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Debt

Joost de Bloois

In his work, Karl Marx does not seem to give the question of ‘debt’ much thought. At least, not at first sight. As Davanzati and Patalano (2017), in their effort to reconstruct Marx’ theory of (public) debt, observe: “Marx does not provide a systematic and orderly presentation of his ideas” on the subject (51). Being primarily the theorist of *productive* capitalism, and being a century or so away from the financialization of capitalism, and through it, the financialization of almost every aspect of life, it is perhaps not all that surprising that Marx spent only a handful of pages of his immense oeuvre on the analysis of ‘debt’. Is Marx the right thinker to turn to if we are to understand the workings of debt, and by extension a world in which we find ourselves immersed in debt? If the question of ‘debt,’ quantitatively, does not seem to occupy Marx all that much, it does recur in his writing over a period of over four decades, and often at important moments. (Davanzati and Patalano 2017, 51). In fact, Marx’ unpacking of the *logic* of debt within the capitalist system, if succinct, perfectly hits the mark for those seeking to grasp the mechanics of contemporary capitalism, especially after the Great Recession of the past decade.

First and foremost, Marx explains how the question of ‘debt’ takes us directly to the question of the role of the State in capitalism. For Marx, a closer look at ‘public’

debt exposes the State as a pivot in the political economy. Marx reveals debt, rather than constituting a ‘burden’ for the State, to be a key instrument of State power. As he writes in *The Class Struggles in France 1848 to 1850*, the ‘finance aristocracy’ has a distinct stake in the increasing indebtedness of the State: “In a country like France, where the volume of national production stands at a disproportionately lower level than the amount of the national debt, where government bonds form the most important subject of speculation and the Bourse the chief market for the investment of capital that wants to turn itself to account in an unproductive way – *in such a country a countless number of people from all bourgeois or semi-bourgeois classes must have an interest in the state debt, in the Bourse gamblings, in finance.* Do not all these interested subalterns find their natural mainstays and commanders in the faction which represents this interest in its vastest outlines, which represents it as a whole?” (Marx 1969; my emphasis). State debt becomes an instrument for the exercise of political i.e. class power and repression in two major ways.

Firstly, it gives political power to the creditors of the State; it turns *unproductive* capital accumulation into a vital political factor. Crucially, Marx emphasises that the bourgeois State recruits its own creditors: both the expanding bourgeois State and the ‘countless number’ of creditors of that State are consolidators of class power, and their interests are not necessarily opposing. Debt gives birth to the ‘finance aristocracy’ of the Bourse (stock market) whose aim it is “to get rich not by production, but by pocketing the already available wealth of others.” (Marx 1969). Secondly – and this will sound like another well-known refrain to contemporary ears – public debt allows the State to increase *taxation*. Such ‘austerity’ however does not befall all equally: it is the working classes (i.e. productive wage labor) upon whose shoulders taxation is imposed (Davanzati and Patalano 2017, 52). In Marx, debt thus becomes a means of *governing* (see Lazzarato 2012 and 2015). Among others in *The Eighteenth Brumaire* and *Capital* Marx demonstrates how, as a consequence of the correlated increase of the political power of *rentiers* and (over-)taxation, *debt more and more becomes a prerequisite for capitalist reproduction*: “Public credit becomes the *credo* of capital.” (Marx 1887). Debt thus introduces “the *distributive conflict between ‘financial aristocracy’ and labor*” (Davanzati and Patalano 2017, 57; their emphasis) at the very heart of capitalism, as it determines the

workings of the State and class struggle. As a result, ‘labor’ is constantly diminished as a factor in capital accumulation and consequently as a *political* factor. The preponderance of debt means that wages can be reduced without ensuing social upheaval; workers’ bargaining power can be reduced, working hours extended, as *production* is no longer the life-blood of capitalism, but *speculation, investment and rent* (see Harvey 2011). While the ‘finance aristocracy’ sees its influence stretched to almost absolute dimensions, the vast majority of productive forms of labor are hollowed-out engines of impoverishment. “The finance aristocracy, in its mode of acquisition as well as in its pleasures, is nothing but the *rebirth of the lumpenproletariat on the heights of bourgeois society*,” Marx says (Marx 1969). The end of productive capitalism and labor breeds all sorts of daylight robbery, primitive accumulation and financial sorcery; at the same time, it morphs bourgeois mores into “lusts wherein wealth derived from gambling naturally seeks its satisfaction, where pleasure becomes *crapuleux*, where money, filth, and blood commingle.” (Marx 1969). Although modest in volume, Marx’ analyses of debt bring us close to home. Perhaps too close for comfort.

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