

Debt & Innovation

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Introduction

- Debts that can't be paid, won't be paid (Keen)
- Keynesian vs. Austerian
- Dead-end debate
- Context of techno-political 'long waves' and...
- Debt
- Need new techno-political settlement: what?

Keynesianism

- Many definitions
- State sponsored stimulation of aggregate demands by significant investment
- Overcome investor uncertainty and collective action problem
- Capitalist national economy is not a household
- More debt?... BUT comparison of interest rates, growth and inflation

Austerianism

- State big in economy and large deficits
- Public investment crowding out private
- Cuts and tax cuts reduce fiscal burden on private enterprise ('short term pain')
- Restore confidence in government
- Balanced budgets and prudence
- Vs. Picking winners and difficulty of planning (Neoliberalism's epistemic challenge)

Problems

- Keynesian stimulation ignores:
 - debt structure
 - political sensitivity re deficits
 - On what?
- Austerian ignores systemic collapse of demand
→ debt-deflation spiral + massive destruction of value
- Needed? Falling rate of profit as structural?
- Not Keynes/ New Deal '30s *nor even* warfare stimulation BUT '30s/'40s (accelerated) destruction of value + stimulation + new institutions

'Structure'?

- Neo-Schumpeterians: techno-economic paradigms
- Opportunities for profitable development of new innovations/technologies
- New *system* in turn allowing positive sum accumulation ('Golden Age')
 - Inter-capitalist
 - K vs. L
 - International

‘Structure’? (2)

- Vs. Neo-Schump: not just T-E paradigms but political/cultural accumulation *regimes*
- Inc. growing hegemonic states (Arrighi)
- ‘Dialectic of capitalist and territorial logics’
- Phases of breakdown, productive growth, signal crisis, financialisation, terminal crisis...
- Territorial/security, productive K, finance (‘pure’) K and imperialism (AbyD)...

'Structure'? (3)

- Not just *opportunities* for productive investment and accumulation
- Also *constraints...*
- DEBT
- Growth of debt in financialization phase to unsustainable levels ('Can't be paid...')
- Empowers state via bail-outs
- Stimulates geopolitical shifts between hegemonic states

Debt & Innovation

- Investment as key to end of 'crisis' i.e. in *innovation*
- Debt key form of innovation finance
- Kliman (2012): Financialisation and declining rate of productive profit \neq declining investment to 2007: financed by debt
- Credit crunch means investment off a cliff
- AND robs demand via consumer debt write down
- Need state to bail out/step in

The Long Twentieth Century

- Post-war: New hegemon, productive paradigm + conservative finance + ops for investment (even by working capital)
- Growth: money growth, Euro/Petro dollars → looser credit, more debt
- Signal crisis: significant debt around world as lever for renewal of US dominance vs. dwindling ops investment/falling profit rate
- Financialization: Debt financing and leverage, speculative investment some successful (ICT vs. biotech) and AbyD imperialism
- Terminal crisis: Debt new gigantic, ubiquitous, system insolvency, techno-political paradigm exhausted and radicalised by AbyD imperialism

What Next?

- Cannot grow out of this crisis
- Cannot stimulate more private investment along given techno-pol trajectory
 - Both demand (debt) and techno-econ trajectory exhausted
- New techno-*political* system, which *cannot* be coordinated by market or substituted by 'economic' phenomena
- Austerian: Cuts → 'short-term' pain ... but debts remain (e.g. Baltics vs. Greece)

Vs. Keynesianism

- Not just secular matter of stimulating aggregate demand via investment
- Investment *in what?* → Not just speculative/predatory investment vs. real investment
- Context of cycle:
 - Need investment in infrastructures for *new* T-E paradigm
 - *AND* politically intra/international institutional reorganisation via political state projects → Sociopolitically reshaping investment decisions and possibilities

A Dark Prospect?

- Previous cycles, political hysteresis vs. dominance of finance capital overcome by international security emergencies stimulated by financialisation
- State reorganizing via territorialistic logic?
- Alternative radical, ecological egalitarianism?
- In what time frame?

THANK YOU

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