowhere for six years, and has gone backward when inflation is factored in.)
- unbelievable run-up of consumer (and all kinds of) debt in the U.S.
- a faltering dollar and growing uneasiness of the U.S.'s international creditors, who have made the above run-up of debt possible.

These parallels are not mere empirical coincidence, but point to an 'invariant' in world accumulation since the late 1950's when the worldwide 'dollar standard' first began to erode. By definition, every U.S. 'expansion' since 1958 has brought about a decline in America's international position, and has only been possible through such a decline. (This is what Michael Hudson, in his excellent book *Super-Imperialism*, calls 'managing empire through bankruptcy'.)

A brief look at basic economic realities shows this erosion has continued unabated. As of the end of 2005, there was \$33 trillion in outstanding debt (Federal, state, local, corporate, personal) in the U.S. economy, three times GDP. (No one knows how much is tied up in the international hedge funds and derivatives, and the estimated \$7-8 trillion in Federal debt does not include trillions more in commitments for Social Security and Medicare.) The state (including Federal, state and local levels) consumes 40% of GDP. The net U.S. debt abroad is between \$3 and \$4 trillion (at least \$11 trillion held by foreigners minus \$8 trillion in U.S. assets abroad) i.e. it is comparable (at 30% of GDP) to the situation of crisis-ridden Third World countries. That amount is growing by \$800 billion a year at current rates. Ominously, in late 2005, foreign income from investment in the U.S. exceeded U.S. income from overseas investment (the one remaining strong pillar of the U.S. international position)

for the first time. Foreigners hold an increasing percentage of U.S. government debt; the four major Asian central banks (Japan, China, South Korea, Taiwan) alone hold nearly \$2 trillion. It is the Federal government's debt, and hence these foreign loans, which make possible the reflationary actions of the Federal Reserve Bank. Since the early 1980's, a kind of 'financial arbitrage capitalism', in which investment is increasingly focused on different possible financial instruments instead of production, has been put in place. Thus the old conceptualisation of the role of the banking system and the Fed's (apparent) ability to expand and contract credit availability through it, is superseded; increasing amounts of 'virtual' credit are created by 'securitised finance' independent of banks. One must also consider the government-linked entities (Freddie Mac, Fannie Mae)[1], which backed the reflation of mortgages of the past 4 years, leading to an incredible housing bubble. This entire edifice has depended on

- 1) low inflation in the U.S., as higher inflation would scare off foreign lenders;
- 2) the willingness of U.S. 'consumers' to go more and more heavily into debt (with debt service now taking 14% of incomes, as opposed to 11% a few years ago)
- 3) the willingness and ability and above all the need of foreigners to go on re-lending U.S. balance-of-payments deficits back to the U.S., allowing increasingly indebted U.S. 'consumers' to be the 'locomotive' of the world economy.

Constantly relending money to an ever-more indebted borrower to delay the latter's bankruptcy is the very definition of a 'Ponzi scheme' [2], and that is what world accumulation has come to.

There are of course important discontinuities with the early 1970's.

The U.S. strategy of a 'global leveraged buyout' of previously protected or semi-protected regions (the ex-Soviet bloc, China, India, East Asia, Europe) is much more advanced, bringing more than two billion people into a global work force far less sheltered behind previous national barriers to looting. This reality is having a major downward pull on wages, as outsourcing from the U.S. and Europe to these new zones (China, India, Eastern Europe) accelerates.

The early 1970's was the final phase of the last worldwide working-class upsurge, against which the entire post-1973 period must be understood as a conscious counter-offensive. It took the worldwide working-class movement nearly three decades to learn how to struggle offensively on the new terrain of neo-liberalism, and the new wave of struggles can be dated from the 1997 UPS strike in the U.S. and the Seattle anti-globalisation riot of 1999, against which Sept. 11 marked a major turning point in capitalist, above all American, counter-strategy. More recently, this new recomposition of the working class can be seen in a palpable strike wave in western Europe or, most recently, the May 1 mobilisation of the Latino working class in the U.S. over immigrant rights.

It is true that Chinese exports are exerting a deflationary drag globally, which is different from the 1970's. But wages are rapidly rising in Shenzhen and in Guandong province to attract workers, and Bangladesh has now edged out China as the low-wage champion of the Third World. Further, the relentless boom in China is pulling up all commodity prices by its seemingly bottomless demand for raw materials, now spreading the boom to Latin America, and to African oil producers.

Last but not least, one must not forget geopolitical dislocation, led by the brewing Iran crisis, one of several dimensions that takes the preceding out of purely economic considerations.

One plausible counter-scenario to the preceding is that the downward turn of the U.S. housing market, now underway, plunges the U.S. (and, by a fall-off of U.S. demand, the world) into a deflationary crash faster than otherwise anticipated. In my opinion, the Federal Reserve Bank will not allow this to happen without first pulling out all stops on reflation with the famous 'helicopter money' theorised by its new chairman, Benjamin Bernanke. True, the Fed is hardly omnipotent and there would be a huge run out of the dollar, forcing a rapid rise in U.S. interest rates, which would in turn further act to kill off the housing bubble. For the moment, all the capitalists can do is continue expanding the debt pyramid, and intensify their attacks on the working class.

What is a 'global leveraged buyout'? Accumulation is threatened because the totality of capitalist paper claims to wealth (profit, interest and ground rent), starting with the \$3-4 trillion 'nomad dollars' held outside the U.S., exceed the surplus value available for their valorisation. This excess of fictitious claims is, as sketched above, the result of decades of debt pyramiding aimed at delaying a deflationary crisis, and can be maintained only by reducing the global wage and through 'primitive accumulation' (non-reproduction or non-exchange) from incorporating petty producers from Third World agriculture into the global working class, the running down of capital plant and infrastructure, and the looting of nature.[3] It is quite different from earlier, 'normal' capitalist expansions in which these claims grow alongside the expanded reproduction of society. Today, capitalist paper expands and social reproduction contracts.

Global leveraged buyout has meant, since 1973, opening national or regional zones of assets to the U.S.-centered credit bubble, much in the same way that Germany's military expansion after 1938 aimed at propping up the 1933-1938 credit pyramid created by Hjalmar Schacht's 'Mefo bill' (Mefowechsel, issued by the Metallforschungsgesellschaft which financed German rearmament). In the 1997-98 Asian financial crisis, for example, American capital, through the International Monetary Fund (IMF) opened relatively closed Asian economies such as Korea to 'vulture capitalist' buyouts of greatly discounted real assets which were later restructured and resold at a significant profit. The opening of the ex-Soviet bloc, China and India presents the global leveraged buyout with tremendous possibilities of exploiting highly-educated, cheap labour power and natural resources which might keep this process going for years. Behind these empirical manifestations we see the classic cycle of valorisation- devalorisation- revalorisation described in vol.III of Marx's Capital.[4]

Two major powers, the European Union and China, represent obstacles to America's strategy of global leveraged buyout. Both are vulnerable to America's current dominance of world petroleum resources, and are increasingly challenging the U.S. in the worldwide race to control them, from disagreements over Iran to the competition for new oil sources in Africa.

Europe is far from being able to challenge the U.S. Because capital is not merely an economic and social relationship but also a political and military one, history has shown that monetary and economic union without political unification is unviable, and Europe's political unification is currently dead in the water.

Consider the euro's challenge to the dollar as an international reserve currency. While Europe's net global position, both in trade and finance, has none of the problems of the foreign indebtedness of the U.S., a worldwide flight from the dollar would strongly revalue the euro and weigh heavily on Europe's international competitive position. (This already alarmed the European capitalists with the post-2002 rise of the euro to .80 to the dollar, a 40% revaluation in 18 months.) But this problem would pale next to a major Mideast crisis that threatened Europe's access to oil, to say nothing of a military confrontation (of which the Yugoslav wars were an excellent foretaste) that would reveal Europe's profound disarray in foreign and military policy.

China is in fact the real problem for U.S. world hegemony, as recent CIA reports have frankly stated. Sometimes it seems as if all U.S. foreign policy since at least the late 1970's (e.g. Afghanistan) has been aimed at controlling the periphery of Russia and China, and since the collapse of the Soviet bloc, the encirclement of China. The emergence of an East Asian capitalist bloc capable of replacing the U.S. as the world hegemon is the nightmare of American capital. China, in contrast to the European Union, is still too closed for the capitalists' satisfaction, and 'global leveraged buyout' there is still in its early stages. Asian nationalisms (China, Korea, Japan) as well as the lingering Cold War questions (Taiwan, the division of Korea) are still major obstacles to anything resembling an 'Asian Union', but the U.S. is using every means in its power to stoke these fires and prevent such a union from forming.

In the currently accelerating world reflation, Germany and Japan, the two previous 'locomotives' of Europe and East Asia respectively, recently eclipsed by the creation of the euro and the rise of China, are showing the highest 'capitalist confidence' in 15 years. But both countries are highly vulnerable to the rising international interest rates necessary to control the return of inflation, as well as to the currency revaluation mentioned previously. In early May, the European Central Bank avoided raising interest rates both to prevent such a revaluation and to avoid choking off signs of recovery, particularly in Germany.

Both countries (and particularly Japan) also show signs of the 'demographic crisis' touted in the capitalist press around the incipient pension bankruptcy. The recent capitalist hue and cry over this crisis could not be more hypocritical. Within a capitalist framework, this crisis only exists because the restructuring of the past 30 years has narrowed the 'active population' (i.e. the population capable of producing surplus value) to people between the ages of 25 and 50. France, for example, has in recent years seen the gamut of excluded or potentially excluded groups struggle against this downsizing: public employees went into the streets over pensions (May-June 2003), immigrant youth rioted over their total exclusion and criminalisation (November 2005) and most recently students struck for two months (March-April 2006) to prevent the gutting of labour protection for young people. The retired, the unemployable and the soon-to-be-exploited have all moved, while the surplus-value producing population, the group with the greatest power to resist capital, has remained largely immobile.

The 'demographic crisis' exists only because of the demands of capitalist valorisation. It expresses the fact that productive forces exist today which could enable a higher form of society to both greatly decrease socially-necessary labour and to transform the remaining necessary labour into the

...development of the rich individuality which is as all-sided in its production as in its consumption, and whose labour also therefore no longer appears as labour, but as the full development of activity itself... (Marx, *Grundrisse*)

Further, the 'demographic crisis' in Europe and Japan reflects the actual contraction of population (Japan has negative population growth in 2005, Germany has been close to zero growth) because of the greatly increased cost, in capitalist terms, of reproducing the next generation.

Finally, on a world scale, there is no 'demographic crisis' whatsoever. It is only a crisis because of the persistence of value production and of the nation-state. The crisis in the advanced capitalist sector since the early 1970's has produced an aging population-for-capital, and the same crisis in the less-developed world has produced a huge young population (as among poor peasants, where a large family is indispensable for the elderly where no pensions exist). These complementary imbalances are only two sides of the same coin, the crisis of capital's recomposition for a possible new expansion.

This brings us to the final dimension of the analysis. Why has capital, since the early 1970's, had to resort to such fictitious development and launch such (at least in the U.S.) a class war in which only one side was fighting?

The early 1970's crisis erupted, as mentioned, at the end of a period of rising working-class insurgency. Underneath all appearances, this crisis expressed the superannuation of value as a form through which society could reproduce itself. In the proletarian eruption in Europe and the U.S. from the mid-1960's (wildcat movement in the U.S. and the U.K.) to the mid-1970's (Italy, Portugal, Spain) by way of May 1968 in France, the working class (as well as other social strata) were groping toward the 'full development of activity itself' made possible and necessary by the previous development of capitalism. The capitalists, on the other hand, needed to oversee a general devalorisation of capital and of labour power such that a new expansion could begin on a profitable basis. In contrast to the first phase of capitalist history (1815-1914) this could not occur through a rapid deflation, depression and recovery. Global society was TOO productive for the value form, and hence not merely capitalist paper but actual productive forces, and above all labour power, had to be destroyed and rolled back, as had occurred in the 1914-1945 transition from British-centered to America-centered world accumulation. The emergence of the 'neo-liberal' phase of capitalism in the late 1970's was the attempt to protect the capitalist titles to profit, interest and ground rent from excessive devalorisation through the global 'Ponzi scheme' described previously, and at the same time to oversee a 'slow-motion crash landing' in the grinding down of working-class living standards globally.

As a result, the world today is poised between the U.S. and East Asian centered phases of capitalist expansion. But the latter can only triumph by a far greater, more violent shakeout than has occurred to date. And like the early years of the last shakeout (1917-1921), before the new American dominance was in place, this is creating a new opening for the 'old mole', in which the old slogan 'socialism or barbarism' will not be a romantic battle cry, but the most rigorous necessity.

EDITOR'S FOOTNOTES

[1] Fannie Mae and Freddie Mac:

'The Federal National Mortgage Association (FNMA; NYSE: FNM), commonly known as Fannie Mae, is a United States Government-sponsored corporation created in 1938 to establish a secondary market for mortgages insured by the Federal Housing Administration (FHA).

Fannie Mae buys mortgages on the secondary market, pools them and sells them as mortgage-backed securities to investors on the open market. This secondary mortgage market helps to replenish the supply of lendable money for mortgages and ensures that money continues to be available for new home purchases. ...

The Federal Home Loan Mortgage Corporation ("Freddie Mac") NYSE: FRE, a government sponsored enterprise, is a stockholder-owned, publicly-traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets backed by those mortgages in secondary markets.'

(Wikipedia)

[2] 'Ponzi schemes are a type of illegal pyramid scheme named for Charles Ponzi, who duped thousands in the 1920s. The Ponzi scheme works on the 'rob-Peter-to-pay-Paul' principle, as money from new investors is used to pay off earlier investors until the whole scheme collapses. '

(The U.S. Securities and Exchange Commission (ahem))

[3] For a fuller explanation of this process and the Marxian terms used, see Loren Goldner 'The Re-Making of the American Working Class' [<http://home.earthlink.net/%7Elrgoldner/remaking.html>] and 'Once Again On Fictitious Capital', <http://home.earthlink.net/~lrgoldner/onceagain.html>

[4] The following definition of 'valorisation' from Wikipedia may be helpful here: 'Valorisation thus specifically describes the increase in the value of capital assets through the application of living, value-forming labour in production.'

[5] A reference to Marx's famous figure of working class revolutionary activity from *The Eighteenth Brumaire of Louis Napoleon*: 'But the revolution is thoroughgoing. It is still traveling through purgatory. It does its work methodically. ... And when it has done this second half of its preliminary work, Europe will leap from its seat and exult: Well burrowed, old mole!' [A paraphrase from Shakespeare's *Hamlet*, Act 1, Scene 5: 'Well said, old mole!']

Drowning by Numbers â The Non-Reproduction of New Orleans

By Benedict Seymour

After the actual hurricane that hit New Orleans in late August 2005, came the second hurricane of neo-liberal looting. The vacuum left by the evacuation of the working class population and the storm's destruction of infrastructure produced the dream conditions for economic 'restructuring'. This disaster-catalysed primitive accumulation, argues Benedict Seymour, reveals in fast-forward the fire-fighting strategy of a US economy in chronic decline.

Originally commissioned by *Greenpepper* magazine, this text was written in February 2006

They became amphibious, and lived, as an English writer says, half on land and half on water, and withal only half on both.

âSo-Called Primitive Accumulationâ, Capital Vol. 1, p. 892 Karl Marx

1. THE USA AS âDEVELOPING SOCIETYâ

Hurricane Katrina created a great opportunity for looting. But contra to racist fantasies of post-storm rape and pillage, the real thieves were not the black underclass but the neo-liberal elite. The man-made disaster of the deluge provided the ideal excuse for New Orleans's (mostly) white ruling class to set in motion long held plans for a new New Orleans, minus the (mostly) black working class.

The looting taking place in Louisiana's 'Gulf Opportunity Zone' today represents potentially the most brazen and large scale act of gentrification yet seen in the already rampantly gentrified USA. The transfer of public assets into private ownership and the destruction of working class housing, services and social networks is a hallmark of neo-liberalism but up until now the process has rarely been as brutally, or rapidly performed â at least not on US territory. As the corporate macro-looters favoured by George Bush's 'laboratory for conservative economic policies'[1] in Iraq such as Halliburton, Blackwater and the Shaw Group suck in state money to 'clean up' after the devastation, the belatedly evacuated survivors of the deluge are decanted into temporary accommodation across the States, displaced and struggling to stay afloat.

Like the supersized disaster movie version of the 'normal' gentrification process already long under way in New Orleans, the state relief effort and planned reconstruction reveal renewal as a euphemism for 'primitive accumulation': the state-backed transfer of property into private hands as a source of fixed and variable capital, free land and devalourised labour.[2] In this case, as we will see, those being divorced from their means of production, or better, of their means of social reproduction, are not only newly proletarianised workers but the post-industrial reserve army created by decades of economic stagnation and austerity in the USA.

As in regeneration and reconstruction programmes elsewhere, the looting of New Orleans and Louisiana is not limited to the privatisation and colonisation of formerly working class areas, the theft of land and (crumbling) infrastructure. This transfer of fixed capital is always accompanied by a 'holistic' attack on the price of labour-power which works from all angles to deprive workers of their former means of subsistence, raising the real cost of living and destroying means of support, while creating new revenue opportunities for capital.

In the case of New Orleans, the hurricane is being treated as god's gift to the neo-liberal consensus, a one off opportunity to speed the whole process up by rendering the working class evacuation post-Katrina permanent. Turbo-charged by the state relief effort, the gradual process of gentrification which had already emptied the centre of tourist New Orleans of its black population is poised to claim the rest of the city.[3]

The black majority of New Orleans are effectively prohibited from returning to rebuild their homes and their lives by a combination of economic dissuasion, logistical failure and technical/legal impediments imposed by federal and local government. The legal obstacles range from petty but effective restrictions (for instance, to vote in the forthcoming New Orleans primary which will decide the future shape of the city you need official ID - if you lost your ID in the storm, too bad), to surprising technical omissions (no satellite voting facilities are being prepared for the displaced citizens of Nola, though these were provided for expat Iraqis across the USA during the elections in Iraq!)[4] As one academic commentator remarked, the devastated New Orleans is now akin to a 'developing society' and as such a fit case for Jimmy Carter and his team.[5]

But it is the State's failure to provide temporary accommodation in the city so that New Orleans's displaced population of former renters and (large minority of black) home owners can return - whether employed or unemployed - which plays the biggest part in turning evacuation into permanent eviction. The 25,000 trailers promised by FEMA have failed to materialise while the nimby middle class bridle at the suggestion their neighbourhoods should become trailer parks.[6] Furthermore, Mayor Ray Nagin's commission for reconstruction has called for a 4-month moratorium on rebuilding in devastated working class neighbourhoods like the lower Ninth Ward and New Orleans East.[7] The message is clear: If you can't rebuild, why return?

True to form for contemporary urban renewal projects, which like to combine coercion with a façade of 'direct democracy', the attempted theft of New Orleans is being presented as a consultation process. The city commission's scheme, drafted by a Republican real estate development tycoon(!) Joseph Canizaro, solicits residents to offer a 'viable' plan for reconstruction. Given the disarray and dislocation of former residents it is hard to imagine how a 'people's plan' is enabled by this pseudo-participatory framework, even if the residents were allowed back in the city. The rhetoric of choice combined with the shotgun timetable ('4 months to decide!' trumpeted the *Times-Picayune* newspaper's headline), as in regeneration schemes, elsewhere renders the consultation a sham.[8] If big business alone is allowed to rebuild, and if a 'viable' plan means a plan agreeable to big developers like Canizaro, working class former residents have even less likelihood of returning to the city.

2. SINKING WAGES AND THE SECOND HURRICANE

As in other gentrification zones, the restructuring of the wage going on post-Katrina is as important as the looting of potentially revenue-generating land and the commercialisation of formerly domestic, public or community spaces.[9]

The instant labour shortage created by the forced diaspora from New Orleans might have been expected to push up wages for those involved in the reconstruction programme. In fact, the state and employers eagerly exploited the situation to *cheapen* labour-power while making sure the black working class were obstructed from returning and benefiting to some degree by the demand for workers. To be precise, the storm was used to create a new collective worker in the region – a new working class minus the minimal advantages enjoyed by the city’s former inhabitants. Post-Katrina, Bush immediately suspended the Davis-Bacon act requiring employers to pay prevailing local wages and waived the requirement for contractors to provide employment eligibility forms completed by their workers (a deterrent to the employment of ‘illegal’ labour) as well as halting affirmative action programmes in the region.

Although these measures were later restored, employers correctly read this as a signal to drop wages and basic labour rights to tap into available supplies of immigrant labour. Latino workers poured into Louisiana in response to ads for jobs in Houston and other south western cities to be greeted by a familiar cocktail of racism and hyper-exploitation. Sleeping under bridges, in abandoned cars, paying a fortune to camp in tents in the city park or sharing overcrowded rooms, they work long hours for weeks at a time and are rewarded with \$10 an hour – wages which, too often, are never even paid.[11] As Gary Younge observed, this is simply slave labour in its contemporary form, a return to the institution on which old New Orleans was founded.

As well as universally lowering wage rates in the regressive new New Orleans, the influx of immigrant labour – largely unaware that tens of thousands of blue-collar evacuees who would relish these jobs are unable to return for lack of family housing and federal support[12] – serves as yet another disincentive to the residents of old New Orleans to return. Pricing the black population out, state representatives like Ray Nagin and the neo-liberal media have been as quick to promote ‘artificially inflamed’ racism and inter-class competition as they have been slow to provide housing and aid.

Using immigrant labour to begin the clean up effort was not only cheaper for the individual capitalists concerned. The deployment of Latino workers, inadequately trained and unprotected by the frail privileges of citizenship, contributes to the overall recomposition and devalorisation of labour-power in New Orleans. Low wages for immigrants also means a further devalorisation of the labour-power of New Orleans’s displaced residents. In turn their presence in the cities such as Houston to which they have been ‘decanted’ serves as a downward pressure on wages there. Swapping populations around to effect an overall cheapening – or destruction – of labour-power, this is another example of disaster-catalysed primitive accumulation. Hyper-visible in New Orleans, but an endemic part of globalisation, the US already gets much of its labour-power for free through similar spatial prestidigitations. The cost of reproducing the labour power of immigrant workers, many of them recently proletarianised having come from regions not yet fully integrated into capitalist production, is borne by their societies of origin, not the US. Their low-to-no-wage status in New Orleans means absolute surplus value for their employers through non-reproduction of the most immediate kind, but this basic looting is always going on whether individual employers realise it or not.[13] Once again, we should see the looting of New Orleans as exemplary of capital’s current *modus operandi*, not exceptional. As has been remarked before, the exception is the (neo-liberal form of) rule.

The flipside of all this gutting of variable capital — that is, the lowering of the price of labour-power below reproductive levels — is the gifting of the business elite with a reduced bill for the rapidly diminishing consumption fund of the region's working class.[14] Bush's offer to pick up the tab for almost all of the 200 billion dollars of flood damage was not predicated on higher taxes on the rich. On the contrary, this steroidal version of Keynesian deficit spending would be combined, as Mike Davis puts it, with "a dream-list of long-sought-after conservative social reforms" targeting the poor: "school and housing vouchers" which effectively transfer the cost of services onto those they used to support; "a central role for churches" — turning relief into an opportunity for moralising absolute surplus value extraction; "an urban homestead lottery" — making it harder for most people to find housing while creating a few new members of Bush's "ownership society"; and finally "extensive tax breaks to businesses, the creation of a Gulf Opportunity Zone, and the suspension of annoying government regulations" which include suspending prevailing wages in construction and environmental regulations on offshore drilling).[15]

The state of emergency licenses any amount of deregulation. The apparatus which at least offered some protection to workers while limiting corporate rapine within "average" levels of depredation, was hurriedly dismantled in the aftermath of the storm. What was once upon a time accomplished in the name of a national myth of rebirth, the general mobilisation and devaluation of the working class imposed in the guise of fascist palingenesis (or Rooseveltian New Deal) in the '30s, can now only be catalysed by artificially aggravated disaster. Furthermore, where in the past devalorisation was combined with a rising standard of living, a shorter work day, new infrastructure and new institutions for the reproduction of labour-power (housing, hospitals, schools), here the panic depreciation of labour-power coincides with the non-replacement of the means of social reproduction:

Public-housing and Section 8 residents recently protested that the agencies in charge of these housing complexes [including HUD] are using allegations of storm damage to these complexes as a pretext for expelling working-class African-Americans, in a very blatant attempt to co-opt our homes and sell them to developers to build high-priced housing. [16]

Rather than rebuilding New Orleans and reproducing these state owned assets for their erstwhile beneficiaries, the drive to cheapen labour-power dictates the conversion of sites of reproduction into sites of revenue accumulation. This applies also in the private sector: Landlords, reacting to reports of soaring land values in dry areas, have begun evicting tenants en masse and renting properties out at higher rates.[17] Working class tenants still in their homes — or yet to return to them! — are being "flash gentrified" out to make way for non-productive workers who offer a better rate of return for landlords. Whereas US capital formerly squeezed surplus value out of industrial workers in the process of production, now it squeezes the unemployed and/or shit-workers out of their homes to free up more property for (ultimately unproductive, fictitious) capitalisation.[18] As workers and their homes are devalorised, wages forced below the level necessary to secure means of subsistence, capital takes its ill-gotten spoils and turns them into collateral. The neoliberal vision for New Orleans is not the replacement of public housing and other resources but the transfer of land and property into the hands of developers and big business, a shift from the reproduction of labour-power to its displacement to make way for speculation and unproductive consumption: casinos, jazz theme parks, and elite Truman Show-style pseudo-communities.[19]

The whole State "relief" programme functions as a second hurricane (for similar reasons the reconstruction in Indonesia is now known as "the second tsunami") sweeping away the remains of the welfare system, and looting infrastructure to prop up big business.[20] True to the principles of the Washington Consensus in ensuring that all aid functions as means of command and a source of increased (debt leveraged) revenue, the US is imposing unprecedented demands for loan repayment upon local governments in affected states. How will local government meet this demand? No doubt

through lower wages, further cuts in services and benefits (Bush's legislation proposes aid that would benefit less than one-quarter of those made jobless by Katrina), and a continuation of the mass redundancies with which the state rewarded many of its own employees in the wake of the deluge.[21]

3. ATAVISTIC ACCUMULATION

It is then no exaggeration to describe the devastation and subsequent looting of New Orleans as an example of primitive accumulation. Capital's total wage bill is reduced through looting of the non-capitalist periphery, looting of un-reproduced but over-valued infrastructure, and looting of nature the non-replacement of natural resources evidenced by the erosion of the bayous and, since the introduction of the Gulf Opportunity Zone, intensified by the lifting of government environmental regulations. On top of this, we have the fundamental reduction of the wage of the disaggregated and dispersed ex-residents of the city, plus the raft of cuts in services and benefits for those who remain or return.

This primitive accumulation is the bitter culmination of US capital's long term strategy of devalorisation analysed by Loren Goldner in his essay 'The Remaking of the American Working Class'. By the start of the 20th century the very development of the productive forces had pushed capital toward crisis:

the productive forces have reached a level where any technological innovation produces more (fictive) capitalist titles to the total surplus value than it adds to that surplus value. The capital relationship can no longer maintain itself; it must therefore destroy an important portion of labor power, or labor power must destroy it.[22]

Rather than enabling the valorisation of capital, technological development actually undermines the value of its own previously produced commodities and thus converts the value represented in commodities, money and credit already circulating into 'fictive' titles to value. Capital is, at its core, profoundly deflationary. To put it another way, as the development of technology itself accelerates the devalorisation of existing technology, the retroactive process of 'techno-depreciation', in which more efficient technologies render their precursors obsolete, effectively destroys their value as commodities, putting capital accumulation into crisis through its very own productivity.

Marx's formula whereby constant capital tendentially increases at the expense of variable capital i.e. value produced by labour embodied in technology increasingly predominates over value-producing labour not only drives the global expansion of capital but also sees a recomposition of production (the 'real subsumption' of labour under capital, as Marx calls it). In the last 100 years, the tendency of its own productivity to undermine capital's ability to valorise itself has been offset by driving down the cost of labour, extending and intensifying the process of production, and looting outside the wage relation proper. For the most developed capitalist nations, this meant a shift from absolute surplus value extraction, the extension of the working day, and primitive accumulation in the colonies, to Fordist and Taylorist intensification of production ('relative surplus value extraction') in the capitalist core. Through the cheapening of the means of subsistence afforded by mass production (i.e., cheaper food and clothing, domestic technologies, mass culture, etc etc)

But the (relative, deceptive, and far from universal) rise in workers' standard of living and real wages, as Marx pointed out, comes on the eve of crisis. Since the mid-60s, with US industry devalued by its more productive competitors in Europe and Japan, the US strategy has involved a shift from the Fordist/Taylorist intensive recomposition of labour-power to the dismantling of industrial production altogether. This reconfiguration then destruction of productive industry cannot be understood apart from its relationship to the sphere of circulation, however. The US continues to exploit its hegemonic position as the holder of the world's reserve currency, the dollar, to counterbalance its decline as a

âreal economyâ through its ability to dictate global terms of trade. The domestic stagnation then demise of value-extraction through productive industry (viz the decades-long decline of the US auto industry, aerospace, metal working, textiles, mining, agriculture, etc) is offset by a global programme of primitive accumulation through the dollar, through the system of international loans, and the imposition of free trade and privatisation on defaulting nations by means of Structural Adjustment Programmes, of which the current neoliberal attack on New Orleans is a spectacular, disaster movie variation.

Having extended and speeded up the working day in the â70s, shut down factories and welfare programmes in the â80s, and expanded the unproductive tertiary sector in the â90s, today the US is chopping away the residues of the mechanisms by which it recomposed the total worker, lowering the total wage by destroying means of production, reproduction, and workers themselves. After devalorisation, that is the destruction or ânon-reproduction of labour powerâ through (Fordist) recomposition, today we have the final stages of devalorisation through its Post-Fordist decomposition. After the âreal subsumptionâ of the worker under capital, we have surreal subsumption: the return of absolute surplus value extraction in formerly relative surplus value centred economies. Coupled with intensified labour, multiplied by primitive accumulation, capital now attempts the destruction of already reduced standards of living and expectations on the part of already ravaged communities of workers.

Thus, while it is true that what is happening in Louisiana is primitive accumulation on a grand scale, it is not the beginning of productive accumulation but its end â if not for the global economy, then at least for the USAâs. If the enclosures of the 16th century saw the transformation of peasants into âfree and rightless proletariansâ, the ânew enclosuresâ of the last thirty years (to use Midnight Notesâ term) have converted large sections of the proletariat into surplus humanity. A post-industrial reserve army of precarious labour that shows little chance of coming back into active service, or rather has only the bottom end of the service sector â a range of opportunities from Mcjobs and neo-slavery to incarceration â to be marched into. Turning its population into âinsurgentsâ, as the refugees of Katrina were at one point dubbed, the state re-produces its citizens as foreigners, as its enemy, in order to de-compose their political strength and destroy their economic value.

Unlike the enclosures at the origin of capitalism which, though brutal, imposed the conditions for surplus value extraction on an expanding scale and created a new form of socialised labour (albeit in inverted and distorted form), the current period of enclosures of which New Orleans is exemplary, represent the looting of land and of labour-power for the reproduction on an expanding scale not of value but of fictitious capital â paper claims on value. Like the originary enclosures, the current cycle creates the conditions for absolute surplus value extraction, but within the context of spiralling debt and an ocean of fictitious values. The reconstruction of New Orleans as a city of luxury housing, casinos, and consumerism is hardly the creation of a new productive dynamo. Today we have primitive accumulation to make good the absence of production rather than as its foundation. In capitalâs own terms this is problematic and ultimately unsustainable.

Looting, that is, the many forms of non-reproductive accumulation going on in contemporary capitalism, reproduces looting on an expanded scale. The non-reproduction of constant and variable capital creates surplus value but also non-reproduction on an expanded scale â the âplanet of slumsâ described by Mike Davis. Up to the point where a crisis of illiquidity (or working class insurrection) arrests the global movement and expansion of fictitious capital, the US â and its creditors â are obliged to continue the game, continue the enclosures, even though the cost in permanent war, destruction and non-development of use-values is ever growing.[23]

The US's failure to reproduce its working class, its industries and its cities may be ignored by those who still stand to benefit – at least in the short term – from the enormous accumulation of debt-backed credit flooding its housing and (other) speculative markets. But a country that lets a major city disappear into the sea for want of basic repairs and maintenance is clearly in trouble. Combined with the humiliation of its failed laboratory for conservative economic policies in Iraq, the devastation of New Orleans should put the nail in the coffin of the myth of America's post-industrial renaissance. The decline of the real economy in the USA marks the end of primitive accumulation as a supporting player in capital's drama and its move to centre stage.

The world's leading producer of disaster movies, the US should perhaps adopt a new national mascot. Instead of the bald eagle, David Cronenberg's human-fly would be more fitting. Seth Brundle, the renegade scientist who inadvertently fuses genes with the despised household insect in his attempt to teleport himself across his dilapidated ex-industrial warehouse, takes the first signs of his decay in human terms as tokens of renewed life and vitality. Elated, he feels he is becoming an ubermensch, living, if not as the knowledge economy boosters had it, on air, then on pure sugar. But he ends up typing with deciduous digits, extremities and sensibility falling away to reveal the horrifying insect within.

A narrative of transformation can only conceal regression for so long, but in the USA the denial seems structural. New Orleans's destruction has been seized by conservatives as an opportunity to build a plastinated jazz cadaver over the dead or displaced bodies of the city's black working class population. The black working and middle class are already fighting back against this grotesque and brutal process, asserting their right to return and reconstruct the city on their own terms. But we should bear in mind the depth of the crisis the US is facing and, unlike some liberal critics who now hark back to the New Deal and call for a return to the real economy, recognise that the US is no longer capable of restoring capitalist productivity. Similarly, the self-organised, unpaid efforts of private individuals to reconstruct the city in the vacuum created and enforced by the state's agencies is in itself a form of non-reproduction and should not be fetishised as a purely autonomous activity. To put it in terms that even a productivist Maoist could understand, we can't survive by creating a new, more cosy relationship with the capitalist insect. Nor should we be content to pioneer the latest forms of non-reproduction in our struggles against capital. Expanded social reproduction on capital's terms is no longer an option. Much more difficult, yet the only viable choice, we have to kill the insect before it kills us.

FOOTNOTES

[1] Paul Krugman quoted in Mike Davis, 'The Predators of New Orleans' October 05, Le Monde diplomatique: <http://mondediplo.com/2005/10/02katrina>

[2] Marx, Capital vol1, Chapter 8, quote:

'The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the pre-historic stage of capital and of the mode of production corresponding with it.'

While this definition holds good, it is important to see that primitive accumulation is a misnomer if understood to mean an ordinary, and now historical, phase of accumulation. Primitive accumulation is an ongoing and permanent part of capitalism. Cf. Loren Goldner, 'The Remaking of the American Working Class, The Restructuring of Global Capital and the Recomposition of Class Terrain', 'Once Again, On Fictitious Capital: Further Reply to Aufheben and Other Critics', and also Retort, Afflicted Powers.

Also Wikipedia: http://en.wikipedia.org/wiki/Primitive_accumulation

[3] Naomi Klein, "Let the People Rebuild New Orleans". The Nation, September 26, 2005: "The Business Council's wish list is well-known: low wages, low taxes, more luxury condos and hotels. Before the flood, this highly profitable vision was already displacing thousands of poor African-Americans: While their music and culture was for sale in an increasingly corporatized French Quarter (where only 4.3 percent of residents are black), their housing developments were being torn down."

[4] "The Disenfranchisement Of Katrina's Survivors", 1 March 2006 Michael Collins, Special for "Scoop" Independent Media, <http://www.scoop.co.nz/stories/HL0603/S00016.htm#4>

[5] "Frustration Dominates New Orleans Race", 3 March 06, By Cain Burdeau, Associated Press: "It's almost to the point that we need election observers," said Gary Clark, a political science professor at Dillard University in New Orleans. "The limits we have now are almost the same as in a developing society: an economic infrastructure that's been devastated and various factions trying to seize political control and influence."

[6] "Fighting the Theft of New Orleans - The Rhythm of Resistance", Glen Ford and Peter Gamble, The Black Commentator, Issue 167 - January 19, 2006.
"Who's rebuilding New Orleans?", St Petersburg Times, Sandra Amrhein, October 23: "But FEMA estimates that 100,000 families in the region need temporary housing. But only 3,105 families have been placed in travel trailers and another 70 in mobile homes, McIntyre said. The nearest trailer settlement to New Orleans is 80 miles away in Baker."

[7] Glen Ford and Peter Gamble, *ibid.*

[8] *Ibid.*

[9] While none of this could be described as "outside" capitalism, public housing and community services represented an area created by capital where the state allocated a portion of total value via appropriations, i.e. taxes, to the reproduction of labour-power as a means by which to lower the price of labour power as a whole through economies of scale. That it is today destroying these economies indicates a shift to a more absolute non-reproduction of labour-power. For this argument regarding the devalorisation of labour-power I am indebted to Loren Goldner's "The Remaking of the American Working Class".

[10] Gary Younge, "Hard Times in the Big Easy", The Nation, March 13, 2006

[11] *Ibid.* Also, Jonathan Tilove, "Cleanup relies on day labor of Latinos", Jan 8 2006, Times-Picayune.

[12] "Gentrifying Disaster - In New Orleans: Ethnic Cleansing, GOP-Style". Mike Davis, Mother Jones, October 25, 2005.

[13] For more on this, see Loren Goldner, "The Remaking of the American Working Class, The Restructuring of Global Capital and the Recomposition of Class Terrain": "Through the incorporation of this non-capitalist work force, whose reproduction costs are free for capital (not, of course, for the society of origin) the total capital can reduce the cost of the total worker." To put it in non-Marxian terms, the workers who come to the US from 'developing countries' are, as the economists say, a 'free input'. The process of producing them as workers, as beings-for-capital in any and every sense - feeding, training and developing their bodies and minds, educating, socialising, acculturating them - is not paid for by US capitalists, it's a free gift they get when they employ the worker. This 'social reproduction' of the worker is looted wholesale, as, to a greater or lesser extent, are whole

communities and the social ties that they foster. Mike Davis has noted this phenomenon in his book *Magic Urbanism: Latinos Reinvent the US Big City*. He cites the example of Randalls, a Houston grocery chain, who have recruited more than 1000 workers from closely related villages in the Tontonicapan highlands of Guatemala. Housed in a cluster of low-rise faux Georgian apartment houses, these proletarianised Mayans come with built-in cooperative powers US capital never had to pay to inculcate: 'US employers ... have become skilled at exploiting "positive externalities" like free labour recruitment and superb workgroup discipline that arise from organised communal emigration.'

[14] While the literal enslavement of workers is not, long term, a sustainable option for capital, since the value measure (socially necessary labour time for the reproduction of capital) must remain in force even in its state of exception if capital is not to simply defraud and devalue itself, in the contemporary conditions of accumulation where productive activity floats â or drowns â in a sea of over-valued monetary claims on non-existent surplus value (aka fictitious capital) the reckoning for this looting can be deferred through the stupendous spirals of the credit system. Fictitious capital commands that further looting is performed in the attempt to make good these empty claims on value, yet an over-reliance on looting, since it destroys the productive base of surplus value and indeed the materialised capital that constitutes our life world, tends to diminish its own ability to expand surplus valueâ

[15] âThe Predators of New Orleansâ, Mike Davis, October 05, *Le Monde diplomatique*
<http://mondediplo.com/2005/10/02katrina>

[16] âGentrifying Disaster â In New Orleans: Ethnic Cleansing, GOP-Styleâ, Mike Davis. It should be noted that although the non-return of blacks has been explicitly called for as policy, the exclusion of the asian and white working class is an unstated but de facto goal of the same process.

[17] Ibid.

[18] âNon-productive' here is used in Marxâs â not Adam Smith's â sense. Non-productive labour is labour judged from the perspective of capital's imperative of expanded accumulation. Productive labour is labour which adds to and REproduces (expands) the total surplus value (i.e. capital) accumulated by exploiting the waged labour of the working class. The nature of the things produced, and the context of production, determines whether or not an activity is productive. For example, the US' spiralling investment in military production is classically unproductive â however many workers are employed in this sector and however essential to maintaining US global hegemony its wars may be â because tanks, bombers, guns, etc, do not reproduce total capital embodied in use-values of whatever kind, even when they are not directly employed in destroying use-values produced by other capitals, as in Iraq for example. Indeed, the US as a whole, when one considers its total capital in the light of its total debt, must be reckoned unproductive â but this judgement is being made in the form of the ongoing devastation of people and things evidenced in events such as the destruction of New Orleans, and will not be complete until a future financial-social crisis completes a thorough-going destruction of use and exchange values of the kind experienced in previous crashes and inter-imperialist wars. The FIRE economy elite (Finance, Insurance, Real Estate) who will take over New Orleans clearly belong to the unproductive class (Marx's 'faux frais' of production), whose salaries come out of capital's 'consumption fund'. Classically, while they may be necessary to superintending or lubricating the process of accumulation, this class, although waged or salaried, is not productive of surplus value but rather are paid out of surplus value accumulated elsewhere in the system. In fact, today this class are chiefly useful for expanding the fictive claims on value of US capital, so even their traditional status as 'incidental operating expenses' is eclipsed. This class is unproductive as never before; they are 'incidental expenses' incurred in the process of drowning in debt and destroying social reproduction. Once the housing and related bubbles deflate they are likely to join the rest of the US

proletariat in a swamp of less genteel unproductive activity.

To clarify, the displaced working class now forced out of New Orleans were themselves increasingly an unproductive class (again, in capital's terms), whether as beneficiaries of dwindling welfare payments or workers in increasingly heavily leveraged US companies whose dwindling capital supports towering 'inverse pyramids' of debt. Productive activity, as the rise of China as the US's offshore production plant makes clear, is tendentially impossible within the territorial limits of the USA. What America increasingly dedicates itself to is the destruction of value — both exchange and use value, since both embody surplus value, the root of capitalist wealth and the source of its crisis. Only by uprooting and looting such workers can capital hope to squeeze a desperate last dose of absolute surplus value out of its moribund 'reserve army of labour'. Yet, once again, given the macro-logic of US capital's decline, these little hits of valorisation are immediately swallowed up in the vast nexus of debt, deferral and extorted tribute that is the international financial system. Here US debts are turned into a powerful tool for the domination of its economic rivals and creditors. The financial elite are clearly more than willing to offer New Orleans and its working class to the nebulous deity of unlimited liquidity up until the point where not having a productive industrial base becomes a truly insuperable problem.

[19] As Mike Davis notes, the Clinton-era HOPE VI programme which fetishised diversity through 'mixed use, mixed income' housing was conceived as replacement housing for the poor but ended up replacing the poor themselves. This is the model for housing, and the other forms of 'displacement through (non) replacement' in the new New Orleans.

[20] Naomi Klein, *The Nation*, September 26, 2005.

[21] Mike Davis, *ibid*: 'The powerful House Republican Study Group has vowed to support only relief measures that buttress the private sector and are offset by reductions in national social programs such as food stamps, student loans, and Medicaid.'

[22] Loren Goldner, *ibid*.

[23] To get some idea in non-Marxist terms of what 'non-development of use-values' means, consider the current ecological crisis. If the majority of scientists are correct and global warming is accelerating at a potentially devastating pace, this represents the absolute destruction of (potential and actual) use-values, the acme of the ongoing devastation conducted in the form of wars and so on. Rather than organising a rational response to the crisis of global warming, e.g. creation of viable and more efficient fuel sources, etc., capital is busily prosecuting a campaign of austerity in the guise of enforced recycling, taxation, and, if the Kyoto agreement were ever to be put into practice, the progressive limitation of carbon emissions at the cost of the world's poor. Rather than using our immense productive capacity to generate real alternatives to carbon-based fuel, the limit of contemporary imagination is a Malthusian throttling of real (i.e. non-capitalist) development. The conditions of capital accumulation make alternative energy 'unviable', applying a calculus which, at the global level, would sacrifice the combined use-values of the planet to the dictates of exchange-value. In the meantime, the NGOs and 'green' businesses make a nice profit by retailing new forms of immiseration and social discipline.

Benedict Seymour <ben AT metamute.org> is deputy editor of *Mute*