Unoist Approach to New Economics based on the Dialectic of Capital

An Interview with Thomas T. Sekine

1) **Why, even though you greatly admire Marx, do you not like to be called a "Marxist"?**

It seems to me that many, if not all, Marxists adore Marx for what he is not rather than for what he is (what he superficially appears to be rather than what he really is), in other words, without understanding his real worth. Marx is usually admired for having been a great socialist and revolutionary; and volumes have been written and published regarding that side of him. But, Marx cannot be said to have been all that successful in achieving real socialism. He may even have misled many of his followers; for, the latter adopted misguided revolutionary practices that produced a number of monstrous, and now thoroughly discredited, political experiments. This, however, was not Marx's fault. The blame should squarely fall on the shoulders of his superficial admirers, who are proud of calling themselves "Marxists", though they only have a very limited and lopsided knowledge of Marx's life-work. It is, therefore, important to understand what really makes this towering thinker and his works so unique. Contrary to conventional views, but echoing faithfully the idea of my teacher, Kôzô Uno, I claim that it is because he was a (if not the) foremost economist.

This claim may sound surprising to many, since the well-established conventional view today (sometimes shared even by Marxists!) is that Marx's economics has by now become completely outdated and obsolete, and that it can survive, if at all, only as a museum piece. I am fully aware and disapprove of that conventional view, which I believe is completely blind and misguided. Many Marxists also disagree with it. Yet they do not know how to "critique" it satisfactorily. They feel that the vague, undefined idea of "capitalism", or "the market", which mainstream economics brandishes as being the ultimate stronghold of freedom and democracy achievable by a human society, is false and say so. Yet, they have failed to demonstrate that such a view faithfully reflects the bourgeois-liberal and modernist ideology, which blindly idolizes capitalism, but does not in any sense constitute a scientific (or objective) knowledge.

The flaw of most Marxists is that they have not criticized bourgeois economics in the same thoroughgoing way as Marx "critiqued" the (bourgeois) political economy of his time, but simply set up a Marxist ideology in opposition to the bourgeois faith, before engaging in useless "partisan" quarrels. But ideological battles are futile because victory or defeat in them is determined not by superior reasoning and reflection but by stronger force and passion, (that is to say, only by appealing to the so-called "warm heart" rather than to the "cool head"). What makes Marx's

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critique both remarkable and significant is that, contrary to the conventionally held view, he did not wage a mere ideological battle, but a scientific war in the domain of rigorous reasoning in economics. This is what distinguished Marx from the ilk of the utopian socialists. What Marxists must show is that his economics, unlike bourgeois economics, is not ideologically one-sided and biased, but that it constitutes truly objective and universal (in the sense of ideology-free) knowledge.

2) **What is it that makes Marx's labour theory of value different from that of the classical school?**

Classical political economy (represented by Smith and Ricardo) adopts a labour theory of value, but only haphazardly (in fact, it turns out to be no more than a labour theory of prices), whereas Marx's labour theory of value is much more genuine, even though it does unfortunately inherit some shakiness from the classical school. Adam Smith famously said that the word "value" sometimes means "value in use" and sometimes "value in exchange" as well; and Ricardo quotes this exact statement to begin his Principles. It seems as though Marx, too, merely repeats the same idea by stating, at the beginning of Capital, that the commodity is value on one hand and a use-value on the other; but whereas the classical economists do not see any "contradiction" in Hegel's sense between value and use-value, Marx does. And this fact is crucially important.

Commodities are "material and heterogeneous" as use-values, on one hand; but they are also "uniform and homogeneous" as value on the other. Use-values then represent the real-economic side of the commodity, whereas value represents its commodity-economic (or mercantile) side. There is, according to Marx's view, a Hegelian "contradiction" between them in the sense that they do not obey the same principle. Indeed, if there were no gap between the real-economic and the commodity-economic, the two would always be the same, in the sense that one could not exist without the other. But that would imply that capitalism (as the all-embracing and radical commodity-economy) would be eternal (and so would exist for ever). Marx's presupposition, in contrast, is that capitalism is a historically transient economic system, which comes into being at one time in history and passes away at another. Capitalism thus comes into being only when the "commodity-economic" prevails over the "real-economic", and ceases to exist when that relation is broken. Thus, for Marx, "value" is not just "exchange-value" (or price) as it is for the classical school. Rather, it is that which makes capitalism cohere and hang together.

The labour theory of value says that the substance of value consists of socially necessary labour. This means that, when a commodity is produced in its socially necessary (i.e., equilibrium) quantity, it must embody as its value society's productive labour spent (directly and indirectly) for its production. Contrary to the widespread misapprehension, the labour theory of value is not a theory of determination of general equilibrium prices (or production-prices in Marx's jargon), but rather one which says that, when the latter are determined in the capitalist market, the social division of labour (again Marx's favourite expression again for the allocation of productive resources, of which labour is most crucial) turns out to be just right (so that labour is optimally allocated). This claim does not conflict with any other general equilibrium theory of prices. Note, however, that, whereas all factors of production produce together (i.e., cooperatively) a use-value, only productive labour, which is both original and dual (in being abstract-human and concrete-useful at the same time), is productive of value. Thus, suppose that there are only two commodities A and B. Suppose also that they are produced in equilibrium quantities only when society's productive labour is allocated to their production in the ratio of 1 : 2. There is no reason why their prices must also be in the ratio of 1 : 2 (as classical labour theory asserts). For, it is perfectly possible that, only when the price-ratio is 1 : 3, can A and B be producible in equilibrium quantities, with society's (direct and indirect) productive labour (which constitutes the only real cost to society) being allocated in the ratio of 1 : 2. Production-prices thus frequently diverge from values (as Marx claims).

3) **As you understand it, how did the Labour Theory of Value, once so prominent in Classical Political Economy and Marx, fail to be inherited by Neoclassical Economics, as we know it today? What is the significance of that fact, according to you?**

The classical political economy, which Marx "critiqued", found its highest expression in Ricardo. But almost as soon as Ricardian economic theory was formulated, it began its "disintegration", because it failed to adequately explain why (and how) equilibrium prices that ensure equal profit-rates in all industries must diverge from the equilibrium prices that its labour theory of value dictates. This posed the so-called transformation problem. The reason why the Ricardian school could not solve this problem was that its labour theory of value was a haphazard one. Instead of explaining why, under the general equilibrium of the capitalist market, all resources, including abstract-human labour, are optimally allocated to all branches of industry, the classical labour theory of value merely asserted that equilibrium prices must remain proportional to the amount of labour spent (directly and indirectly) for the production of all commodities in equilibrium quantities.

If the labour theory of value is correctly grasped, the transformation problem can in principle be easily solved. Marx knew that, and so did Uno. But the trouble was that they did not prove this thesis in mathematical terms. Instead, they resorted to the old-fashioned method of merely "numerically illustrating" how the theory worked, which was bound to remain inconclusive. Thus, for example, Marx's “illustration” in Capital III has always been criticized for explaining the mechanics of the divergence of production-prices from values only at the output level, while assuming no such divergence to occur at the input level. Today, that sort of problem can be easily settled with relatively simple mathematics. Unfortunately though, the mathematization of economic theory came too late to save the classical school from disintegration. Besides, it turns out that classical political economy by that time had long outlived its historical mission anyway, inasmuch as capitalism itself had by then entered the phase of autonomous development, and needed no further theory to prove its superiority over the pre-capitalist forms of the economy.

Thus, classical political economy was at that point split into two groups, the Ricardian Socialists and the Smithian Harmonists. While the former, faithful to Ricardo’s distribution theory, retained the labour theory of value with little success, the latter abandoned it for a utility theory of value, which had been explored by Condillac and Say. But, it was only when this approach was joined with marginal (i.e., differential) calculus, in the hands of Menger, Walras and Jevons, at the beginning of the 1870s, that a breakthrough (later called the Marginalist Revolution) occurred, which ushered in the neoclassical school. Over the forty years or so from then on to the First World War, many gifted representatives of that school contributed towards mathematical reformulations of classical economic theory. There are, however, two sides to this achievement. On the one hand, as the case of the transformation problem just mentioned has shown, it liberated economic theory from the narrow confines circumscribed by the traditional practice of numerically illustrating a theoretical proposition, and gave a strong impetus to its new development. On the other hand, neoclassical economic theory, which abandoned the objective (labour) theory of values for the subjective (utility) theory of values along Harmonist lines, became a powerful agent (persistent peddler) of the bourgeois-liberal ideology, as the latter-day apologetic of capitalism. Thus, the adoption of mathematics to economic analysis that the neoclassical school promoted had both a positive and a negative side. It both (technically) enriched and (content-wise) impoverished economics at the same time.

4) **How is the relation of economics and capitalism? What sort of objective knowledge can economics claim? What does capitalism mean to you?**

It should be clear that economics was born with capitalism, and that the latter arose when the key use-values which society demanded on a large scale could be much more easily produced as commodities than otherwise. In other words, capitalism evolved as if to follow a natural course of events, when the real economic life of society was historically ready and willing to follow, or be subsumed under, the commodity-economic (mercantile) laws of capital. When capitalism was still in its early phase of development, the role assigned to economics (then called political economy) was to explain the advantages of operating society's real-economic life according to the commodity- economic logic of capital. That indeed was what motivated Classical Political Economy, since it was very much in the interest of the upcoming bourgeoisie in its opposition to the vested interests of the ancien régime. Under the circumstances, the best strategy for the bourgeoisie (and for economics which it promoted) was not to distinguish the real from the mercantile (i.e., commodity-economic) side of the economy, and to pretend that what is good for one is also good for the other (and this not just then but always). It is for that reason that the classical approach recognizes no difference between the two aspects of the economy and passes freely and easily from one to the other. To promote the economics that teaches such a falsely idealized image of capitalism was also in the interest of the bourgeoisie, which benefitted from its further evolution. That is why bourgeois-liberal ideology is, from the beginning, irrevocably ingrained in the economics of the bourgeois tradition, so much so that, if one studies it unprotected by an antidote, one will be automatically led to become a liberal.

The only reason why Marx alone, quite exceptionally, did not succumb to that kind of unwanted "infection" with the bourgeois-liberal ideology was that he used historical materialism as a guiding thread to his study of economics, and that indeed turned out to be an effective "antidote". Thus, Marx's approach to economics (as study of capitalism) is fundamentally different from the bourgeois-classical approach in that the former begins with the sharp distinction (indeed a Hegelian contradiction) between the real-economic and the commodity-economic side of capitalism, respectively represented by use-value and value in the commodity form. Historical materialism, however, is not itself a science (or objective knowledge) of society, but a mere ideological (if hypothetical) statement just as subjective as bourgeois liberalism. Yet it did serve as effective anti-ideology to save Marx's economics from infection by the virus (excess burden) of liberal ideology.

5) **What are the fundamental characteristics of Marx's economics? Why should it be "dialectical"?**

The fact that Marx began his economics (as the study of capitalism), by positing the contradiction (in the Hegelian sense) between value and use-values makes it certain that his economic theory must unfold in a dialectical fashion, that is to say, as the "dialectic of capital", in which capital itself defines (or specifies) what capitalism is all about. He must, in other words, show the process by which capital enforces its logic in all the contexts in which the contradiction between value and use-values keeps reappearing, so as to subsume completely the real substance of economic life common to all societies (in the sense that real economic life occurs in one way or another in all societies) under the commodity-economic (mercantile) form which is historically unique to capitalism.

At this point, I must explain why capital can generate its own dialectic (or logic of synthesis) just as Hegel's Absolute (God or divine wisdom) could. The key to the answer to that question lies in Feuerbach's thesis of anthropomorphism. According to him, God did not create us, human beings, in His image; but rather we, human beings, have created God in our image, by the process of "infinitizing" or "absolutizing" our virtues (that is to say, by extrapolating them beyond our finite limits). If that is the case, we can likewise "infinitize" our rational pursuit of "maximizing gains and minimizing losses" (which is also sometimes called economically "optimizing" behaviour) beyond human finiteness to obtain "capital". The latter, if you will, is the spirit of Adam Smith's homo œconomicus.

Capital which thus derived from the human spirit of maximizing gains and minimizing losses has become God-like in the sense of becoming extra-human, and so can generate a dialectical logic that synthesizes pure capitalism in the same way as the Absolute could generate a logic of Reason that synthesizes the world of metaphysical categories (Kant's noumenal world), even though capitalism may not be as transcendent of and beyond us as the world of things-in-themselves. In both cases, that which generates a dialectic (be it capital or the Absolute) is always a subject-object, and so it cannot be made to belong exclusively to one or the other. But what it synthesizes through its own logic does not admit any external subjectivity such as is rooted in a particular ideology to interfere with it.

Thus, capitalism which capital itself defines is objective (or applies universally) and in this sense ideology-free. It is in that sense that I claim the objectivity of "capitalism that capital itself defines", which is quite different from a subjective and arbitrarily constructed "model" (ideal type, or any other subjective image or picture representation) of capitalism saturated and replete with a bourgeois-liberal or other ideology. Such a model may of course be constructed as a mathematically flawless system, but that does not guarantee its objectivity. It only means that the model is closed in terms of formal or tautological logic, of which the conclusion depends entirely on the axioms and postulates upon which it is built, and these may already be ideologically tainted.

Capitalism can be dialectically synthesized since it is ultimately our own (human) creation, which means that its knowledge must be "grey" in the sense of Hegel. Recall his metaphor of the Owl of Minerva. The knowledge of our own experience is attained only with the coming of dusk: "Only when actuality is mature that the ideal first appears over against the real and that the ideal apprehends this same real world in its substance and builds it up for itself into the shape of an intellectual realm". Capitalism arrives first as something "real" involving all of us during a given period of our history, but we comprehend it in its synthetic definition, or as "dialectic of capital", only when it is mature, so that we have all experienced it fully. This kind of knowledge (which may be characterized as an ontological proof of the existence of capitalism) is not susceptible of any technical application for our "practical" purposes, because it is different from natural-scientific knowledge which is "predictive, prescriptive and prospective". Perhaps we should say, in contrast, that our knowledge of capitalism is "post-dictive, post-scriptive and retrospective", as Hegel's "grey" implies all these. Thus, there is no happy union or co-habitation of science and technology in the knowledge of society, simply because the latter does not stand "out there" and "over against us" as nature does in its immutability.

6) **Please explain the general nature of stages-theory that Uno has advanced?**

Uno distinguishes the three levels of abstraction at which economics must be studied, or the study of capitalism must be undertaken. First, at the most abstract level, the pure theory of capitalism (or what he calls genriron) must be studied strictly logically in the process of overcoming the basic contradiction between value and use-values; then the three world-historic stages of capitalist development, viz., mercantilism, liberalism and imperialism, must be studied as three different types of capitalism at the stages- theoretic level (Uno calls this dankaïron); finally, the economic history of capitalisms, past and present, in different countries and in the world, must be studied in their full concrete-empirical details (he calls this genjô-bunseki). What is both interesting and important here is that, in Uno's view, the theory (logic) and history (reality) of capitalism cannot be directly related or united, "dialectically" or otherwise; they must instead be mediated by the mid-range theory of developmental stages.

At the level of the dialectic of capital (or pure economic theory), use-values are treated quite neutrally or "nominally", meaning that, e.g., cotton and coal are just "different things" for use or consumption, and so bearing different names. Some use-values are, in reality, more easily commodifiable (convertible into a commodity) than others; but we do not worry about that in abstract economic theory. In it, we visualize pure capitalism (or purely capitalist society) when there is no palpable difficulty in handling any use-value as a commodity, so that all use-values may be regarded as more easily commodifiable than they actually are. In contrast, at the level of economic history, use-values are as they are in actual life. They are, therefore, immensely variegated and manifold and serve our economic life in a great many specific ways. There are those, which can be mass-produced, while others are more likely to be tailor-made under a contract. They should all be studied in concrete-empirical detail in relation to the historical evolution of our economic life.

In between, the different types of use-values do matter at the level of stages-theory. The use-values that were important at one stage of capitalist development are different from the ones that characterized another stage. Because society's level of productivity is accordingly different, the technology to produce leading commodities is also different. So are the industrial organization, the relation between capital and the state, the mode of accumulation by the representative (or dominant) form of capital, the international relation (or division of labour) between the centre-nation (nations) and the periphery. These different aspects are encapsulated in the different types of economic policies practiced at the three world-historic stages of capitalist development, viz., mercantilism, liberalism and imperialism.

In each of these stages, the principal actor is the representative or dominant form of capital which applied different styles of accumulation (or the conversion of surplus value into additional capital). Thus, in the mercantilist era, it was merchant capital, which organized the cottage industry to produce mainly woollen goods. The logical specification of merchant capital is already given at the level of pure theory, but in stages-theory it must be far more concretely described as the operator of the British wool industry in the 17th to 18th century. Likewise, in the liberal era, it was industrial capital that played the leading role in accumulation. Its logical specification is again already given at the purely theoretical level, but in the theory of the liberal stage it was the British cotton industry in the 19th century that embodied the more concrete behaviour of industrial capital. What is described in the section called "the development of the capitalist method of production" in pure theory now turns out to be a drastic abstraction of the British cotton industry in the middle of the 19th century. Finally, in the era of imperialism, the dominant form of capital was finance-capital. What corresponds to finance-capital in pure theory is "interest-bearing capital"; but this form of capital is strictly "notional" in theory, in that it does not actually operate in the purely capitalist economy, whereas finance-capital in the theory of the imperialist stage actually plays the principal role in concentrating idle funds scattered over all the nooks and corners of society and converting them into real capital to invest in heavy industries as if these funds all belonged to it. This also requires that large industrial firms should be incorporated as joint-stock companies, the equity of which must be traded in the "capital market", which developed historically in close contact with the previously existing "money market".

7) **In what way is the stage of imperialism important? How does it relate to our understanding of capitalism today?**

The stage of imperialism is the last and the highest stage of capitalist development. It is, however, also the stage of capitalism's aging and decline. Real economic life at this stage was unquestionably more "advanced" (in technological terms) than at the previous stages; nevertheless, capitalism in the previous stage of liberalism was closer to its ideal image than the stage of imperialism. This means that capitalism, based on such heavy industries as iron and steel, was more difficult to handle commodity-economically than one based on light industries such as cotton and other textiles. For one thing, the "bulking large of fixed capital" in heavy industries implies that its finance and management can readily exceed the capacity of individual capitals, which naturally leads to the formation by industrial firms of monopoly organizations (such as cartels and syndicates) in close cooperation with large banks. Finance-capital in Germany, which invented investment banking, soon succeeded in fully controlling the domestic market for the products of heavy industry, by ensuring that their producers earned monopoly profits in the domestic market; but it was, at the same time, stuck with excess funds which could not be easily converted into real capital domestically. In Britain, however, this problem had long since been solved by the merchant banking that had developed in the City of London, and which routinely exported excess funds overseas to capitalize in its colonies and spheres of influence. Thus, the rivalry in the "export of capital" between the newly emerging capitalist nations, represented by Germany, and the older capitalist nations, represented by Great Britain, had to lead to a severe international confrontation, which was destined to end in the "imperialist war" of 1914-17.

This highlights the fact that the stage of imperialism, as the final stage of capitalist development, involved elements that exceed the strictly theoretical specification of capitalism, i.e., the dialectic of capital. This point is frequently overlooked by those who do not possess, or are not even aware that they do not possess, the theoretical (i.e., adequately synthesized) definition of capitalism. Imperialism marked the stage of capitalist development, in which the contradiction between value and use-values was intensified, and thus became more difficult to surmount than ever. This fact was to become evident in the aftermath of the total war that truly devastated Europe, the unchallenged centre up to that time of commodity-production and, hence, of capitalism. It was for this reason that Uno concluded his study of The Types of Economic Policies under Capitalism (Keizai-Seisakuron) with the First World War. After some hesitation he realized that there could be no fourth stage of capitalist "development" after the imperialist war of 1914-17, and that, thereafter, the world economy had entered a transition phase to another historical society.

8) **What is Uno's view on the world economy after the war of 1914-17?**

I have already referred to Uno's considered view that the world economy after WWI does not define a new stage of capitalist development. To his 1970 definitive edition of Keizai Seisakuron (Economic Policies under Capitalism), classical reference to his idea of the stages-theory of capitalist development, he appended a short note containing a few desultory observations on his thesis of "transition away from capitalism to another historical society" which as much inspired as puzzled his followers. Most of the Japanese Unoists follow the interpretation of Tsutomu Ôuchi (1918-2009), a junior colleague of Uno's at the University of Tokyô, whose book on State-Monopoly Capitalism (1970) has been quite influential. It is true that there are some important points of agreement between Uno and Ôuchi. For instance, they both regard the adoption of the managed currency system by major nations, after their failure to restore the old system of the international gold standard, to have been the obvious sign of the beginning of the end of capitalism. They also view that the involvement of the state in the nation's economic affairs in the form of "inflationary labour policies" (by which they mean macroeconomic, fiscal and monetary, policies aimed at high employment and price stability) far exceeds the confines of the typical trade policies of the imperialist state, which essentially served the needs of finance-capital. However, I am certain that Uno would not have agreed with Ôuchi's view that the stage of imperialism, dominated by finance-capital continued even after WWI, even though it had to undergo the so-called "general crisis" of capitalism and could not retain its more vigorous "pre-1914 classical form". In general, I find that Ôuchi's theory of state-monopoly capitalism is much closer to the conventional Marxist view of the world economy after WWI than to Uno's. Yet, from Uno's own writings, I could not quite get a coherent enough picture of the world economy after Versailles for a long time.

Only relatively recently have I felt being enlightened on this matter by the works of Mitsuhiko Takumi (1935-2004) and Hyman Minsky. Takumi, after his extensive study on the World Depression of the 1930s, came to the conclusion that the crisis of 1929 in the United States could not be viewed as another capitalist crisis. This view is diametrically opposed to that of Ôuchi, who believed that it was just another capitalist crisis, so that it did not lack its self-recuperating power, except that, because of its exceptional severity in the prevailing climate of "the general crisis", expeditious political interventions could not be avoided, changing the future course of the world economy. Takumi's view, in contrast, is that the crisis of 1929 initiated a deflationary spiral, involving a fall in the output and employment of the leading industries. Normally, a capitalist crisis is followed by a sharp fall of prices in major industries, so that, for instance, in the stage of imperialism a crisis meant a catastrophic fall in the prices of coal, iron and steel. Thus, while the low prices of these goods prevailed during the stagnation period, innovations were introduced in the method of producing these goods, which enabled them to be produced at a lower production-price than before. That was sufficient to re-launch the reproduction-process of capitalism under a new system of values. Yet, this mechanism did not operate after the crisis of 1929. It is not that the prices of many commodities (especially those of food and primary commodities) did not fall; they did catastrophically. What happened, however, was that, before these prices fell, the physical scale (output and employment) of the leading industries shrank, because these were Fordist producers, meaning that their products had to be sold at a rigid supply-price equal to the unit-cost of these products marked up appropriately.

After the First World War, the centre of commodity production shifted from Europe to the United States, where Fordist industry was becoming increasingly prominent. I use this term, Fordism, in the special sense of reflecting the “oligopolist industry that produces durable goods by means of durable goods”. In other words, the Fordist production embodies the Minskyian characteristic of crucially depending on durable capital assets. However, the production of durable commodities by means of durable commodities cannot be operated capitalist-rationally, inasmuch as the “contradiction between value and use-values” can no longer be so easily surmounted. Both the laws of value and of population, the two laws that constitute the crux to capitalism, were, therefore, paralyzed; and so also was the self-healing power of the capitalist crisis. The intervention of the central government in economic affairs became indispensable, and so also what is termed the “mixed economy” with Minsky’s Big Bank and Big Government becoming unavoidable features of the era. Uno himself as late as in 1970 did not seem to have quite grasped the nature of the changes that the world economy was undergoing in these terms, given that he did not appear to be even vaguely familiar with the writings of Keynes. Yet, he must have viscerally felt the deep transformation of the world economy, during the interwar period and following the Second World War. I believe that we must now squarely face the problem that Uno left behind, i.e., we must face up the issue of what to make of the world economy after WWI. Uno broadly characterized it as essentially “the phase of transition away from capitalism to another historical society”. I call it the process of ex-capitalist transition, or of the disintegration of capitalism.

9) **How has the world economy evolved then after the Peace of Versailles?**

In my view, this process passes through three periods. First, there is the interwar period of Great Transformation, here to borrow Karl Polanyi’s expression. WWI was the imperialist (and the first total) war, which terminated the further “development” of capitalism as such. Secondly, there comes the period after WWII of over a little more than three decades of Keynesian social-democracy, of which the first two, the 1950s and 60s, materialized unprecedented prosperity under the relatively stable Pax Americana, but the last decade of the 1970s was plagued with “stagflation”. The third and last period of ex-capitalist transition began with the resurgence of neo-conservatism in the 1980s, which entailed the liberalization of finance. With the subsequent fall of the Soviet Union, the tendency towards the globalization of the world economy under U.S. hegemony confirmed and extended the dominance of finance over industry, not only in the United States but also worldwide. This period still continues. I do not have time to review all these three periods in detail, but their minimal characterization follows.

The first period, that of the great transformation, was rather clearly divided into the decade of the 1920s and 1930s. During the first decade, public opinion generally expected a return to the prewar "capitalist order" based on the so-to-speak "symmetric" gold standard, given that the vast majority was unaware of the profound transmutation that the world economy had undergone due to the first total war. As the illusion of a return to normalcy was shattered by the crisis of 1929 and the Great Depression of the 1930s followed, the faltering bourgeois democracies found themselves besieged by collectivisms of the right and of the left. The world economy only began to recover from persistent doldrums when signs of the impending WWII had already become apparent. The second period was the era of the Cold War, in which the world was divided into two opposing camps. In the West, the hegemony of the United States was unchallenged during the 1950s and 60s, though it quickly crumbled in the 1970s. It was also the era of the "mixed economy", based on Keynes and petroleum, which worked well, in the first two decades, because "unit labour cost" was declining due not only to the increasing use of petroleum as energy, but also to the application of petro-technology, which replaced natural fibers, resins and soaps with synthetic materials. If the unit cost declines, the profit rate will increase for the same commodity-price, which should have encouraged private investment. In this climate, even a mild fiscal policy would work wonders, to the extent of realizing mass consumption and the affluent society. What happened in the 1970s was the reverse, as unit labour costs tended to rise, i.e., as money-wages were raised faster than could be offset by rising productivity. Under those circumstances, a vigorous fiscal policy will not stimulate private investment, unless the prices of Fordist products are also raised. If there is inflation for whatever other causes, an expansionary fiscal policy will certainly exacerbate it. This explains the crux of the persistence of stagflation in the 1970s.

There was not enough time, however, for bourgeois economics to figure out why the stagflation could not then be so easily controlled, while many other unanticipated difficulties, both economic and political, arose one after another to shake the so far unchallenged hegemony of the United States in the West. The fear of American decadence vis-à-vis the Soviet Union which still appeared impassive, coupled with the intellectual vacuum that paralyzed the economics profession worked to the advantage of the financial interests congregating around Wall Street. They had long vegetated under severe regulations by virtue of New Deal laws on banking, but had been reviving vigorously in the international money market, especially after the Oil Crisis of 1973. It was a golden opportunity for the "financial interests" to win back the lost territory inside the border from the "industrial interests", which, together with organized labour, had been the primary beneficiary of the Keynesian fiscal policies implemented in the context of the "mixed economy" that thrived after WWII. As President Carter's office neared its anti-climactic end, the financial interests joined forces with the Chicago school to forcibly eject Keynes from macroeconomics. First, monetarism was mobilized to control inflation, with a stringent squeeze on the increase of the money supply; then, Reaganomics, with its intense anti-union messages and policies ended by arresting the persistent rise in unit labour cost. But the price of the success in controlling inflation was the elevation to an unprecedented level of interest rates, which, in addition to mortally hitting the debt-ridden developing nations, also made it impossible for American commercial banks to abide by the legally restricted interest-rates on their time deposits. The latter began to be withdrawn swiftly to flee to other financial businesses, which were prepared to pay a more reasonable reward to lenders. When this regulation was finally lifted in 1983, a further de-regulation of finance was signaled. The A&M boom that soon followed made it clear that finance now called the tune, which industry had to follow. This heralded the coming-into-being of "casino capital", which was to become the principal player in this third and last period of ex-capitalist transition.

10) **How do you characterize the current state of the world economy from your Unoist point of view?**

The coming into being of casino capital is by far the most significant feature of the present-day world economy. Sometimes, it is also understood to be the agent of the so-called "financialization" of the economy. Casino capital must, however, not be confused with finance-capital which once dominated the stage of imperialism. The theoretical foundation of finance-capital is "interest-bearing capital", which explains the conversion into a commodity of capital itself or its dualization, that is to say, the separation of real capital in motion of the joint-stock capitalist enterprise from its fictitious form of equity shares capable of being traded piecemeal in the capital market. Whereas, in the pure theory, the trading of capital in the form of equity shares is strictly "notional", it was actually practiced extensively in the stage of imperialism in the hands of finance-capital, as already pointed out. The reason was that investment in heavy industries was then far too costly for, or surpassed the resources of, individual capitalists, due to the "bulking-large of fixed capital". It was then necessary to assemble as much as possible of the investible funds available in society within one company, in order to convert them into its undivided real capital.

The theoretical base of casino capital, however, is not interest-bearing capital, but the much more basic and primitive form of "money-lending capital", which is theoretically known as an "irrational" form of capital; for, it can easily turn into "loan-sharking" and destroy the normal operation of capitalist enterprises. For instance, if it is allowed to collect interest higher than entrepreneurial profit, it can easily suffocate capitalist industry. Money-lending capital was quite active before the evolution of capitalism. Perhaps its main function was to hasten the dissolution of the old, pre-capitalist relations by expropriation. Its reappearance in the form of casino capital today may well presage our impending departure from a capitalism that is no longer viable or sustainable.

The return of money-lending capital in the form of casino capital suggests, first of all, that idle funds convertible into capital are no longer "scarce" as they used to be in the age of imperialism. However, we must always distinguish between existing idle funds in the form of monetary savings from out of already earned disposable incomes (surplus value), and potential idle funds in the sense that if I sold a commodity for cash now, the latter would become idle in my hands. Loan-capital converts the latter into credit money to buy commodities, the use of which expedites the circulation of commodities and enhances surplus-value production, i.e., enables more disposable incomes to be produced than in its absence. But, existing idle funds presuppose disposable incomes already earned, part of which may be saved if not consumed. The savings, however, occur in money form in the first instance, and constitute existing (as opposed to potential) idle funds convertible into capital (i.e., capable of being invested). It is important that these idle funds should be transformed into investment or additional real capital as soon as possible (certainly within the same market period); for, failing that, the economy will turn deflationary, producing less income and employing less labour in the following period. But casino capital, by definition, is a capital that seeks to profit from money games, which suggests that it has no intention of transforming the existing idle funds in its possession into real capital. Hence, the more casino capitals profit in money games (speculative activities), the more they add to the stock of existing idle funds inconvertible into capital (i.e., incapable of producing real wealth). The more casino capital accumulates itself (e.g. by inventing "high-risk, high-return derivative commodities" in the light of so-called "financial engineering"), the more deflationary the economy will be, and the more impoverished will be the society built on it.

There is not the slightest vestige of capitalist rationality left, which we have learned from the true definition of capitalism (economic theory), in the present system of the world economy, dominated by casino capital. Yet, according to the opium-like lesson of bourgeois economics today, now divorced from Keynes, we are made to believe that even the current economy is still "as capitalism should be", the same old capitalism that has always been the dear old cradle of Western democracy which combines "economic rationality" with "individual freedom"!

11) **What would you advocate is to be done about casino capital?**

When society becomes increasingly more knowledge-intensive, complex and senescent, the scope of routine government services (especially in welfare-related software) will naturally expand. If the government cannot finance them with tax revenues, it tends to borrow. But, as it borrows regularly, the requirement of debt-servicing will occupy a progressively greater proportion of the national budget, depressing further the provision of routine public services; this vicious circle must end in a massive indebtedness of the government sector, making it an easy prey for casino capital. Thus, casino capital not only deflates the economy by its own action, but it also spreads false messages that incapacitate the government's effort to stave off deflation.

The fact that casino capital is in control of the present-day world economy dictates the breakdown not only of the commodity-economy (capitalism) but of our real economic life as well. This being the case, the only conceivable solution is to stop, or at least to radically re-regulate, the freewheeling action, domestic and international, of casino capital. Since the G20 of Pittsburg, many ideas have been proposed. Yet, given the difficulty of obtaining an international consensus across existing national borders, it is most unlikely that an effective solution can be obtained within the foreseeable future. If so, the second best way to escape or break loose from the grip of casino capital is to let Minsky's Big Government spend massively by "printing" fiat money.

Today, gold has been de-monetized, so that all countries use fiat money of some sort, either directly or tied to a major currency, which is the fiat money of another country. In other words a managed currency system, which means a fiat-money standard, is adopted now universally. Yet, bourgeois economics pretends that nothing really has changed, since the days of the gold standard, when specie money could be produced automatically in the market, if need be, by the operation of the law of value. It also believes that only the (private) banking system can create money, even though the reserve money upon which it creates credit money is no longer gold, and must be supplied by the sovereign state. It is widely believed, however, that the supply of reserve money is produced by some arcane discretion of the central bank, the independence of which from the elected government must be jealously guarded as a sanctuary of "the private sector". But such uncritical worship of the traditional practice inherited from the age of gold also plays into the hands of casino capital. For, under deflation, the central bank, to which is entrusted the whole responsibility of monetary policy, cannot increase the money supply no matter how much base money they infuse into the banking system. Commercial banks cannot create credit money (by extending loans), unless a trustworthy borrower is found. Thus, rather than running risks by lending, they will gladly speculate in the financial market with their excess reserves. Under deflation, what is needed is active money (i.e., money to buy commodities) and not idle money (i.e., money held merely "to satisfy the speculative motive"). But, as the recent experience of QE has confirmed everywhere, the central bank pushes the string in vain unable to induce banks to create credit money, so that it only makes the stalemate of the "liquidity trap" worse. Under the circumstances, the only way to add to the supply of active money is to go through the budget of the national government.

All it takes is for the government to authorize the central bank to create a necessary sum of fiat money directly into its own account there. This is equivalent to the national government financing its fiscal needs by "printing money". But that is precisely what the managed currency system (or fiat money standard) can and must do, which gold standard could not. Whereas, under the gold standard, fiat money served only as subsidiary currency to save the cost of directly circulating specie money, it becomes the ultimate money under the managed currency system. It, therefore, devolves on the state itself to see to it that the national economy should be supplied with an adequate (if not optimum) supply of active money. But the idea of "printing money" evokes the sad memory of past inflations, and repels those who are guided only by conventional wisdom.

It would, of course, be a folly to increase the circulation of fiat money when the economy already shows signs of inflation. Under such circumstances, enhanced fiscal spending by the state, whether with printed money or otherwise, must be restrained, especially so, when unit labour-cost is on the rise, lest it should aggravate the inflationary trend. Under prolonged deflation, however, when incomes and employment have long been contracting, it is hard to imagine that money wages would rise faster than the productivity of labour. Why is it then that mainstream economics keeps "crying wolf" with the spectre of hyperinflation, without even bothering to show a credible "simulation study" to back up its claim? Clearly, it is in alliance with casino capital, in the interest of which it is to perpetuate deflation.

12) **In what way is the conversion of labour-power into a commodity so crucial to capitalism?**

"The conversion of labour-power into a commodity is the alpha and the omega of capitalism", Uno used to say. In the same spirit, I have also used the expression "radical commodity-economy" to mean capitalism, rather than just a "commodity-economy" simpliciter which would mean that ordinary use-values (products, not including labour-power) are traded as commodities in the market. In capitalism, even labour-power (which is not even a product of capital) is transformed into a commodity, i.e., treated as a thing that can be traded in the market. Indeed, according to the dialectic of capital, industrial capital, M – C .... P .... C′ – M′, cannot even commence its action, until labour-power becomes available as a commodity. For, in order for C′ in this formula to be any commodity that industrial capital can freely choose, C, the elements of production, must be made up of the means of production, P_m, and labour-power, L_p, both available as commodities in the market. The means of production are, in principle, produced as commodities by other units of industrial capital; but labour-power, the human capacity to produce any use-value, is not always available as a commodity. There must be a labour market in which the required quantity of labour-power is offered for sale. We cannot, therefore, think of abolishing capitalism without, at the same time, abolishing labour-power as a commodity.

In fact, the dialectic of capital teaches that, for all the capitalistically producible commodities, capital only needs to ensure full inter-industry mobility amongst all its units (i.e., free inter-industry mobility) to achieve a general equilibrium of the capitalist market. For, in that case, a general rate of profit and corresponding production-prices can be established, so that all productive resources are so allocated as to produce all capitalistically producible commodities in the socially necessary and desired quantities. This is due to the working of the micro law of value enforced on the capitalist market in the form of the law of average profit. This, however, presupposes the fact that an equilibrium value for labour-power is somehow specified at a point where the demand for it is equal to the supply of it. Such a point cannot be found by the micro law of value, since labour-power is not a capitalistically producible commodity.

We need, to that end, the macro law of (relative surplus) population. Once the aggregate-social capital adopts a given technology, it accumulates "extensively", i.e., while maintaining a largely constant value composition of capital. Throughout this process, however, as the scale of production increases, employing more and more labour, real wages are bound to increase until eventually a profit squeeze ensues, which, in the dialectic of capital, is referred to as the "excess of capital". At this point, the further accumulation of capital is stalemated, and an industrial crisis must break out, entailing a catastrophic fall of prices. But, I have already explained, in connection with the self-healing power of the capitalist crisis, that this fall of prices induces a series of innovations, so as to enable the aggregate-social capital to adopt a new technology automatically. This is sometimes called "intensive" accumulation, because the accumulation may now proceed at a value composition of capital higher than previously, i.e., by raising the so-called capital-labour ratio.

The macro-law of accumulation thus grounds the micro-law of value in the operation of the capitalist economy. In this light, bourgeois economics has always sought in vain "a micro-foundation of macro theory", exposing its upside-down character. In the dialectic of capital, the macro-law of relative surplus population has always supported the micro-law of value, not the other way round.

13) **If the overcoming of capitalism would necessarily entail the reconversion of labour-power into a non-commodity, what would that mean?**

Your question pertains to what "the reconversion into a non-commodity of labour power", which must be accomplished to end capitalism, would mean. Here, we have to be careful not to confuse "the form of wage-payment", which we can observe in many societies, and "the labour-power as a commodity", which specifically characterizes capitalism. The form or practice of wage payment predates capitalism by many ages, whereas labour-power as a commodity is the ability to render indifferently any productive labour which the capitalist-employer may demand.

Thus, the "form of wage-payment" is much older than "labour-power as a commodity" under capitalism, and is also likely to survive it. The abolition of labour-power as a commodity does not mean the abolition of the form of wage-payment. It means only and primarily the abolition of the "indifference to performing productive labour", productive labour, which used to be largely inhuman drudgery (hard muscular labour) with no room to develop professional skill or pride in its performance. Today, with IT and robotics the situation has greatly changed, since a large segment of unskilled, simplified productive labour is no longer necessarily performed by human workers, while some routinized, mind-numbing unproductive office labour may have become even more important and common. Labour-power is the capacity to render "productive" labour, but it can also be consumed in unproductive labour and recreation. Today, unproductive office work has become quite as exhausting, indifferent and stressful as productive labour performed in a pre-robotic factory, if not more.

If the above is true, it is all the more the responsibility of political parties, trade unions and other labour organizations to think hard as to how the "conversion of labour-power into a non-commodity" should be meaningfully accomplished today. Most certainly it cannot be accomplished with the outdated 19th century image of factory workers, not that they may be by-passed or ignored, should they still linger in some remote corners of the present-day society.

I believe that the environment that bears upon the working-class conditions of life has radically changed in the age of casino capital, with increasingly many workers being engaged under the category of the "non regular" work-force. Partly, it is due to technical changes brought about by IT and robotics that affect the mode of performing productive labour, and partly it is due to the way in which casino capital treats the least privileged wage-workers, who are not necessarily "productive", and who are unjustifiably viewed as "losers" and, hence, "disposable" in this technically advanced society. If the recklessness of casino capital is controlled and the deflationary pressure is thereby attenuated, it would be possible to increase employment and incomes somewhat, but not to such an extent as to enable everyone to have the choice of a job that best fits his/her needs and wants.

That will be the task for the historical society that will follow capitalism. Surely Marx did not talk idly about "labour becoming life's prime want", in his Critique of the Gotha Programme, once capitalism was abolished. Labour, productive or unproductive, must not be a punishment or disutility. It should not be something to be endured now so as to buy vacation and entertainment later. It should be fulfilling in itself and be the source of self-satisfaction and pride. That must be what Marx meant by "labour as life's prime want". These are the considerations that intervene between objective knowledge of society and wise political practice; and, according to Uno, it is for the political party aiming at socialism to formulate the best strategy in view of the given surrounding conditions.

14) **What is your view on socialism as a new historical society to replace capitalism?**

This takes us to the question of "social transformability" and of what we can do about it even at present. This is the time-honoured question of socialism, if that is what we choose to call the new historical society which will replace capitalism.

The study of the dialectic of capital has given me a few hints about what to expect in the new historical society, and how we might get there gradually. These ideas are, however, still quite tentative and not worth recounting here. I wish to state, however, that, even though the dialectic of capital says nothing about socialism, its completion hints at the existence of socialism, as an alternative society.

In the materialistic dialectic, the eventual winner is "use-values", whereas in the metaphysical dialectic "naught" (or the absence of the divine wisdom) will always be the loser. Capitalism can be logically synthesized if use-values adapt to the rule of value. However, if capitalism disappears, as it must, our real economic life, containing the use-values that have become recalcitrant to control by the mercantile principles of capital, does not disappear with it. As human history develops creatively, it is only to be expected that a new generation of use-values will emerge that will be of crucial importance to the real economic life of society, and yet will not be so amenable to the mercantile (commodity-economic) logic of capital. The appropriate management of the material base of such a society is what we may refer to as "socialism" in the economic sense, which the completion of the dialectic of capital points to without even so much as mentioning it.

My preliminary answer to those who favour such a transition is to advocate that they should first study the dialectic of capital carefully, and understand its significance. Indeed, without knowing the basics of capitalism in the light of the dialectic of capital, we would forever remain blind to socialism, into which we intend to "socially transform" capitalism. Yet so many people, without even being aware of their own unawareness, rush out into the streets to "do something", and thus to eventually taste defeat and disillusionment, finding out that Paulo Freire's thesis ("Today's liberator is Tomorrow's oppressor") has once again proved right. In most cases, the socialism that they imagine is a classless paradise, the promised land of God, which is supposed to lie out there, beyond the misery and hardships of this fallen world of humans, and which can be attained only after an

Armageddon of some sort or other. Again, it is religious zeal that motivates people. But religious zeal cannot substitute for the complex tasks and skills that are required to redesign our contemporary society, and thus establish a viable and sustainable replacement for moribund capitalism. The success or failure of socialism is a test of intelligence, not of the righteousness of religious faith.

(9,340 words)

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