



Brett Neilson

The magic of debt, or Amortize this!

Today we don't feel guilty about incurring debts, just the opposite — indebtedness is the entry price of being a good citizen, pulling more and more of us into the global financial system. Brett Neilson offers some philosophical and political tools for disowning a debt which can never be repaid.

For Nietzsche, debt was linked to the problem of promising and forgetting. It would be a mistake to underestimate the importance of the etymological play that underlies his association of debts (*Schulden*) with guilt (*Schuld*). As is well known, the Second Essay of *On the Genealogy of Morals* argues that the feeling of guilt, of personal obligation, has its origin in the contractual relationship between creditor and debtor. "It was here", Nietzsche writes, "that one person first *measured himself* against another". And he continues:

Perhaps our word "man" (*manas*) still expresses something of precisely this feeling of self-satisfaction: man designated himself as the creature that measures values, evaluates and measures, as the "valuating animal as such".¹

How today are we to understand these claims and Nietzsche's extension of them into arguments about the role of debt in the relations between parents and children or between man and the deity? To put the matter bluntly, in today's highly abstracted global economy, the link between debt and guilt has been broken. Or more precisely, with the emergence of debt as a structural necessity in the lives of most people around the world, the relation between debt and guilt has been reversed. In the context of credit ratings, negative gearing, hedge funds and micro-credit, one is guilty if one is not in debt!

This is not simply a matter of social control, although certainly the will-to-indebtedness inserts the subject in a complex matrix of databases. Debt and payback, borrowing and amortization, also imply a certain rhythm, an obsessive sequencing that measures itself against the pace of life. "The rate of interest", as economist John R. Hicks wrote, "is the price of time".² Nobody ever hears the death (*mort*) in mortgage, but surely it is there.

To say that debt inheres in life is not merely to repeat the current biopolitical orthodoxies. "From the moment I was born/I opened my eyes/I reached for my credit card".³ The opening lines from The Gang of Four's 1982 track "Capital (It Fails Us Now)" make us realize that our dependency on debt has only deepened since 1958, when, in a classic article, Paul Samuelson declared that the social state only balances its books by "a draft on the yet-unborn".⁴ Now debt has become the dominant mode of subjectivity, even in its pre-oedipal or anti-oedipal moments.

The retreat from the social state has only extended the draft on the yet-unborn. Non-reproduction of infrastructures, selling off of public assets, even selling future returns on government loans to the private sector: all are means of selling the future to pay for the present. Indeed, the market for the future has become perhaps the most abstracted and self-referential of all financial systems, with speculative instruments, such as derivatives, punctuating the temporality implicit in their underlying assets to create a meta-temporal sphere of circulation in which the risk of anything, bar catastrophe, can supposedly be managed.

Let us call it the post-Fordist moment, the moment of the full sovereignty of global finance capital: that is the time in which the "enchanter's wand" of debt, to recall a phrase from Marx's chapter on "So-Called Primitive Accumulation", casts a spell that converts the un-bankable into the pre-bankable. Debt spreads its blanket, incorporating ever more subjects into the abstraction of the global financial system. The devices of micro-credit, for instance, register the uneven but universal spectrum of debt. Everyone can have it. But the post-Fordist moment is not only that of global financial expansion. It is also the moment in which debt attempts to conjure away labour as the wellspring of value, allowing value to enter, as Marx would write elsewhere in *Capital* Vol.1, "into a private relation with itself".⁵

To think of man as the "valuating animal" is to add a transhistorical sense to this moment. For Nietzsche, who more famously defined man as the "incomplete animal", this is at once a measure of despair and a call for "an instinctive creation and imposition of forms". It is not a matter of positing a political essence to man, the *zoon politikon*, and then declaring this figure to have been defeated by *homo economicus*. The "legal conditions" that seal the contractual relationship between debtor and creditor, Nietzsche explains, "can never be other than *exceptional conditions*". This is because a "legal order thought of as sovereign and universal" serves "not as a means in the struggle between power complexes but as a means of *preventing* all struggle in general". The contract model of exchange is essentially "*hostile to life*", an "attempt to assassinate the future of man", and thus a "secret path to nothingness".⁶

What then becomes of struggle at the present time in which the legal order can no longer establish itself as sovereign, even under exceptional conditions? How to situate debt at a time in which "public opinion" and notions of the ethically right replace formal law and its institutions as the basis of legitimacy, measured out by so many polls and rating scales, often seeking to measure the quality of life (which is really nothing other than the secularized version of the sanctity of life)? Under these circumstances, it is necessary to ask again what debt accomplishes, what it does. And again it is Marx who describes most accurately the magic of debt.

As with the stroke of an enchanter's wand, it endows barren money with the power of breeding and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its employment in industry or even in usury.⁷

It is significant that Marx makes these observations about debt in the context of his analysis of primitive accumulation. At stake here is not simply the matter of credit being drawn from unpaid labour, theft, colonization and so on. Nor is it the whole question of accumulated money capital being used for industrial investment, which he had dealt with in his earlier criticisms of the

French *Crédit Mobilier*. In this instance, Marx draws attention to what has become one of the most powerful levers of capitalist control today — the institution of public debt. Capitalists loan money to the state to finance expenses over and above state revenues and then the state pays back the money at interest with new money acquired through taxation. The point is that money is turned into capital by augmenting itself, and, in this sense, the process of accumulation by means of debt is not analysed that much in the rest of *Capital*.

The magic of debt is to make labour disappear. It is here that the analysis of debt must begin and end, particularly in the context of current finance capital. At stake is not only the issue of the so-called debt crisis, created by the making of international loans to the governments of poor countries, which can only finance repayments by borrowing more when interest rates go up or exchange rates are unfavourable. Nor is the question solely about what Michael Hudson has called "superimperialism" — the process by which the United States has maintained its global economic power by becoming indebted to foreign nations, which are then compelled to keep US treasury bills in their central banks.⁸ These are crucial matters that shape much of the world's economic activity through debt. But they do not capture the magic of debt, its capacity to perform vanishing tricks, most specifically on the living labour that drives this same global economy.

This is where the inherence of debt in life meets the abstract functioning of contemporary finance capitalism — in the fiction of value without labour. In the classic Fordist economy, it was the value of fixed capital (e.g. factory machinery) that could not be generated by labour, or, at least, that part of the value of fixed capital consumed in the process of production could not be created by the living labour engaged in this same productive activity. This is why Marx claimed that the amortization of fixed capital could not be explained by the labour theory of value. If this were the case, he surmised, the value of such fixed capital would have to be produced twice: first, when it was initially produced (in the factory manufacturing the factory machinery that would itself become fixed capital); and second, during its use in the manufacturing process. Fixed capital must thus be approached by the capitalist as an effective debt. As it is incapable of producing surplus value through the production process during which its own value is consumed, it becomes a cost to be amortized as quickly as possible.

As Christian Marazzi argues, with the advent of post-Fordism, the place of the machine as fixed capital in the factory has been substituted with the worker's body itself:

The dematerialization of fixed capital and service-products has as its concrete correspondent the "putting to work" of human faculties such as the linguistic-communicative and relational capacities, the competencies and contacts acquired in the workplace and, above all, those accumulated in the non-work environment (knowledge, emotions, versatility, reactivity, etc.) — in short, the combination of human faculties, which interacting with autonomized and informatized systems of production, are directly productive of value-added. In the model of the "production of man through man", fixed capital, if it disappears in its material and fixed form, reappears in the mobile and fluid form of the living.⁹

It is in this mobile and living form that debt inheres. As fixed capital, the body

of the worker is a cost to be amortized as quickly as possible. Thus, while in Fordism, the state or the firm would step in to assist in the maintenance of the worker's body (through health benefits, educations, pensions, housing and the like), in post-Fordism, these costs are devolved as much as possible to the worker, who must provide for him or herself in the context of a globalized marketplace. Hence, for instance, the shift from state-funded to market-driven pensions — with the accompanying fantasy of generating income for later life driving all sorts of financial manipulations, including the taking on of debt for investment in risky assets or conversely the drawing back on pension funds to shoulder the debt burden generated by housing and other investments.

To register the centrality of debt to these developments is in no way to license nostalgia for the social state. Rather it is to mark the necessity of critically analysing these moments, to confront and act on the present with all its contingencies. For Werner Hamacher, the "lapidary" contraction of Marx's general formula for value, ($M \text{ --- } C \text{ --- } M'$) money begets commodities beget more money, to ($M - M'$) money begets more money, achieved through the magic of debt, generates the formula of an "automatic subject" which, like the "generation of God out of nothing", betrays "capital's faith in capital itself".¹⁰ In this reading, which follows Nietzsche's diagnosis of the Christian sacrifice as God making a "payment to himself", there emerges the horizon of a *maxima culpa*, a debt that can never be repaid.

There is something in this moment of reversal, in which, to recall Nietzsche's words again, "the creditor sacrifices himself for his debtor", that registers the current realignment of debt and guilt in global finance capitalism. Yet the notion of a *maxima culpa*, guilt before God, does not capture the current absolution of debt from guilt. For what is unbearable about debt is certainly not that it can't be repaid. Today, debt has no original sin. Instead of a *maxima culpa*, we face what might be called the *minima moralia* of debt. Loans are assumed not with the intention to repay but to refinance. Only the debt that cannot and will not be acquitted absolves us.

Thus, the good citizen, whether he or she is an individual in a nation-state or a nation-state in the so-called "international community", is an indebted subject. Indeed, debt insinuates itself in the very oscillation between citizen and subject. Consider, for instance, the April 2005 proposal of the Australian Prime Minister, who suggested that the problems of health and squalor in indigenous communities might be redressed by obliging Aboriginals to take out mortgages for homeownership:

I certainly believe that all Australians should be able to aspire to owning their own home and having their own business; having title to something is the key to your sense of individuality, it's the key to your capacity to achieve, and to care for your family and I don't believe that indigenous Australians should be treated differently in this respect.¹¹

Debt here is the basis not only of individuality but also of citizenship, something that "all Australians should be able to aspire to". And, in this sense, debt also imposes a kind of border, controlled by the device of the credit rating, which importantly is heightened not through the avoidance or refusal of debt but rather through the faithful repayment of that which will never be repaid. To cross the border established by debt, to bear the unbearability of debt, is to become a full member of the polity. To be in debt is not necessarily to own, but it is to belong.

"It is even part of my good fortune not to be a home owner", wrote Nietzsche in *The Gay Science*.¹² Adorno remembers this in *Minima Moralia*: "Today we should have to add: it is part of morality not to be at home in one's home".¹³ In the current moment of financialization, it is perhaps necessary to go beyond this ethical preoccupation. Today we should have to add: it is part of politics not to be at home in the *oikos*. It is not a matter of finding the great outside to debt, as if one could heed Nietzsche's injunction to exist beyond, above or untouched by debt. Rather it is a matter of living *despite* debt — of refusing its time, its subjectivation, its *measure*. And this means unmasking the magic of debt, its smoke and mirrors. It means the invention of a politics in which labour reappears.

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- ¹ Friedrich Nietzsche, *On the Genealogy of Morals and Ecce Homo*, New York: Vintage Books, 1969, 70.
- ² John R. Hicks, *Value and Capital*, Oxford, Clarendon Press, 1939.
- ³ Gang of Four, "Capital (It Fails Us Now)", *Another Day, Another Dollar*, Warner, 1982.
- ⁴ Paul Samuelson, "An Exact Consumption–Loan Model of Interest with or without the Social Contrivance of Money", *The Journal of Political Economy* 66, 1958, 480.
- ⁵ Karl Marx, *Capital* Vol 1. Chicago, Charles H. Kerr and Co, 1906. Available from: <http://www.econlib.org/library/YPDBooks/Marx/mrxCpA4.html>
- ⁶ Friedrich Nietzsche, *On the Genealogy of Morals and Ecce Homo*, New York: Vintage Books, 1969,76.
- ⁷ Karl Marx, *ibid*, chapter 31: <http://www.econlib.org/library/YPDBooks/Marx/mrxCpA31.html>
- ⁸ Paul Samuelson, "An Exact Consumption–Loan Model of Interest with or without the Social Contrivance of Money", *The Journal of Political Economy* 66, 1958, 480.
- ⁹ Christian Marazzi, "Ammortamento del corpo macchina", in Jean–Louis Laval et al., eds. *Reinventare il Lavoro*, Roma, Angelo Ruggieri, 2005, 111. Trans B.N.
- ¹⁰ Werner Hamacher, "Guilt History: Benjamin's Sketch 'Capitalism as History'", *Diacritics* 32, 2002, 92.
- ¹¹ John Howard, "Doorstop Interview, Wadeye, Northern Territory", <http://www.pm.gov.au/media/interview/2005/Interview1305.cfm>
- ¹² Friedrich Nietzsche, *The Gay Science*, New York: Vintage Books, 1974.
- ¹³ Theodor Adorno, *Minima Moralia: Reflections on a Damaged Life*, London, Verso, 1997, 38–39.

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