

The Displaced Object of Critique: From the Mode of Production to the Mode of Indebtment

Andreas G. Peter

Abstract: This discourse aims at a displacement of the object of critique of any future 'critique of political economy'. The first part addresses the nature of critique in general and of 'critique of political economy' in particular which has traditionally been conceived as a critique of a mode of production in Marxian terms. The displacement of this object of critique - the mode of production - requires an understanding of the problem of the unity of this mode of production. The second part of our discourse addresses the problem of the money commodity, of credit and debt in relation to the unity of the mode of production. We deny, contrary to Marx, that money is a commodity and affirm instead the importance of a categorical analysis of credit and debt. Adducing an argument advanced by the Italian economist Augusto Graziani, we affirm that money is credit and debt in the initial phase of commodity production. The unity of the Marxian 'mode of production' comes to depend on credit and debt and thus a 'mode of indebtment' must be postulated. This consequence we name *Lazzarato's problem* in honor of Maurizio Lazzarato. We finally affirm that any future 'critique of political economy' must address both the analysis and the treatment of *Lazzarato's problem*.

Keywords: credit and debt, mode of production, money, the indebted man, critique of political economy

Introduction: The Dilemma of Debt for Any Future Critique of Political Economy

According to a certain recurrent opinion, we live in an age of debt. If this opinion is true then the treatment of the question of debt—that is, its nature and organization—is of central importance to politics in general. According to a second opinion, left-wing politics is essentially an activity of critique of the present state of affairs and its reproduction, for the sake of the overcoming of this state of affairs. One among the many objects of such critique is supposed to be the political economy.¹ If this opinion is true there will be no serious left-wing politics without a critique of political economy. This raises the question of how the importance of debt and of critique are related.

According to a third opinion, the critique of political economy draws its main inspiration from the Marxian tradition. This opinion appears to be grounded in the fact that only the Marxian tradition provides a kind of critique, which aims at the whole of the economic organization of a given social formation. The object of critique in the Marxian tradition is the so-called 'mode of production'. Yet the question of debt is absent from most of Marxian thought regarding the analysis and critique of the political economy. Consider then the following three propositions which form a dilemma for any contemporary critique of political economy: 1) The Marxian notion of a 'critique of political economy', both as a scientific and as a political critique, intends to be a critique of a specific 'mode of production', namely the 'capitalist' mode of production. 2) Marx's analysis of capitalism does not consider the relationship of 'debt'—and debt is a relation or relationship between two parties, not an entity or a property of an entity—understood as a legal duty denominated in units of 'money', to be fundamental to the unity of the capitalist mode of production itself. 3) Any analysis of the current mode of production without an analysis of the relationship of debt as an essential part is insufficient.² Hence it follows 4) that the Marxian notion of a 'critique of political economy' is insufficient for at least the critique of the contemporary variety of the capitalist mode of production, or as some people like to say: of Neoliberalism. If you affirm the proposition—for whatever reason and regardless of whether you consider yourself a Marxist or not—that reading and re-reading Marx for the sake of his critique of political economy is a meaningful task today and if you also affirm the proposition that debt is not merely a derivative phenomenon within the capitalist mode of production, but instead is fundamental to its unity and reproduction, your affirmations are in conflict with each other. For it makes no sense to simply re-read Marx for the sake of applying his 'critique of political economy' to our own time and circumstances, if this critique is fundamentally flawed in one respect essential

to contemporary political matters. You might then consider either abandoning the idea of a 'mode of production' altogether and focus on the analysis of debt alone, and therewith giving up the notion of critique related to the total economic organization of a given social formation, or you might likewise abandon the notion of debt as fundamental and return to a more orthodox Marxist view of economic relations.³

If one deems both these alternatives to be unsatisfactory, as indeed the author of this text does, there appears to be only one choice left: One has to re-conceive the notion of 'critique of political economy'—and thus, the notion of the mode of production as its object of critique—in order to face the problem of debt as being fundamental to the object of this critique. This raises the following question: How must we conceive of the critique of political economy in such circumstances as the present, in an age of debt? More precisely: How must we conceive of the act of critique as a political act and how must we conceive of its object if the relationship of debt is to be an essential part of such critique? The following discourse is an attempt to respond to this question.⁴ Its aim is to determine anew, by undertaking what we shall term a 'displacement', what might be intended here and now by the term 'critique of political economy'. As debt will be understood throughout our discourse as a legal duty denominated in units of 'money', the relation of debt invokes questions concerning the nature of law, of money and of the state. In the first part we shall deal with the notion of critique, while in the second part we shall discuss matters relating to its object of critique.

1. On the Nature of Critique (of Political Economy) – its Power, its Act, its Aim

1.1 We are then attempting to re-determine, or to call into question at the very least, what Louis Althusser might have termed the 'theoretical object' of Marx's discourse on political economy in one particular respect, namely insofar as this object is related to the act of critique.⁵ Hence we put into question the very meaning of this act of critique. The name of 'Marx' certainly remains the most important referent for the 'critique of political economy' today, precisely because his name marks the origin of a specific kind of critique aiming at the entire economic organization of a given social formation. As a re-determination is also a kind of repetition, it cannot possibly pretend to get rid altogether of that which it re-determines. In particular, even though re-determining the *object* of such critique, the *form* of critique will be preserved. Yet, given the dilemma outlined above, we have to accept that the mere invocation of the name 'Marx' will not resuscitate the possibility of critique. Such invocations are today recurrent and

without lasting effect. Hence a reinvestigation of some of the fundamental categories of Marxian critique becomes necessary.

A re-determination of what the term 'critique of political economy' is supposed to mean or signify is therefore not a simple linguistic matter, but rather a philosophical investigation of the primary intention of the term, that is: the essence of the object related to its act of designation—if it designates anything at all. Such a re-determination becomes necessary not through mere intellectual curiosity alone, but through a twofold political necessity—both of prudence and duty. The political philosopher, whose task is partially comprised within the undertaking of this re-determination, is bound to these necessities alike, for his role is both to be a discoverer of what is prudent and to be a teacher of duty—what is owed, in accordance with prudence—such that the expedient and the just do not find themselves divided. One might be tempted to say that a crisis of debt occurs when it ceases to be prudent to pay back the debt, given that this holds true not just in a particular case—where it is always prudent, but always against duty—but generally. A crisis of debt occurs when the duty to pay back one's debt—which is universally valid for everyone—becomes a matter of the highest political imprudence. We shall say that the aforementioned twofold necessity is imposed on us by the political urgency grounded in the loss of any effective 'critique of political economy'. We thereby mean that the re-determination is both prudent and will have been obligatory. The diagnosis from which we begin necessitates the task that lies ahead.

1.2 All who consider the present global economic situation will come to know at some point that this configuration is firstly, intrinsically unstable—in particular due to the overhang of private debt that has accumulated and still is accumulating within the global economy. And that secondly, if this situation is left on its own, that is, in the absence of political action, its destructive tendencies might lead only to catastrophic results, destabilizing the present configuration of political communities among men without providing any refuge to those who will have to undergo exodus. The present global state of economic relations has the potential to realize what Alain Badiou names an 'obscure disaster', particularly obscure for both the lack of insight into its governing causes and the lack of any new subjective engagement contrary to these tendencies.⁶ Appropriating Althusser's notion of 'conjuncture' for this problem,⁷ one might say that an obscure disaster is the effect of a conjuncture of several processes—economic, social, ideological, hence political or whatever one desires to name it—that has the combined power of dissolving the prior effects of an earlier political subjectivity, yet without the substitution of a new political subjectivity in its place. An obscure disaster therefore has the power to dissolve

any existing political order and community, yet without providing any alternate, new articulation of political subjectivity and new effects of political unification and organization. Should any new political subjectivity be conceivable—which is not itself an obscure reaction to a potential obscure disaster—it must include a critique of the governing causes of the present situation. It is here that the absence of any effective critique of political economy becomes a political problem.

Aristotle said aptly that political animals—among which prominently figures ‘man’—are those gregarious animals to which a ‘common work’ ‘occurs’.⁸ Averroes, the great Arabic commentator of Aristotle from al-Andalus, in his *Commentary on Plato’s Republic*, made us aware of the fact that such occurrences and their goodness are in no way safeguarded by what is commonly known as the Aristotelian view of man as political animal.⁹ The political nature of man is without much resource to do good in the absence of the intervention of the political art. Such art being required, a political intervention must be constructed. We shall say that an ‘obscure disaster’ is to be defined in these terms as the un-occurrence of a prior common work without any alternate occurrence of a new common work for a specific group of men. On the one hand such un-occurrences are necessary, as no human affair and hence no occurrence of a common work to a political animal can be perpetually in-act, as Aristotle would say. But the un-occurrence without a new occurrence of a ‘common work’ leaves the disorganized multitude in the political limbo of what the Greeks called ‘stasis’.¹⁰ It is this that is signified by ‘the potential for an obscure disaster’. Prudence dictates that obscure disasters are to be avoided. Duty will have commanded that the affirmation of new political order is to be preferred to the affirmation of an obscure disaster.

1.3 Considering these circumstances let us all remember that the term ‘critique of political economy’ used to have a meaning which, at least to our minds, appears in retrospect to have once been clear and distinct. For it was tied to the political history of Marxism, in particular to the effects generated by October Revolution. Yet we are now entirely in oblivion what that meaning used to be. For the political history of Marxism has come to an end. Marxism can no longer aspire, without comic relief, to any sort of world-historical pretension. This comic relief buries the earlier nobility of its cause. This loss of the meaning of critique, tied to the end of Marxism as a political force, can be discerned from the fact that the kind of critique, which has had ‘political economy’ as its object, has become powerless. By this we mean that the act of critique of the political economy does no longer necessitate political concern.

If the loss of the power of critique means that the act of critique need not

concern anyone any longer, critique appears to be powerful insofar as it can necessitate such concern. The blade of the sword of critique is sharpened by the power of necessitation.¹¹ The difference we remember is situated here: that the critique used to have a power which is now absent, that what critique meant was to have that power which is now lost. The possibility of critique depends on this power. The loss of meaning of the term 'critique of political economy' is therefore intimately related to the loss of power of that very critique. By the 'meaning' of critique we mean therefore that whatever the act of critique has had the power to necessitate the concern for. The reason for this appears to be that a critique without power to necessitate concern is politically meaningless. Such a critique is not political at all, but simply an individual stance for or against something, a stance without any necessary relation to its object, nor to the actions and opinions of someone else. But it appears the relation of critique to its object used to be necessary, for we do in fact remember it to have been so. The meaning of critique that we remember then lies in this merely formal necessitation of concern. The critique of political economy used to necessitate the concern of certain people. It has ceased to do so.

Hence the question arises about the nature of the power of critique and its contemporary role—if regaining it is at all supposed to be possible. What we aim at, then, is to understand the meaning of, or the possibility underlying, the critique of political economy. By 'understanding' we mean the re-determination of that power in thinking its object. Regaining the power of critique is therefore an act of understanding necessitated by prudence, which results, in our case, in a displacement of the object of critique. Yet whether such a displacement within philosophy will have been successful to actually necessitate anything or not, is entirely dependent on something outside of the act of philosophy—namely: on the art of politics. For philosophy is here the thinking of the power of critique, not its actuation. Philosophy it is in no way a critique of critique as the exercise of a power to powers. Hence it does not have any power of its own to necessitate anything at all to someone else—except to itself.

1.4 We shall say that the act of critique is characterized by an agent, a primary and a secondary aim as well as two objects with a power related to each object. All these respects are related to one another in the act of critique. The act of critique is directed against agents of actions and opinions exemplifying the power of the object of critique. The power of the object of critique consists in the possibility of the repetition of the exemplification of actions and opinions of a certain type deriving their possibility from that power. The primary aim of critique is the interruption of the power of the object of critique by means of the interdiction of the repetition of this exemplification of actions and opinions

presumed to be authorized by the object's power. The secondary aim of critique is to necessitate the exemplification of the power of an alternate object that we shall call the object of glorification.¹² The object of critique therefore is twofold: it consists in actions and opinions and in the power to exemplify such actions and opinions—it has an actual and a possible respect to it, for it is both an actuality and a power. Likewise for the object of glorification. The act of critique mediates between these two twofold objects: the object of critique and the object of glorification. The whole problem of critique is contained in this mediation, as the negative side of critique does not necessarily entail a determinate affirmation of any specific object of glorification. In fact, a critique that is purely negative—insofar as it does not decide on any object of glorification—is an expression of a fundamental weakness, of a disorientation of the secondary aim of critique. Nonetheless, we shall confine ourselves to the object of critique, for this is what critique is 'of' or 'about' in the more immediate and primary sense.

1.5 The traditional political left names the repeated exemplification of the power of its object of critique in action and opinion the 'reproduction' of the object. In this way leftist activism speaks of the 'reproduction' of 'capitalism' or 'sexism' or 'racism'—or any other object of critique the leftist activist might imagine as being worthy of critique. It is clear that the political left has been, and to a certain degree still is, even apart from the discovery of many repressed 'identities' to concern oneself with, occupied with a critique of 'capitalism'. Capitalism was traditionally understood (if it was understood at all) in the terminology of Marx as a certain 'historico-specific' and 'social' unity of the 'relations of production' and 'forces of production' of a given society—in short: as a 'mode of production'. Louis Althusser, in the second part of his work *On Reproduction*, emphasizes the problem of this unity of the 'relations of production' and the 'forces of production' within Marxist thought.¹³ The philosophical question that arises immediately is of what kind of 'unity' we are speaking when the Marxist claims that the mode of production is a unity of the forces of production and the relations of production? Specifically, what is the nature of this unity and what is the cause of its unification? This is a very important question indeed, for it lies at the heart of the understanding we aim at: the re-determination of the object of critique. The Marxist notion of a critique of political economy is the critique of a certain 'mode of production', in particular the interruption of the 'capitalist mode of production' and the initiation of some other 'mode of production', sometimes called 'Socialism', sometimes 'Communism'.¹⁴ The problem of the unity and unification of the object of critique therefore arises as the central problem of the critique of political economy. And this object of critique is the 'mode of production'. As we shall see now, it is an

object not without its problems.

2. The Money-Commodity as Fundamental Problem of Marx's Critique of Political Economy: From the 'Mode of Production' to the 'Mode of Indebtment'

2.1 The fundamental problem of the Marxist conception of a critique of political economy is contained implicitly within the logical relations between some of its most basic categories determining its object and aim of critique. By a 'category' of something we shall mean, in this context of discussing Marxism and its categories, the determination of what it is to be *that thing* for any thing whatsoever of a certain kind. A category predicates *of any thing* what kind of thing *that thing* is, in case the thing falls under the respective category of *being of this kind*. This means that whatever *that thing* is, one cannot conceive of it *as that thing*, under the abstraction of the predication of its categories. The term 'category' is then not used in the Aristotelian sense of 'category' as in the nine non-substantial categories or predicables—quality, quantity, place and so on—but rather exclusively in the Aristotelian sense of substance or essence, or of what Aristotle calls 'ousía'. Nonetheless, it is important to speak of categories here because this term is well established within Marxist discourse, on the one hand by Marx himself, on the other hand by interpreters of Marx's works, even those who are as much in opposition as Louis Althusser and Enrique Dussel. In the sense that Althusser, for instance, uses 'category', such predications of categories of course depend—in particular in its interpellative nature—on Althusser's larger project and is not our direct concern here. In Althusser this use of 'category' is clearly evident in the case of the 'category of the subject' in his work on ideology, as when saying in Althusserian language, that for someone to be a subject is for them 'to be interpellated by ideology'.¹⁵ This clearly is a determination of that what it is to be a subject according to Althusser. A category is then taken in the sense of Aristotle's 'ousía', as in saying that the 'ousía' of X is the answer to the question 'what it is to be X for some thing'.

2.2 One surprising thing to note about Marxian predications of categories in the context of Marx' *Capital* is that while in general that what it is to be for a thing might either be intrinsic to that thing or relational to other things—things might have relational or intrinsic essences or a combination of both—all categories analysed by Marx in *Capital* appear to be relational. The reason for this is that Marx only considers categories that are predicated of 'social' relations in respect to 'man'. All categories analysed in *Capital* such as 'labour-power', 'labour' (as opposed to 'work'), 'commodity' or 'money' or 'value' (as opposed to 'worth')

are of this kind. They are all predicated of social relations of human beings or of things. One might then have expected to find first and foremost an analysis of the categories of 'society' and 'history' or of the predication 'social' itself, so as to make clear what it means for 'man'—and hence for any human being—to be social, but such an analysis is strikingly absent from Marx's *Capital*. The category of the 'social' or 'society' is rather presupposed within the analysis of all other categories. This presupposition itself poses a problem.¹⁶

In order to become aware of this problem, we shall consider the Marxian categories of 'mode of production', of 'commodity', of 'money', of 'law' and the implicit problem of the category of 'credit'—and hence of 'debt'—within his discussion of the 'credit system'. Considering their mutual relations, one realizes quickly that there is a hierarchy of these categories implicitly—and sometimes also explicitly—presupposed in the analysis. It appears that there is a tendency of decreasing generality, beginning with the category of 'history', proceeding via 'society' and 'mode of production' to the properly economic categories of 'commodity', the 'exchange of commodities', subsequently 'money' and finally 'credit'. Let us consider the example of the category of 'money' to make clear what the consequence of this is: Whenever we predicate of something that it is money, we also predicate all the higher categories of it, such as 'being under certain historical conditions', 'being in some society' or 'being in some mode of production' and 'being commodity' as well as 'being exchangeable for other commodities'. Anything that is money will also be all these other things. Hence it follows that in the analysis of the category of 'money', in giving the answer to the question 'what is it for X to be money?', we will inevitably encounter the category of 'commodity'. The answer to the question *what is it for some thing to be money?* includes that it is a commodity, exchangeable for other commodities, within a given mode of production belonging to a given society under given historical conditions.

2.3 We now see the centrality of Marx's notion of a 'mode of production' in a given society for his analysis. For all economic categories are being predicated only under a certain 'mode of production' within the confines of Marxian analysis. This idea is so central to the whole edifice of Marxian economic analysis that Marx's *Capital* begins not simply with an analysis of 'commodity', but with an analysis of 'commodity' within a certain dominant or prevailing 'mode of production' which he terms 'capitalist'.¹⁷ As 'capitalism' in this sense is the object of critique for the critique of political economy in its political sense, it is obvious that these logical relations are of the utmost importance for our task of re-determining the object of critique. Within Marxian analysis, the category of 'mode of production' is taken to be always logically prior to the category

of 'commodity' or, for that matter, to any other economic category. Hence the analysis of the latter categories is always predicated in relation to a 'mode of production' in a given 'society'. For any Marxian theorist it therefore holds true that he or she predicates 'commodity' of something if and only if he or she also predicates it in relation to a 'mode of production' within a 'society' under certain 'historical' conditions. This logical conditioning defines the properly 'materialist' character of Marxian analysis. Marxian theorists will reject any analysis of economic categories as quasi-eternal, for they believe this to contain a logical error, a 'category mistake' as one might say. For the Marxists, 'history' is the only object representable as eternal, for 'historical' is said of all things according to them.

Marx's vision of a critique of political economy as elaborated in *Capital* is grounded in the aforementioned methodology of logical abstractions. It aims at laying bare the basic categories of the capitalist mode of production and its reproduction. His scientific analysis, understood in this sense, is to reproduce in thinking the basic structure of social reality in the framework of categories it explicates. Hence the hierarchy of categories is supposed to make transparent the structure of the capitalist 'mode of production' as its object of analysis, as well as its object of critique. The analysis of the 'capitalist mode of production' is therefore immediately linked to the political power of critique of 'capitalism' as a case of the critique of political economy, for the act of critique aims at interdicting the reproduction of its object. Hence the question of the prudential status of the analysis has an immediate political impact, for it will determine the essence of the act of critique of political economy by determining the logical structure of its object directly as well as its aim indirectly.

2.4 We mentioned earlier that the central issue we shall investigate is that of the unity and unification of the 'mode of production'. What, then, is the problem of the unity and unification of the 'mode of production'? It is problem of how the two elements, the forces of production and the relations of production come to adhere together and in which way this adherence is to be analysed categorically. As we shall see in a moment, the problem of the unity of the 'mode of production' is buried underneath the problem of the relationship of the outmost categories of the hierarchy of properly economic categories stated above: that of 'mode of production' and that of 'credit', of 'law' and the 'state'.¹⁸ To see why there is a somewhat strange thing going on within the Marxian hierarchy of categories, a kind of *refoulement* of the problem of 'credit' and of 'law'—and hence of 'debt'—as one might say in psychoanalytic terms, consider the strange absence of any meaningful analysis of 'credit' as an independent economic category within Marx's *Capital*. Why then is there an attempt to derive 'money'

from 'commodity', but not 'credit' from 'money'?¹⁹ Why does Marx start with an analysis of 'commodity' to begin with, and not with an analysis of anything else? Granted, the category of credit may not have appeared as significant as it does today, in a world—particularly in a Europe—drowning in debt. Yet the analysis of the credit system that Marx had undertaken for the third volume of *Capital* still considers relations of credit. In spite of these considerations there is, strictly speaking, no analysis of the category of 'credit' within the Marxian framework, except for these elucidations on the 'credit system' in the manuscripts which became the third volume of *Capital*. But these are considerations of a more practical and therefore less logical character.

2.5 Credit, if taken only in its narrow economic sense, is always denominated in the units of a specific currency, and hence in terms of money. Consider further that for every unit of monetary credit there must be some unit of debt (for the sum of all loans and deposits is always zero). The category of 'credit'—should one wish to attempt its analysis within the Marxian framework itself—presupposes an analysis of the category of 'debt'. Hence it is striking that the latter is even more absent from the writings of Marx than the former.

Are we not missing something very important here? So important, in fact, that the whole possibility of the critique of political economy depends on it? We shall argue that this is indeed the case, for the lack that the missing analysis leaves must be analysed as a twofold lack: as both a lack within the economic analysis of Marx and the political categories of critique. And to see why this lack is of such central importance consider the following problem: *Is it possible to analyse the unity of the mode of production in abstraction of the law and of the indebtedness the law imposes on its subjects within the relations of production?* We shall present a case for the proposition that this is not so. The reason we shall give is that money is fundamentally credit and not a commodity like any other. If our case is well presented it will have become clear that it is likewise impossible to understand the category of the 'mode of production' without reference to 'law' and 'debt'. The consequence of this finding for Marxian economic and political thinking could hardly be more radical. Might one not rather be forced to speak of a 'mode of indebtedment' as being presupposed by a 'mode of production'? The ultimate consequence of this is *perhaps* that the character of Marxian analysis as 'social' and 'historical' must be called into question.

2.6 Our thought that debt is central to both politics and economics, taken on its own, is hardly innovative. We shall here give at least nominal credit to some of the people who have worked on this subject. A detailed discussion is

not possible in this context; neither does it contribute to our argumentative end. Nonetheless these authors will have to be taken into account, should one wish to make our claim more concrete and to analyse the actual relations of indebtedness.

Concerning the political dimension of debt, the category has seen certain resurgence in recent years, particularly in the aftermath of the financial crisis of 2007. This is clear to those familiar with the works of Giorgio Agamben, in particular his recent publication *Opus Dei* attempting an archeology of 'duty' (and hence, of 'debt') or Maurizio Lazzarato's enlightening essay on *The Making of the Indebted Man*. Both authors are of course themselves 'indebted'—if one is permitted to say so in this context—to work of Michel Foucault and Gilles Deleuze, works which in their turn relate backwards to Nietzsche's *Genealogy of Morals*. On the other hand we have authors related to the narrower economic problem of money, credit and debt in the largest possible sense who emphasized that money is basically a relation of credit and debt. One peculiarly prominent proponent of this view has been the anthropologist David Graeber. Other authors include many heterodox economists, in particular those related to the so-called Post-Keynesian strand of economic thought—working under such headings as 'Chartalism', 'Modern Monetary Theory' or 'endogenous money'—but also sociologists of money such as Geoffrey Ingham. We shall name some of these economists, undertaking such close analysis without any further discussion of most of their work: A. Mitchel Innes, Friedrich Georg Knapp, J.M. Keynes, Abba P. Lerner, Hyman Minsky, Michael Hudson, Basil Moore, Wynne Godley, Randal Wray, Marc Lavoie, Stephen Keen or Augusto Graziani.²⁰ Particularly the last in line, the late Italian economist Augusto Graziani, has developed an argument, closely related to the question of a money commodity and the commodity nature of money in Marx's own theory, which is of the highest interest to us. For what we shall claim is that contrary to the classical Marxist view, the category of 'credit' does not depend on the category of 'mode of production' within a 'society' but that the category of 'mode of production' depends on relations of credit and debt because of the non-commodity credit nature of money in the acquisition of labour power. In order to better understand this, we shall examine what we call *Graziani's argument*.

2.7 Let us therefore return to the problem of the unification of the 'mode of production', that is of the 'means of production' and the 'relations of production'. Michael Heinrich has made an interesting observation in a recent article of his, namely that the realization of surplus-value in Marx's theory beyond the initial amount of constant and variable capital $c + v$ depends on the credit system.²¹ We shall agree with Heinrich's statement, both in the context of Marx's analyses,

as well as more broadly. But we shall now ask the following question: Is it only in the realization of surplus-value or also in the production of commodities for which the credit system is a necessary presupposition? The question is whether the capital advanced as $c + v$ for the initial production is also made possible by a relation of credit and not only the amount of money beyond $c + v$ in the realization of surplus value. That the former is indeed the case is the point of what was introduced as *Graziani's argument*.

What exactly is Graziani's claim and which argument does he advance for it? Firstly, Graziani assumes that Marxian analysis concerns a cyclical process of production composed of the following five stages: 1) the initial money, 2) the purchase of labour power, 3) the utilization of labour power in production, 4) the finished product and 5) the sale of the production on the market. In this he follows loosely the cycle $M - C \dots P \dots C' - M'$ (where P represents the production process and C' and M' are commodity and money with surplus value added) as described by Marx. Heinrich's claim was that the credit system is presupposed in the fifth stage of exchanging C' for M' , insofar as the realization of surplus-value exceeds the capital present in the initial stage—that is, what Graziani calls the 'initial money' added to the constant capital in Marx's terms. Graziani then moves on to claim that "in the initial moment of exchange between money capital and labour power it seems impossible to define money as a commodity, and, moreover, seems impossible to avoid conceding to money the nature of pure credit".²² This then is his claim: money is not a commodity and money, in the initial purchase of labour power, must be pure credit. In the first part of this claim he follows an earlier analysis of the problem of commodity money in Marx undertaken by Marcello Messeri.²³ That money cannot be a commodity in the initial stage of the production cycle, when the acquisition of labour power takes place, rests on a twofold consideration:

The capitalist acquires labour power *for the purpose of producing commodities*; if money were itself a commodity, the process would seem to be turned upside down and the capitalist would employ a commodity for the purpose of acquiring labour power. Moreover, if money were a commodity, it would have to be the result of a prior productive process, which would in turn need money to be realized. If, therefore, money is to be construed as a commodity, one would have to assume, as an initial premise of the argument, the existence of a commodity that had the characteristics of money, without, however, being able to explain where it came from.²⁴

The point of the second part of his argument—that money must be credit—is

then made in a shorter form, when Graziani states that “at the ideal moment in which the production phase begins, since no commodity yet exists, commodity money cannot exist. Money must therefore be the purchasing power without being a commodity.”²⁵ And ‘credit’ is the name that designates this purchasing power. Hence *Graziani’s argument* consists in a regress argument leading to the problem of the initial situation in which capitalist production originated.²⁶ It ends in claiming that in its form as initial purchasing power, money has to be credit and credit alone. In contrast to the more conservative Marxian view that money presupposes commodities in circulation, Graziani claims that the production of commodities presupposes money as credit. When considering the *genealogy of the capitalist production process* it becomes clear that the category of ‘money’ must be logically prior to that of ‘commodity’. More so, insofar as Graziani believes that this implies that money, in the initial case of production, can only exist as purchasing power—that is, as *credit and debt*—the categories of ‘credit’ and ‘debt’ will be prior to that of ‘commodity’ as well.

The most important consequence of this is of course that the category of the ‘mode of production’ thereby comes to *presuppose* the category of ‘credit’ because the unification of the means of production and the relations of production—the labour-power being put to work for the production of commodities—is mediated by a credit relation from the beginning. The question which then must be raised is this: How does someone come to acquire this initial power to purchase labour-power in the first place? As Graziani emphasizes time and again: in order to acquire this purchasing power, the capitalist himself must go into debt—the acquisition of purchasing power as credit appears therefore to be the self-imposition of a duty to repay the debt one incurs.²⁷ However, how can human labour come to be purchased in this initial situation? The purchasing power of money depends on there being a need for money of some kind. This need cannot be due to the famous ‘double freedom’ which Marx postulated, quite correctly, as a condition of the capitalist ‘mode of production’—namely the freedom to sell oneself to whomever one pleases, but also the freedom from the means of production. Selling one’s own labour power as a commodity for money under the condition of ‘double freedom’ already presupposes the existence of other things as commodities one can buy for money. As in Graziani’s argument no commodity yet exists, the reason for selling oneself cannot be that one desires to buy commodities for one’s own reproduction. Hence the ‘double freedom’ is certainly a condition of the *reproduction* of the capitalist ‘mode of production’, but is not sufficient to analyse the initial exchange of production. The other reason due to which one might have a need for money, in abstraction from the need to reproduce oneself by means of acquiring commodities through money, is that one *is already indebted before the initial transaction of selling*

one's labour power. Which poses the problem of how this original indebtedment comes about.²⁸

If the argument advanced by Graziani has any sound basis at all this means that the 'mode of production' cannot be the ultimate object of critique, neither can it be ultimate object of economic analysis. We shall postulate instead that a 'mode of indebtedment' must be the basis for the unification of the Marxian 'mode of production'. This 'mode of indebtedment' is something *both* capital and labour power have to adhere to in order for production to even begin, let alone for the conditions of production to be reproduced. The analysis and critique of the fundamental question of the origin of this 'mode of indebtedment', its production and reproduction, we shall name *Lazzarato's problem* in honour of Maurizio Lazzarato who made us aware again of the nature of debt as a power relationship. The 'mode of indebtedment' is, as one might say in his words, the "subjective engine of the modern-day economy".²⁹ And one might surmise that this holds true not only for the modern-day economy, but *perhaps* much more generally than initially suspected.

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- 1 By the term 'object' I do not intend to refer to the aim of critique, but to the *Gegenstand*, nor to that which is effected or realized through the act of critique, but to that against which the act of critique is directed. Hence the 'object' of critique is whatever the critique is a critique of, i.e. the critique of capitalism, of sexism, of atheism, of Epicureanism etc.
 - 2 This is the consequence of Maurizio Lazzarato's central thesis: "Debt is not an impediment to growth. Indeed, it represents the economic and subjective engine of the modern-day economy. Debt creation, that is, the creation and development of the power relation between creditors and debtors, has been conceived and programmed as the strategic heart of neoliberal politics. If debt is indeed central to understanding, and thus combating, neoliberalism, it is because neoliberalism has, since its emergence, been founded on a logic of debt." Maurizio Lazzarato, *The Making of the Indebted Man. An Essay on the Neoliberal Condition*, trans. Joshua David Jordan (Cambridge, MA: The MIT Press, 2012), 25. In the language of Marx: It is unclear how the relations of production, which are a part of the mode of production, can—at least under present circumstances—be meaningfully analysed without taking into account the 'subjective engine' of debt.
 - 3 Or a more liberal view in fact. For the abstraction from credit and debt is indeed not limited to Marxian economics.

- 4 By speaking of 'discourse' I do not intend to refer to any elaborate notion of such a thing, in particular not to a Foucauldian conception. Rather, I mean it in the plain, good and old-fashioned way the English language has it: A discourse is a speech.
- 5 Cf. the statement that "*Marx's theoretical object is not England but the capitalist mode of production in its 'Kerngestalt' and the determinations of that 'Kerngestalt'.*" Louis Althusser and Étienne Balibar, *Reading Capital* (London: NLB, 1970), 196.
- 6 Alain Badiou made use of this term in relation to the disappearance of the Soviet Union. We shall take the stance that the concept is of a more universal reach. We shall not decide whether the obscure disaster Badiou names and the potential for an obscure disaster today actually belong to one and the same situation, or whether they instead form a prolonged greater problem. We shall simply quote Badiou here to illustrate that our use of the term remains faithful to the phenomenon he wishes to capture by it: "An abrupt and complete change in a situation does not at all mean that the grace of an event has happened to it." Alain Badiou, "Of an Obscure Disaster," *Lacanian Ink* 22 (2003): 61.
- 7 We have to be aware that Althusser and Badiou are essentially in conflict concerning their notion of politics. Badiou has repeatedly criticized the 'suture' between philosophy and politics created by Althusser's Marxism. As our discourse makes clear, the separation of philosophy from politics, and hence the return to philosophy itself, is likewise crucial to the entire argument we are making. For it is on this separation that the distinction of prudence and duty rests.
- 8 Cf. *History of Animals*, 487b – 488a11, Aristotle, *History of Animals, Books 1-3*, trans. A.L. Peck, Loeb Classical Library (Cambridge, MA: Harvard University Press, 1965); Aristotle, *History of Animals, Books 4-6*, trans. A.L. Peck, Loeb Classical Library (Cambridge, MA: Harvard University Press, 1970); Aristotle, *History of Animals, Books 7-10*, trans. D.M. Balme, Loeb Classical Library (Cambridge, MA: Harvard University Press, 1991). Related is also the statement on the original condition of man's existence as 'sporadic' in the *Politics*, 1252b 23-24. Cf. Aristotle, *Politica*, ed. William David Ross (Oxford: Clarendon Press, 1957).
- 9 Cf. the statement by Averroes that "as for the human perfections, nothing of them exists by nature save the dispositions alone or the beginnings leading to their [sc., the perfections'] attainment. There is no sure sufficiency in nature that these completions will reach us in their perfection; rather, they reach [us] only through will and skilfulness. He who possesses this science also considers it from this aspect—i.e., from the aspect that its efficient cause is choice and will." Averroes, *On Plato's Republic*, ed. Ralph Lerner (Ithaca ; London: Cornell

University Press, 1974), 83.

- 10 It is imperative to reconsider the view that for Aristotle ‘politics’ refers entirely to a common work generated by natural causes of political animals. In fact there is clear evidence that political order—and hence the *nomoi*, which define the common work’s aim—might emerge for Aristotle either by chance or by art exactly as much as they do by nature. One might attribute quite a similar view to Machiavelli, who, in the *Florentine Histories*, clearly views political order as governed by principles of natural movement and hence undergoing natural genesis and corruption, and who nonetheless wrote the *Prince* as a book on the principles of the artful founding of a new order by the co-occurrence of *virtú* and *occasione*.
- 11 It is noteworthy that Aristotle attributes to the *nomos* such a necessitating power in book X.9 1180a 21f. of the *Nicomachean Ethics*. There he says: “the *nomos* does have a necessitating power, it being *logos* that proceeds from a certain prudence and thinking.” [My translation based on Aristotle, *Ethica Nicomachea*, ed. Ingram Bywater (Oxford: Clarendon Press, 1894)]
- 12 The term ‘glory’ has somewhat fallen out of fashion in political language. It has a long tradition, of course, within theology, but is certainly not exclusively limited to it. Recently Alain Badiou has used the term in an explicitly political context in his expression of “the affirmative and glorious present of the faithful subject.” Cf. Alain Badiou, *Logic of Worlds. Being and Event, 2*, trans. Alberto Toscano (London ; New York: Continuum, 2009), 55. Giorgio Agamben elaborated on the topic of glory in a particular chapter of his major work *The Kingdom and the Glory*, cf. Giorgio Agamben, *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government*, trans. Lorenzo Chiesa and Matteo Mandarini (Stanford: Stanford University Press, 2011). Both authors take an almost opposite stance on the question of glory. For another example consider the occurrences of the term ‘gloria’ in Machiavelli’s *Principe*, in particular the statement in chapter XXVI, the *exhortatio* and end of the entire book, cf. Niccolò Machiavelli, “Il Principe,” in *Opere*, ed. Corrado Vivanti, vol. I (Torino: Einaudi-Gallimard, 1997), 190.
- 13 Cf. Louis Althusser, *On the Reproduction of Capitalism. Ideology and Ideological State Apparatuses*, trans. G.M. Goshgarian (London: Verso, 2014), 20ff.
- 14 As we mentioned above: the incapability to decide on a specific object of glorification is a fundamental weakness of critique, hence also of Marxism.
- 15 The importance of Althusser’s notion of the ‘category of the subject’ is that particular names of the ‘subject’ are also used to *address* the subject *as subject* of a certain ideology. As *citizen*, or as *worker*, or as *American*, or as *christian* etc. To be a subject is therefore to be successfully addressed as subject by

such a concrete name. This is what Althusser terms the 'functioning' of the category of the subject. The category of the subject is therefore performative in the sense that it is true of an individual to be a subject of a specific ideology only if this individual has been successfully interpellated by the subject-name of that ideology. The greatest problem of Althusserian ideology theory is then to understand the *becoming-of-subject-in-general* for any individual, as there can be, strictly speaking, no beginning of the subject generally interpellated in Althusser's theory. Cf. the classic essay Louis Althusser, "Ideology and Ideological State Apparatuses (Notes Towards an Investigation)," in *Lenin and Philosophy* (London: NLB, 1971), 127-86.

- 16 The category of 'social' insofar as it is predicated of 'man' is a central problem not only for Marx. A very courageous and almost intrepid view on this problem has been presented by Jean-Jacques Rousseau in his *Discours sur l'origine et le fondements de l'inégalité parmi les hommes*. It is of course also clear for all followers of Althusser that the concept of 'society', in particular insofar as it is understood as a certain kind of totality, is highly problematic. Yet Rousseau's investigation goes much further than this.
- 17 The first sentence of *Capital* reads as follows: "The wealth of societies in which the capitalist mode of production prevails appears as an immense collection of commodities; the individual commodity appears as its elementary form." It follows that 'commodity' is considered from the very beginning of the analysis not as something independent, but rather related to the 'capitalist mode of production' being 'dominant' in a given 'society'. Karl Marx, *Capital. A Critique of Political Economy*, ed. Ernest Mandel, trans. Ben Fowkes, vol. 1 (New York: Penguin, 1976), 125.
- 18 As is well known, the original plan of *Capital* in six volumes included an analysis of these phenomena in a separate volume on the state. The whole enterprise was of course never executed due to the monumental nature of the project.
- 19 Marx's statements on paper money and credit in the first volume of *Capital* show a clear desire to minimize the importance of these phenomena for the sake of his analysis. In particular he presupposes that an analysis of the 'simple circulation of commodities' is possible under the abstraction of these categories. Cf. *Ibid.*, 1:224f.
- 20 For a representative selection of some of these lesser known authors' relevant publications, excluding Knapp's *State Theory of Money* and Keynes' *Treatise on Money*: Abba P. Lerner, "Money as a Creature of the State," *The American Economic Review* 37, no. 2 (May 1, 1947): 312-17; Marc Lavoie, "The Endogenous Flow of Credit and the Post Keynesian Theory of Money," *Journal of Economic Issues* 18, no. 3 (September 1, 1984): 771-97; Basil J. Moore, *Horizontalists and Verticalists: The Macroeconomics of Credit Money* (Cambridge England ; New

York: Cambridge University Press, 1988); Augusto Graziani, *The Monetary Theory of Production* (Cambridge: Cambridge University Press, 2003); Geoffrey K Ingham, *The Nature of Money* (Cambridge, UK; Malden, MA: Polity, 2004); L. Randall Wray, ed., *Credit and State Theories of Money: The Contributions of A. Mitchell Innes* (Cheltenham, UK; Northampton, MA, USA: Edward Elgar, 2004); Michael Hudson and Cornelia Wunsch, eds., *Creating Economic Order. Record-Keeping, Standardization, and the Development of Accounting in the Ancient Near East* (Bethesda, Maryland: CDL, 2004); Hyman P Minsky, *John Maynard Keynes* (New York; London: McGraw-Hill, 2008); David Graeber, *Debt: The First 5,000 Years*, (Melville House, 2011); Steve Keen, "Endogenous Money and Effective Demand," *Review of Keynesian Economics* 2, no. 3 (July 2014): 271-91.

- 21 Michael Heinrich, "Crisis Theory, the Law of the Tendency of the Profit Rate to Fall, and Marx's Studies in the 1870s," *Monthly Review* 64, no. 11 (2015).
- 22 Augusto Graziani, "The Marxist Theory of Money," *International Journal of Political Economy* 27, no. 2 (Summer 1997): 27.
- 23 Messori already claimed in an article originally published in Italian in 1984 to have shown "that money (as capital) is not posited analytically by the process of commodity exchange, but that it is its premise. Logically, the first determination of money must therefore consists in its function as a means for the appropriation of the commodity labour power, that is, in its function as money capital." Money in this sense is primarily the purchasing power for the purchase of labour power, cf. Marcello Messori, "The Theory of Value Without Commodity Money?," *International Journal of Political Economy* 27, no. 2 (Summer 1997): 81. Graziani elaborates on this by adding the consideration that money *as purchasing power* must be credit.
- 24 Graziani, "The Marxist Theory of Money," 31.
- 25 *Ibid.*, 32.
- 26 The implicit premiss of Graziani's argument is that all commodities are produced by such a process of production as outlined in the five-step scheme. One might attempt to deny this premiss and claim either one of two things: Either 1) that there is indeed already a money commodity in existence before the capitalist production process begin, which *represents* value in general. Or 2) that there are indeed commodities, which are not produced, but appropriated before the capitalist production process begins (i.e. the 'means of production'). But then one has to explain how any of these two alternatives is compatible with the Marxian labour theory of value. How does the money commodity acquire the power to be exchanged for labour-power, and how do the means of production acquire that power, without themselves being produced by a process of commodity production?

- 27 In his later work he states explicitly that “the moment wages are paid, the firms become debtors and the wage earners become creditors of the bank.” Graziani, *The Monetary Theory of Production*, 11.
- 28 In the Chartalist literature on money, the origin of the demand for money issued by the state is itself created by the state through the imposition of a duty (fees, taxes, fines etc.). See for an example of a more intricate discussion Stephanie Bell, “The Role of the State and the Hierarchy of Money,” *Cambridge Journal of Economics* 25, no. 2 (2001): 149–163. Philosophically this is not satisfactory, as we now presuppose that we have an understanding of the state and, most importantly, *of its origin*. This of course reiterates a similar point made by Michael Heinrich: it appears impossible to understand the credit system without understanding its *political* presuppositions, i.e. the state. This is *perhaps* the most profound question.
- 29 Lazzarato, *The Making of the Indebted Man*, 25.

Agamben, Giorgio. *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government*. Translated by Lorenzo Chiesa and Matteo Mandarini. Stanford: Stanford University Press, 2011.

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