COSTAS LAPAVITSAS

Costas Lapavitsas has taught economics at SOAS since 1990. In recent years his research has focused on Eurozone crisis, producing work that has had a considerable impact on European policy debate. His longer-term research interests, however, have been with the financialisation of capitalism, its characteristic trends, variable forms and manifold implications for contemporary society. Lapavitsas has published widely in the academic field, and writes frequently for the international and the Greek press. In 2015 he was elected as a Member of Parliament in Greece. His most recent books include Marxist Monetary Theory (Brill, 2016), Against the Troika: Crisis and Austerity in the Eurozone (with H. Flassbeck, Verso, 2015), Profiting Without Producing (Verso, 2013) and Crisis in the Eurozone (with several RMF researchers, Verso, 2012).

DAVE BEECH

Dave Beech is PARSE Professor of Art at Valand Academy, University of Gothenburg. He is the author of Art and Value: Art’s Economic Exceptionalism in Classical, Neoclassical and Marxist Economics (2015), which was shortlisted for the Isaac and Tamara Deutscher Prize. He is an artist in the collective Freee (with Andy Hewitt and Mel Jordan), whose work has been exhibited at the Istanbul Biennial, the Liverpool Biennial, BAK (Utrecht), Wysing Arts, (Cambridge), SMART Project Space (Amsterdam), the ICA (London), the Collective Gallery (Edinburgh), International Project Space (Birmingham), and 1000000mph Gallery (London). He has written widely on the politics of art, including The Philistine Controversy (2002), co-authored with John Roberts. He is a founding co-editor of the journal Art and the Public Sphere (2011-). He curated the exhibition We Are Grammar at the Pratt Institute (New York, 2011) with co-curator Paul O’Neill, and edited a special edition of Third Text on “Art, Politics, Resistance?” (2010), as well as a special issue of Art and the Public Sphere with Simon Sheikh on the biennale (2016-2017). Forthcoming publications include a co-edited book on taste after Bourdieu, a Dictionarium of Art’s Social Turn, and a book called Art and Labour.
Costas Lapavitsas interviewed by Dave Beech

DAVID BEECH: Social art historians have characterised the transition from the guild system to the art market by identifying the historical point at which artists no longer work for patrons but produce artworks speculatively, that is to say, making commodities for a market rather than making bespoke items for a patron. Would you agree with this emphasis on speculation within capitalist production, or is it a misperception?

COSTAS LAPAVITSAS: I find that kind of use of the term unhelpful. I think it’s actually quite confusing. There is speculation in capitalism. Speculation takes place through production and through trade and through finance, but that’s not the defining aspect of capitalism. Nor is it the type of speculation that you’ve just mentioned in regards to art. Assessing and estimating whether an art product will sell in the market and forming an opinion about its likely price or its likely demand is not speculation in the capitalist way. Capitalist employment has clear determinants and the capitalist nature of art had very clear determinants and they are not what you have just mentioned.

DB: Isn’t it the case that capitalism is characterised by a form of circulation in which capital is invested in the hope of accumulation, and wouldn’t it be accurate to describe that series of transactions as a speculative process?

CL: I think it was quite accurate for what I wanted to say. I think it is very important to start by saying what you have just indicated in your question. Finance as a set of activities and a set of exclusions is not parasitical on the main body of capitalist production and trade. A lot of people get very confused about that. They think all finance is somehow parasitical. That’s not the case. Finance is integral to advanced capitalism and in fact capitalism became advanced by moving into production and beginning to organise production in a capitalistic way—by taking a view about the future and employing labour and using labour capitalistically to produce goods and sell them in the future—but that rested on, and its expansion return. In that sense, yes, it would be speculative. But that is a very loose use of the term. Capitalist profit could also come from being involved in commercial transactions, sometimes in connection with money capital, which I’ve just mentioned, and there you would produce and either sell directly or get involved in the trading of products in markets that are far away, and there, obviously, you would form an expectation of the price at which these goods would be sold in order to make your commercial profit. That again is a kind of speculative activity, but not the defining aspect of what we mean by capitalism today. So these are confusions. Capitalism and capitalist profit are always about the future, always about forming an expectation about the future, but that doesn’t make it speculative in how we use the term to indicate a deficiency, a weakness or sickness in contemporary terms.

DB: The title of your book on financialisation, Profiting without Producing, has a relationship to a certain Marxist theory of finance as parasitical on the productive economy—contrasting active industrialists to idle financiers in its most caricatured version—but you reject this and say that finance is an integral part of the sustaining of accumulation. Why then did you call your book profiting without producing?

CL: I think it was quite accurate for what I wanted to say. I think it is very important to start by saying what you have just indicated in your question. Finance as a set of activities and a set of exclusions is not parasitical on the main body of capitalist production and trade. A lot of people get very confused about that. They think all finance is somehow parasitical. That’s not the case. Finance is integral to advanced capitalism and in fact capitalism became advanced by moving into production and beginning to organise production in a capitalistic way—by taking a view about the future and employing labour and using labour capitalistically to produce goods and sell them in the future—but that rested on, and its expansion
presupposed the co-option of financial techniques and financial methods. Capitalistic production cannot be done systematically and across society without co-opting financial techniques, financial methods and financial practices. Obviously, you have to estimate what’s going to happen ahead, you have to take steps to predict it, to position yourself accordingly to make a profit, and that means finance: that means borrowing, lending, obtaining goods without payment, selling goods without receiving payment immediately—in short, finance. Finance is an integral part of advanced capitalism. There is no advanced capitalism without finance. Finance services capitalism. And that’s what Karl Marx wrote about. The interesting thing about mature capitalism in the twentieth century, and even more so in the twenty-first, is not so much this, but something else. Capitalism co-opts and integrates financial methods, brings them within its productive methods and makes them subordinate to its productive needs, but finance predates industrial capitalism and maintains its autonomy and relative independence. It is co-opted by industrial capitalism and services it, but it never loses its autonomy and independence, something which we’ve seen manifest itself repeatedly in the twentieth century. Finance is a very ancient form of capitalism. It can make money profits from anything that moves (it doesn’t need to be attached to capitalist production)—it can make money profits from any monetary circuit and it retains that ability. Therefore, what we have today in what I think is accurately described as financialised capitalism, is the reassertion of that aspect of modern finance; its ability to make profits from non-productive activities, out of any money stock and out of any money flow, and this is exactly what I wanted to capture by talking about profiting without producing. The re-emergence and expansion and development of forms of capitalist profit-making, which are very widespread and that involve households, other social practices, without production. I think it is a very important part of contemporary capitalism.

**DB:** Finance predates capitalism…

**CL:** Finance predates industrial capitalism.

**DB:** … but then finance capital or finance capitalism—I’m thinking about Hilferding, Luxemburg, Lenin—is a later stage of capitalism than that analysed by Marx, but now we talk about financialisation as a new phase, maybe a post-1990s phase of contemporary capitalism. So even though finance has been consistently present throughout that long historical passage of time, something has changed fairly recently. Could you say something about that change?

**CL:** The classic picture of advanced industrial capitalism in the nineteenth century, the picture that Karl Marx writes about in the context of Britain or some other small parts of Europe (this is where this model of capitalism comes from), is of the dominance of industrial capital that co-opts and subordinates financial capital. For example, banking is subordinated to industry, and that’s the standard way of approaching it. In the late-nineteenth century and early-twentieth century, however, there was the reassertion of the autonomy of the financial components, the emergence of financial capitalists as a separate and powerful part of social formation, and their ability to turn the tables, to dictate terms to industrial capitalism. This is exactly what finance capital meant for Hilferding and for Lenin. They meant that banks emerged as monopoly outfits; industrial capitalists had become large monopoly outfits themselves; and these two types of monopoly became melded together, in which bankers had the upper hand. This was the new form of capitalism that emerged with bankers at the helm. This was the classic Marxist analysis of capitalism and Imperialism in the late-nineteenth and early-twentieth century. With World War II, this analysis became less relevant. What we saw, once the destruction had finished, was a different kind of capitalism emerging, dominated by the United States, in which these phenomena that I just summed up were not
very prominent. However, from the late-1970s, 1980s and 1990s, what we’ve had is a gradual re-emergence of a situation in mature capitalism which is very reminiscent, but with differences from what Hilferding and Lenin wrote about. That’s financialisation. What we saw was the reassertion of the autonomous aspect of finance, the growth of finance, but this time it is not like Hilferding said, and it’s not like Lenin said, where you get industrial and finance capital amalgamating with banks having the upper hand. That’s not what’s happening today. What we get is financialisation. Of course we get powerful banks, but they are actually quite distant from industrial capital. What we get is industrial capital itself acquiring financial activities, financialising and becoming bank-like. What we also have is financial profit-making penetrating areas of social life, such as the household, the individual, the worker and in everyday material life, which they never did to that extent before. This is what we see in the mature capitalist countries. It is this complex set of events that I understand as financialisation.

**DB:** Some contemporary theorists are looking at the same situation and proclaiming that contemporary capitalism is characterised more by debt and rent than it is by profit, and therefore they are concluding that Marxism is now unable to grasp the changed economic social condition. How would you characterise the current relationship between profit, rent, debt and the exploitation of labour?

**CL:** Things have changed, but on the contrary, Marxism is an absolutely vital instrument. If your starting point is not Marxism then you will end up with all manner of confusions, but equally, if you expect to see exactly the same forms that Karl Marx talked about, you will again end up with confusion. My understanding is this: social profits, as a new fresh flow of value, remain very much in production in the classical way that Marx talked about and the classical political economists before him, which is where he got the fundamentals of his analytical framework. Labour is the source of value. Labour is the source of profit as a fresh flow of value per period. That must be understood to be so in the developed countries, but also in the new countries that are joining advanced capitalism (China, India and so on) where the exploitation of labour is manifest in the classical Marxist way. But, of course, as you find in Karl Marx himself, first of all, the fresh flow of value, through the exploitation of labour, gets subdivided as it gets distributed across the capitalist class, so you get some becoming rent, some becoming interest and so on, and that is prevalent in developed countries but also developing countries. But what you also get, what is also interesting and different—and Marx hints at it—is the possibility of profit out of value transfers, not as a fresh flow of value but out of value transfers, out of essentially a zero sum game between different parts of society where the money stocks and the money flows of one group of society become the source of profit for another social group. Finance is in a pivotal position for this. Finance has long known how to make a profit out of precisely these transactions and it has found a natural terrain in contemporary capitalism. And what you get is what I have called financial expropriation, whereby the everyday life of large groups in society, including the working classes, becomes a field of secondary exploitation, as it were, for finance, and this can be substantial. Look at what the banks have been doing. This has to be recognised because it has implications for how the working classes live, for their understanding of the world, for their organisation and ability to fight back. This is a very important part of modern capitalism. If we don’t recognise it then it will be that much more difficult to oppose it politically and organisationally.

**DB:** The current condition is variously named neoliberalism, post-Fordism, post-industrialism, globalisation, neo-imperialism. You prefer the term financialisation. Why is that?

**CL:** Neoliberalism is a term that has now become established and it has a certain meaning with
which I concur: it describes ideology and policy. It describes a shift away from the ideology and practices of the immediate post-war years to which I briefly referred previously, with controls and regulations and so on, to a state of ideology and policy that stresses the market and deregulation. This is characteristic of contemporary capitalism. Neoliberal ideas are very powerful in international institutions, the mechanisms of state, the universities and what have you. That’s fine, but neoliberalism does not describe and doesn’t capture the social formation and transformation. It’s a confusion to think of neoliberal capitalism as somehow describing the fundamental transformation of capitalism. This is what happens at the level of ideology and practice. If we’re going to capture the transformation of capitalism itself, neoliberalism doesn’t do it. It is a mistake to think that it does. Similarly with globalisation. What does globalisation mean? It can mean the spread of capitalism globally, but it doesn’t tell you much about the underlying practices of capitalism. That is why I find the term financialisation more promising (although, obviously, we need to discuss it and expand it), because it tells you something about the way in which the basic agents of capitalist economies interact with one another.

**DB:** What would you say to Nicos Poulantzas’s argument that fascism was historically connected to ‘the hegemony of a new class fraction within the power bloc: that of finance capital’? Is financialisation similarly connected to contemporary forms of right-wing populism and the so-called alt-right? Is there a similar relationship today to that which Poulantzas wrote about in the twentieth century?

**CL:** There might be. That’s the lesson of the last few years. It is not something that was obvious in financialisation in the early 2000s, but in the early 2010s it became clearer and clearer. I don’t think we’re going to get a repetition of what we had in the interwar years. If we get fascism, it will be a twenty-first-century fascism. Nonetheless, the question you’re asking me is to the point because it tries to look at the analogue. What we do see, economically, is that in the mature countries—in the United States and in Europe—there is a sustained inability of the new form of capitalism to create the conditions to raise incomes and high and secure employment. This is what financialised capitalism has meant. And we see this kind of financialised capitalism also generating rising inequality. These are conditions of ingrained social instability. What we’ve also seen in the last decade or so (especially since the great crisis of 2007-2009), has been an inability of this kind of system to provide a secure or relatively secure environment for small and medium businesses, for the self-employed, for that kind of middling layer, which are close to the working classes but not quite of it. Incredible pressure is applied to these economic layers, in Europe first of all, but also in the United States. So, these conditions—what some economists have called stagnation or permanent stagnation—are conditions that foster the social environment of fascism, or the new forms of fascism. What we’ve seen politically are developments that match that. We’ve seen the discrediting of parliamentary democracy (which has proceeded at a rate of knots in the eyes of the electorate in Europe and elsewhere), which is reminiscent of the 1930s, where politicians are perceived to be liars, dishonest, and the political system is perceived as not expressing the interests of working people and being impervious to their demands. This was a characteristic feature of the 1930s as well. That has gone hand in hand with the emergence of forms of political organisation and parties on the extreme right, which are openly against parliamentarianism, in the medium term, and which allow for the anger of the middle classes and the working classes to be expressed in certain aggressive and violent terms. Those political conditions are conducive to the emergence of political fascism. The last element here, which makes it a deadly mix, is the defeat of the left. Historically, fascism has emerged when the left was defeated and much of what fascism did to make itself an established political force was to attack the left, to defeat the left in the streets and dominate the streets using

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violence and then incorporate the language and the image of violence to dominate politics. This time it has not had to do that because the left, in a sense, is decamped. It has emptied the political space. It has done so because much of the left across the world doesn’t really believe in its own ideas. It doesn’t really believe it can change the world. It might say so, but it doesn’t really believe it. And that becomes very clear. People sense that. People see that. And much of the left, despite its criticisms of neoliberalism, actually when it comes to challenging the market head-on, and saying that ‘if the market doesn’t have that, so much the worse for the market’, (which is what the fascists are saying), the left says, ‘if the market doesn’t accept that, we’d better find another way’. And that’s the telling difference. Until and unless the left say again ‘if the market doesn’t like it, then we will sell the market out politically’, only when the left say that then it will be able to command a persuasive challenge to the rising fascistisation of society. So, yes, the runes are not good right now, I’m sorry to say, and it’s about time we get our act together.

DB: There’s an argument that financialisation has transformed our everyday lives, which you’ve already referred to, in a way that’s very different to how lives were transformed by industrial capitalism through Taylorism and so forth, in which the factory system came to inhabit our houses, our bodies and our subjectivities. Mortgages, pensions, credit cards, debt hook us into a system of finance. Do you think financialisation also functions as a political technique of social control?

CL: There is no question at all that this happens. And it isn’t just political; it’s also ideological and social in the broadest sense. There is a myriad of ways in which the penetration of the private realm by finance ties us into the practices and mechanisms of financialised capitalism and affects the way we operate at work. Workers who are heavily indebted, workers who carry a lot of credit card debts, and so on, operate very differently in the workplace. Workers who don’t have pension rights behave very differently at work. People who are exposed to housing debts and housing price volatility behave very differently in everyday life. There are a million ways in which this has happened. Those at the top of the political tree understand this and use it consciously. It is about time we understood it too. We need to use appropriate language and appropriate messages, which must have to do with de-financialisation. We must de-financialise society.

DB: Is there a more direct relationship as well? What is the relationship between financialisation and precarity?

CL: Evidence that I’ve seen from work done in developing countries would indicate so, more so than perhaps in developed capitalist countries, although there is room for more empirical work on this. It appears that in some middle-income countries that have emerged in the capitalist realm in the last couple of decades, places like Turkey or places like Mexico or South Africa, precarity of the environment goes hand in hand with financialisation of employment. The people who have the most precarious jobs are often most heavily exposed to credit card debt and other forms of debt to make ends meet, or live a month or two months in advance of receiving some payments. So there appears to be a connection, but we need a lot more work before we can speak with authority on this and we know what the implications are.