

Response to Julian Müller

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Growth/Degrowth

- During march through human history, production-centered capitalist societies translated industrialization into development and development into growth bringing about rising living standards and wealth tied to capitalist satisfying human wants for standardized material goods
- Yet, with the abdication of production-centered activities by major advanced states commencing with the US, which rapidly dis-integrated and disarticulated production activities across the globe from the 1980s, growth worldwide increasingly decoupled from both development and industrialization
- Capitalist profit-making supplanted by rent seeking and money games based on debt leverage.

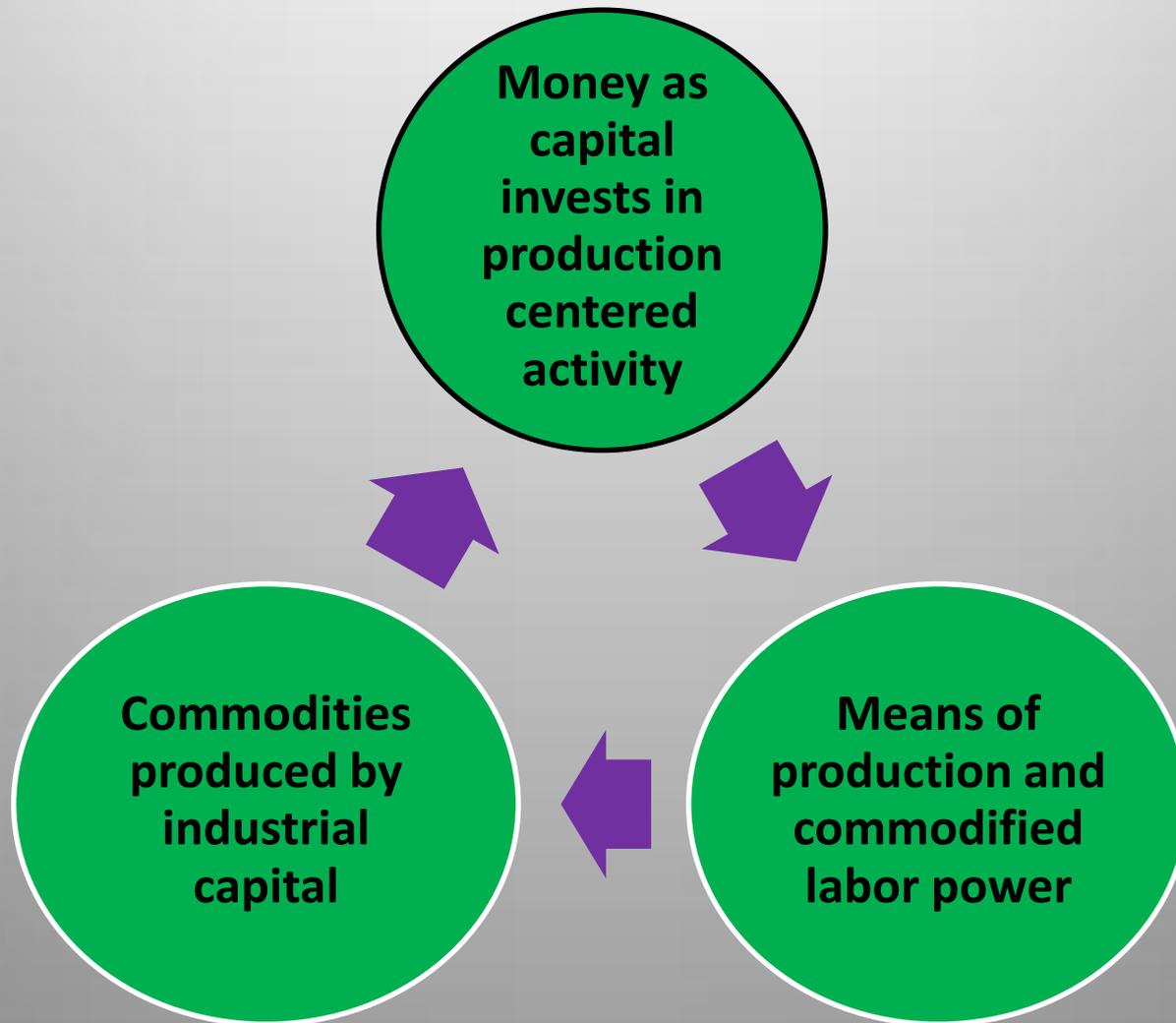
Question

- “...do financial payments and/or investments divert money capital from the circuit of industrial capital, leading to a lack of financing in the latter? Or is money capital ejected from that circuit because it cannot be profitably invested there any longer?”
- “The former is essentially the Keynesian position, whereas the latter is dominant among Marxists...”

Money makes money in capitalist society through circuitous “shape shifting”

- Capital successively assumes + sheds forms of liquid *money* capital, *productive* capital as means of production and labor process, and capital as goods or *commodities* emerging from production
- Capital is none of these considered separately
- Exists in part as money, in part as commodities, though found primarily in form of productive capital

Circuit of Industrial Capital



Efficiency of Capitalism

1. Capitalism internalizes its own fount of regeneration and augmentation as it subsumes the labor and production process of society
2. Capitalism conscripts the activities of money lending or “loan capital” + merchant buying and selling under conditions where IT calls the shots
3. Both the business of money lending + buying and selling commodities are operated to ensure perpetual motion of capital as it shape shifts to augment mercantile wealth

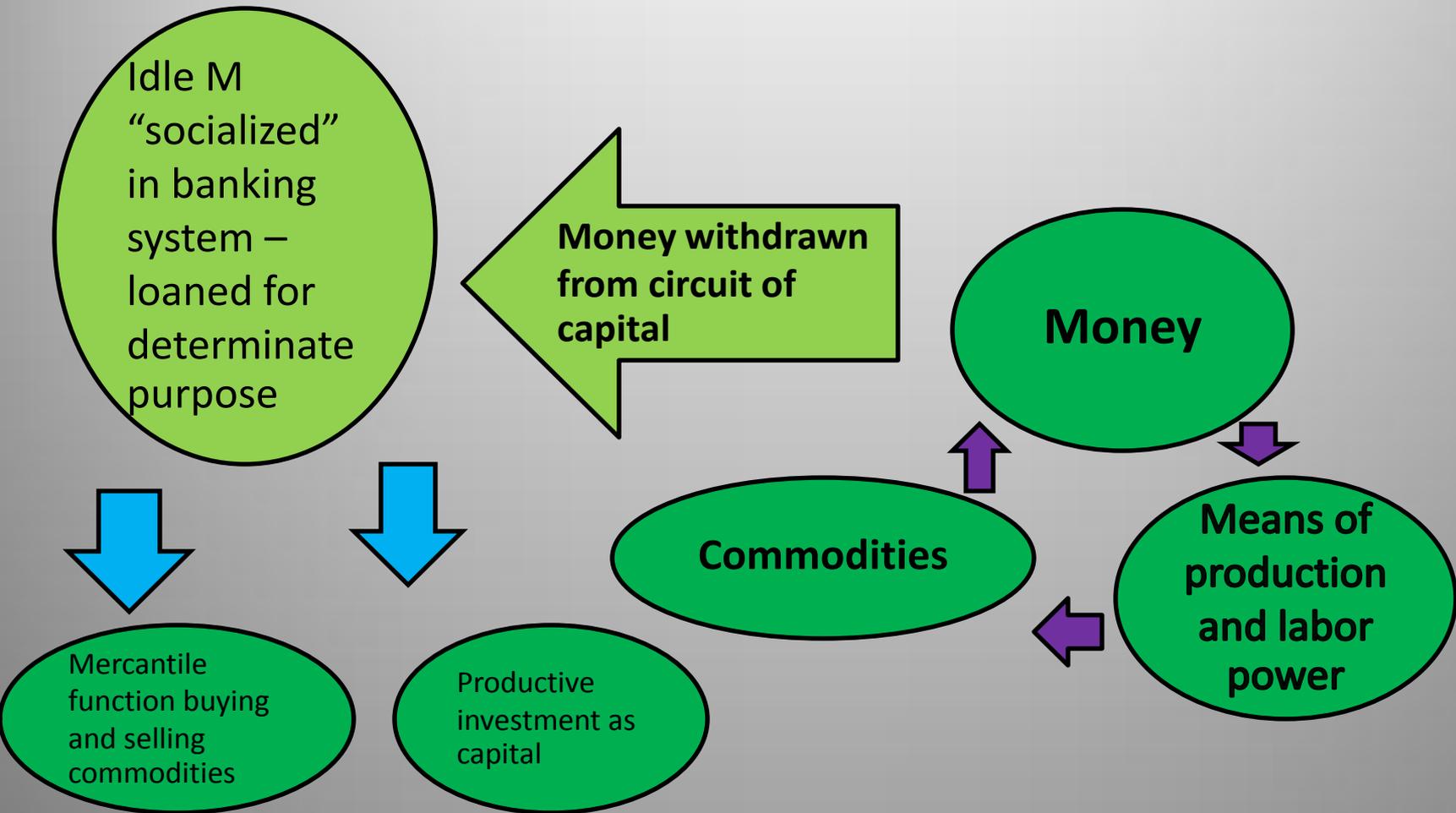
Capital Interruptus

1. Production stoppages through crises or labor strikes
2. Economic downturns when commodity inventories cannot be sold and business activity seizes up
3. Idle money or Idle M

Capitalist Role of Idle M

- In the course of business cycles monies drawn from profits set aside for future investment, contingency or depreciation funds rendered temporarily idle and deposited in banking system
- Such funds “socialized” in banking systems “traded” in money market at rate of interest
- Redeeming economic value in use of such idle M – whether directly for productive investment or indirectly to more rapidly discount bills in sale of commodities – is that credit offered in anticipation of income created by funds determinate use
- In all instances accumulation of idle M to be kept within bounds as time funds remain idle minimized

Idle M in Production Centered Economy



Idle M Rising

- Post WWII “golden age” ever expanding mass consumption + abundant savings *combined*
- In case of US idle M fuelled acquisition of overseas assets + excess liquidity mopped up by Keynesian welfare/warfare state
- Waning of golden age – ability of business and government to mobilize monetary savings for productive ends increasingly constrained

Retreat of Capital to its Antediluvian Form

- Idle M bloating without limits reverts to a form of money lending capital that had thrived in the pre-capitalist epoch
- It begins to seek out speculative activities on its own account
- Late 1980s through 1990s into current century we see industrial cycles based on fixed capital investment, construction, inventory utilization, etc. **replaced** by cycles of asset bubbles and bursts
- Those like David Harvey who talk about “accumulation by dispossession” are wrong
- Current operations of so-called “financialization” of idle M are not “accumulating” but simply dispossessing – carving flesh from the bones of humanity in what I refer to as a kind of “Merchant of Venice” economy