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# The Scientist and the Church

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The April 21, 2005 issue of the *London Review of Books* carried a lead article titled '[Blood for Oil?](#)' The paper is attributed to a group of writers and activists – Iain Boal, T.J. Clark, Joseph Matthews and Michael Watts – who identify themselves by the collective name 'Retort.' In their article, the authors advance a supposedly new explanation for the wars in the Middle East.

Much of their explanation – including both theory and fact – is plagiarized. It is cut and pasted, almost 'as is,' from our own work. The primary source is 'The Weapondollar-Petrodollar Coalition,' a 71-page chapter in our book [The Global Political Economy of Israel](#) (Pluto 2002). The authors also seem inspired, incognito, by our more recent papers, including '[It's All About Oil](#)' (2003), '[Clash of Civilization, or Capital Accumulation?](#)' (2004), '[Beyond Neoliberalism](#)' (2004) and '[Dominant Capital and the New Wars](#)' (2004).

In their paper, the Retort group credits us for having coined the term 'Weapon-dollar-Petrodollar Coalition' – but dismiss our 'precise calibration of the oil/war nexus' as 'perfunctory.' This dismissal does not prevent them from freely appropriating, wholesale fashion, our concepts, ideas and theories – including, among others, the 'era of free flow,' the 'era of limited flow,' 'energy conflicts,' the 'commercialization of arms exports,' the 'politicization of oil' and the critique of the 'scarcity thesis.' Nowhere in their article do the authors mention the source of these concepts, ideas and theories; occasionally, they even introduce them with the prefix 'Our view is. . . .' Their treatment of facts is not very different. They freely use (sometimes without understanding) research methods, statistics and data that took us years to conceive, estimate and measure – again, never mentioning the source.

These concepts, theories and facts are far from trivial. Until recently, they were greeted with strategic silence, from both right and left. Their publication has been repeatedly denied and censored by mainstream as well as progressive journals (including, it must be said, by the *London Review of Books*, that turned down our paper on the subject). They cannot be found anywhere else in the literature, conservative or radical. To treat them as 'common knowledge' is deceitful. To cut and paste them without due attribution is blatant plagiarism. The first part of our paper illustrates this process of 'intellectual accumulation-by-dispossession' with selected examples.

The issue, though, goes well beyond personal vanity and self-aggrandizement. At the core, we are dealing here with the clash of science and church, with the constant attempt of organized faith – whether religious or academic – to disable, block

and, if necessary, appropriate creativity and novelty. Creativity and novelty are dangerous. They defy dogma and undermine the conventional creed; they challenge the dominant ideology and threaten those in power; occasionally, they cause the entire edifice of power to crumble.

For these reasons, the latent purpose of intellectual accumulation-by-dispossession – like the accumulation of private property – is primarily *negative*. The word ‘private’ comes from the Latin *privatus*, meaning ‘restricted,’ and from *privare*, which means ‘to deprive.’ And, indeed, the most important feature of private ownership is not to *enable those who own*, but to *disable those who do not*. It is only through the threat of prevention – or ‘strategic sabotage’ as Thorstein Veblen called it – that accumulation can take place. It is only by restricting the free creativity of society that society itself can be controlled. The second section of the paper explains how the appropriators of ‘Blood for Oil?’ fit this pattern.

The final section of the paper is an epilogue. It describes our failed attempts to get this paper published with the *London Review of Books*; Retort’s efforts to mislead us; and some additional insight from their *Afflicted Powers*, a 2005 Verso book that contains the same plagiarism and more. The epilogue concludes with a few observations on the nature of academic dialectics.

### 1. INTELLECTUAL ACCUMULATION-BY-DISPOSSESSION

The Retort authors open their article with a customary tribute to Karl Marx, the prophet of the dispossessed. They talk about the process of commodification and emphasize the primacy of prices. Their words ring familiar, declaring both loyalty and intent. The reader is prepared for the standard line of contemporary Marxist reasoning. According to this line, the ‘capitalist system’ is built on ‘expanded reproduction’; expanded reproduction requires ‘economic growth’; economic growth necessitates ‘access to plentiful raw materials’ and ‘cheap oil’; these requirements mandate the continuation of ‘primitive accumulation,’ often in foreign lands, hence the never-ending ‘imperialism.’

These concepts are particularly popular among ‘cultural Marxists.’ The most fashionable is the old-new mantra of ‘primitive accumulation,’ recently re-issued as ‘accumulation by dispossession.’ No one seems to know precisely what this mantra means and few dare to ask. But as a battle cry, it certainly fills a void. It helps keep Lenin’s imperialism ‘relevant’ despite the absence of an imminent world war. It covers up the theoretical crisis of Marxism by citing the holy scriptures without committing to them. And it relieves the anti-science expert from having to deal with the nitty-gritty of the ‘economy’ (in which, as we all know, nothing important has changed since Luxemburg, Lenin and Marx).

And sure enough, ‘imperialism,’ ‘primitive accumulation’ and ‘dispossession’ – along with the other catchphrases – are sprinkled throughout the text. But the plot itself seems to have changed. It is no longer Marx’s, or even Lenin’s. It is the plot of Nitzan and Bichler, dressed in the prophets’ clothes.

### **The Politicization of Oil and Commercialization of Arms Exports**

In our research, beginning with a series of working papers on [‘The Political Economy of Armament and Oil’](#) (1989), we have invented, theorized and analyzed a twin historical process: a process that intertwines what we call the *politicization of oil* on the one hand and the *commercialization of arms exports* on the other.

Our analysis is very different from both the mainstream and ‘macro-Marxist’ literatures. It is built on a new theory of modern capitalist development driven by *differential accumulation*; it focuses not on the aggregate categories of the balance of payments, the ‘national interest’ and the ‘interest of the capitalist system,’ but on the disaggregated interests of what we call *dominant capital* and on the underlying movements of differential profits; it debunks the conventional creed on the insignificance of arms exports for the U.S. arms contractors; it articulates and deflates the so-called *demise thesis* of the oil companies; it creates new concepts, develops new research methods and offers a new history.

The Retort authors freely appropriate these broad concepts and ideas, down to the smallest details. The following quote from their paper describes the historical background for the politicization of oil. It attributes the cause of this politicization to the inability of the state (in this case, the American state) to prop up the profits of the oil companies. Alongside, we quote the source – in this case, *The Global Political Economy of Israel*.

Retort #1: ‘US oil companies had turned, not unexpectedly, to the state for support: they were duly provided with foreign tax credits to compensate for rising royalty payments in the world at large, with tariffs on the importation of cheap overseas oil, with exemptions from anti-trust prosecution, and, most dramatically, with a CIA-backed coup to topple the Mossadeq government in Iran. But all this, in a sense, proved futile. The new geography of oil cartels, and the founding of OPEC in 1960, marked a historic politicisation – and ultimately a global restructuring – of the oil business.’

Nitzan and Bichler: ‘...the [oil] companies turned to their governments for help. Government assistance, particularly in the United States, assumed a variety of forms, including foreign tax-credits to offset royalty payments, restrictions on the importation of cheap oil into the United States, exemptions from antitrust prosecution, and a CIA-backed coup against the Mossadeq government in Iran, to name a few. . . . Such blunt services, however, were too crude and certainly insufficient for the post-colonial era. . . . [There was a need for] a *new political realignment*. . . . With the nationalisation of crude oil, production decisions now moved to the offices of OPEC, opening the way to a new, “limited-flow” regime’ ([The Global Political Economy of Israel](#), 2002,

| [litical Economy of Israel](#), 2002, pp. 225-226).

### **From ‘Free Flow’ to ‘Limited Flow’**

In [‘The Armadollar-Petrodollar Coalition and the Middle East’](#) (1989), we argue that a central feature of the politicization of oil had been the shift from what we call the era of *free flow* to the era of *limited flow*. In a section of [The Global Political Economy of Israel](#) titled ‘Politicizing Oil: From “Free Flow” to “Limited Flow,”’ we write that during the free flow era, up until the early 1970s, the control of oil was exercised through private ownership, with state interference assuming only a secondary role. This logic was reversed during the subsequent limited flow period. We argue that, toward the late 1960s, there emerged a need to ‘limit’ the flow of oil, and that this limitation could have been achieved only through the politicization of the oil business. The consequence of that process was a huge surge in both the oil revenues of OPEC and the profits of the large petroleum companies. Within this framework, we then investigate the concrete relationship between the profits of the leading oil companies on the one hand and the revenues of OPEC from oil exports on the other.

Now, it is of course true that many researchers have examined the oil companies and OPEC – but they have rarely analysed both together, hardly ever analysed them in relation to Middle-East conflicts and, to our knowledge, never analysed them as integral elements of a broader political economy of accumulation.

This omission has been perpetuated by rigid academic bifurcation. Essentially, there are two distinct groups of oil researchers. The first group consists of international relationists. Their main focus is oil policy, the superpowers and OPEC. The second group is made up of economists. These are concerned mainly with oil prices, the flow of output, the imbalances of international payments, the condemnation of monopolistic inefficiency and the damage of cartels.

Occasionally, the oil companies are factored into their research, sometimes quantitatively. But the focus is almost always on sales, prices and output. Few researchers have dealt specifically with *profit* – and of those few, most have based their conclusions on the data and analyses provided by others. There are only a handful of works that offer *original empirical research* on this subject. To the best of our knowledge, of these later works, ours is the only one to have examined the *relationship* between the profits of the leading oil companies and the export earnings of OPEC and to have situated this relationship at the *centre* of the global political economy.

We have examined this relationship in great detail, both analytically and historically. We have developed for this purpose our own categories. We have painstakingly collated and estimated data from various sources. And we have carefully adapted them to our specific needs.

Much of this work, it should be noted, was done in the 1980s and early 1990s, well before the ‘download age.’ There was no Internet and no Google. Computerized databases were limited and costly. They demanded considerable programming exper-

tise that we had to acquire. Print sources were highly heterogeneous and had to be standardized. It was an enormously difficult and thankless process, carried out with no research assistance and no research budgets.

When we eventually managed to get some of this research published in journal articles, we insisted on including a special data appendix. This appendix consisted of some of our raw time series – including sales, net profits, owners' equity and defence contracts – data that we collated for the leading oil and armament corporations (['Bringing Capital Accumulation Back In.'](#) 1995, pp. 512-515).

This insistence may seem puzzling. In an era of intellectual property rights, giving your data away is considered unusual, not to say silly. We think otherwise. We believe that knowledge is social, not private. We think it should not be protected and should not be made exclusive. And we consider empirical research crucial – and, unfortunately, at risk of extinction. Providing the raw data, along with explanations of how they were conceived and collated, was our modest contribution toward reversing that trend.<sup>1</sup>

For the Retort authors all of these layers are trivial stuff. They simply engross the final text *en masse*, including the words we quote from other creative researchers. Unfortunately, they try to decorate the pasted material, and in the process introduce some embarrassing mistakes. But then again, who cares; nobody will check anyway:

Retort #2. 'None of this, of course, meant the collapse of profitability for the likes of Shell and Amoco. Quite the reverse: the new 'limited flow' arrangement was predicated, as Sheikh Yamani, the Saudi oil minister and one-time head of OPEC, put it, on not wanting 'the majors to lose their power'. For every dollar that the price of crude increased during the 1970s, the majors increased their net profits by 7 per cent. Nevertheless, they were now compelled to live with a new international oil system, accepting 'upstream' nationalisation and an effec-

Nitzan and Bichler: 'But the bonanza hardly came at the expense of the Petro-Core. On the contrary, OPEC, by working closely if tacitly with the companies, was instrumental in boosting their relative performance. . . . Interestingly, the rationale for this new alliance was delineated already in 1969 by the Saudi petroleum minister, Sheik Yamani. 'For our part', he stated, 'we do not want the majors to lose their power. . . .' (cited in Barnett 1980: 61). . . . [F]or every one dollar increase or decrease in export, there was a corresponding 6.7 cents change in the

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<sup>1</sup> These days few political economists bother to publish their raw data. Most do no empirical research at all and therefore have nothing to hide. Those who do use data usually rely on the statistics of others; they also tend to keep their sources vague in order to shield their conclusions from unwelcome scrutiny. A small minority collate their own data, but they usually view them as 'proprietary.' And the select few who think that publishing their raw statistics is important have to squabble with cost-conscious editors and publishers who insist on keeping their journal volumes slim.

tive Third World cartel as unpleasant facts of life. In response, the majors moved ‘downstream’, operating joint ventures with national oil firms, and consolidating their power at other points in the supply chain to compensate for the loss of direct control of reserves. Between 1953 and 1972 their share of concession areas fell from 64 per cent to 24 per cent.’

companies’ net profit. . . . At the ‘upstream’ part of the industry, the oil companies succumbed to the relentless nationalistic pressure of their host countries, and after a quarter-century of eroding autonomy eventually surrendered most of their crude oil concessions. . . . Between 1953 and 1972, the share of the ‘Seven Sisters’ in the oil industry outside the United States fell from 64 per cent to 24 per cent of all concession areas. . . . (Jacoby 1974: Table 9.12, p. 211)’ ([The Global Political Economy of Israel](#), 2002, pp. 226, 227, 219).

As noted, the above cutting and pasting is skilful, but not perfect. The Retort authors erroneously associate the 7 per cent ratio with a change in the *price* of oil, rather than with a change in the *total value of oil exports* as computed in our work. They also erroneously refer to the ‘majors,’ which are U.S.-based companies, rather than to the ‘Petro-Core’ of six *global* oil companies on which our calculations were based.

This attitude toward facts, evident throughout the text, merits another illustration. Retort’s explanation for the so-called ‘OPEC revolution’ climaxes in a factual crescendo. At the end of the plot, they state that ‘In a ten-month period in 1974, the price of a barrel of oil rose 228 per cent.’ Presumably, this dramatic price increase proves the success of the said revolution. Now, since there is no source given for this particular percentage, a reader would naturally conclude either that this is a well-known fact – or, otherwise, one computed by the authors.

But in fact, this fact is not really a fact. According to IMF monthly data of average global prices, there was no ten-month period in 1974 during which the price of oil rose by 228 per cent. So where does this number come from? We cannot know for sure, but one possible source is page 230 of [The Global Political Economy of Israel](#), where it is said that ‘the *real* price of oil soared, rising by 16 per cent in 1971, 4 per cent in 1972, 6 per cent in 1973 and 228 per cent in 1974’ (our emphasis).

If this is indeed where the Retort authors copied their ‘fact’ from, they certainly did not understand what they copied. Note that the quote specifically refers to ‘real’ price changes. Unlike the *actual* price of oil, the so-called *real* price of oil cannot be observed from your neighbourhood gas station, nor can it be concocted out of thin air. The real price is a theoretical, highly ideological and, indeed, deeply problematic construct (see [‘Price and Quantity Measurements.’](#) 1988). It reflects the belief that one can measure the so-called ‘purchasing power’ of one commodity (in this case, crude oil) in terms of an aggregate basket of other commodities.

There is no one simple way of ‘measuring’ such purchasing power. You need to decide which price to use (the price of Brent oil, West Texas, Composite, etc.); you need to choose the particular currency (will you use U.S. dollars, pound sterling or Saudi Riyals?); you need to decide on the adequate ‘deflation’ method (using a current-based index, a fixed-based index, or a hybrid index); you have to choose the specific basket with which to deflate the price of oil (should it be the U.S. CPI, the global wholesale prices index, the investment deflator of Chechnya?); you need to get the data (which, as we know, is not always trivial); you need to decide on the relevant time period (would you use a month, a quarter, a year?); you need to determine the method of computation (adjacent periods, corresponding periods in adjacent years?); and, of course, you need to believe that ‘purchasing power’ can be objectively measured in the first place.

Now, to be fair, few political economists are bothered by these questions; for the most part, they just follow accepted procedures. But the Retort authors are not your run-of-the-mill political economists. These are self-proclaimed experts in the dialectics of value and price. They should know better. So how is it that these experts are unable to compute even a simple rate of change, let alone to distinguish a ‘real’ from a ‘nominal’ one?

But, then, as they say, ‘don’t bother us with facts, we already have our “own view.”’

### **The Theoretical Predicament**

In light of the present hype surrounding ‘peak oil,’ the Retort writers devote a significant part of their paper to the issue of ‘scarcity.’ The ‘end of oil’ has become a profitable publishing bonanza, and the authors seem keen on reaping their share of the dividends. To minimize their cost, they take their entire argument from Nitzan and Bichler, gratis.

Being too greedy, however, they overextend their leverage. They appropriate our theory as if it were part of Marx’s, and that cannot be done. The match won’t hold because, in a certain crucial respect, the two theories are *incompatible*. By trying to have their cake and eat it too, the Retort authors demonstrate that they misunderstand not only our own argument, but also Marx’s.

In order to understand this predicament, it is necessary first to outline the theoretical background. Central to our work on capital accumulation and capitalist development is a new theory of value. At issue here is the basic unit of analysis. In contrast to the neoclassical *utility* theory of value and the Marxist *labour* theory of value, we offer a *power* theory of value. In our view, the capitalist price system is not intrinsic to commodities. Prices have nothing to do with the ‘utils’ that commodities supposedly generate in consumption. They similarly have nothing to do with the ‘abstract labour’ that commodities presumably require for their production. Instead, we argue that, in capitalism, the structure of prices reflects the ‘architecture of power.’



Our emphasis on the architecture of power follows the spirit of Marx. He, too, saw the price system as the code of capitalist power. It is only that his attempt to theorize this power *specifically* through labour time was partial and, in the final analysis, impossible.<sup>2</sup>

Neoclassical and Marxist value theories carry the unmistakable marks of Lavoisier's Law of Conservation of Matter. In both, the supposed 'conversion' of utils and abstract labour into prices is a conversion of equivalents, a transformation from one quantitative ratio to another quantitative ratio. To illustrate: if a software programme generates, at the margins, 100 times the utility of a loaf of bread, or requires, on average, 100 times the abstract labour to produce, then, if nothing else intervenes, their corresponding price ratio will be 100:1. But that conversion doesn't really work.

The problem is easily exposed. Well-meaning economists repeatedly interpret the short-term rise of a certain price ratio as 'proof' of a corresponding increase in the underlying ratios of marginal utilities; or the long-term decline in another price ratio as 'evidence' for a parallel drop in the ratio of abstract labour. But that is going in *reverse*. The real task is to move from utility and abstract labour to prices; that is, to use changes in utility or abstract labour to explain changes in prices. Unfortunately,

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<sup>2</sup> Having witnessed the labour theory of value being hammered from within and without, many Marxists now claim that Marx never intended to produce a 'positive' price theory. His labour theory of value, they argue, was meant not to explain prices but to criticize bourgeois political economy.

This is an apologetic interpretation that does not do justice to Marx. His work was certainly a critique of capitalist ideology. But it was much more than that. Marx tried to create an *alternative science*, a framework that could replace both bourgeois political economy and the positivist social management of Auguste Comte. This scheme stood on two main foundations. One was a dialectical history that provided the basis for revolutionary consciousness. The other was a value theory that broke the front window of prices and offered a starting point for future democratic planning.

It is perhaps worth reminding ourselves that, unlike today, during the nineteenth century science was still highly rated. Marx followed Hegel in viewing the rise of science as part of the broader development of history. But that view never led him to treat science merely as a matter of fashion and power. He truly believed he could create a new science, one that would both debunk conventional political economy and explain the reality of capitalism.

Now, that reality could not possibly be understood without understanding prices. To argue that Marx was not concerned with prices is to argue that his key theses about capitalist development – including the tendency of the rate of profit to fall, the immiseration of the proletariat, and the tendency of capitalism to generate recurrent profitability crises – were meaningless gibberish. These tendencies can be expressed *only* in terms of price ratios. To theorize them is to theorize prices, and that is precisely what Marx did.

The fact that he erred in trying to 'mechanically' anchor prices in labour value is secondary. It certainly requires no cover-up or apology. Many eighteenth and nineteenth century physicists now seem dated, if not irrelevant. Yet, without their breakthroughs physics would not have been where it is today. The same is true for Marx's labour theory of value. This was the first theory to put the study of society on a *systematic* footing. If it were not for the stifling influence of the Soviet Union, the spirit of that theory would likely have kept Marxism a vibrant science.

so far, nobody has been able to do so – simply because no one has ever been able to define, let alone measure, the basic particle called ‘util’ or the elementary unit called ‘abstract labour.’

Our own *power* theory of value is fundamentally different. The price system, we argue, is a quantitative map. It describes, in the language of capital, the relative power of owners to shape the social process. According to this logic, Bill Gates, with assets worth \$25 billion, has 25 times the power of a capitalist whose assets are worth \$1 billion, and 2.5 million times the power of a worker whose assets are worth \$10,000.

Of course, this *quantitative* ‘architecture of power’ stands on *qualitative* social foundations. And here lies a fundamental difference between the utility and labour theories of value on the one hand and our own power theory of value on the other. The former theories are similar in claiming that there is an ‘intrinsic equivalence,’ an equivalence that enables the conversion of one quantitative ratio to another; they are also similar in that both fail to show that this equivalence exists. By contrast, our own power theory of value argues that there is no intrinsic equivalence in the first place. Power relations are qualitative, not quantitative. Under capitalism, these qualitative power relations do ‘take’ the quantitative form of relative prices; but the ‘conversion’ occurs not numerically, as the neoclassicists and Marxists suggest, but *speculatively*.

Because neoclassicists and Marxists separate the qualitative world of power from the quantitative world of value, their logic is inherently dualistic: an ‘economic’ sphere distorted or supported by a sphere of ‘politics/ideology’; a ‘real’ world of production and consumption reflected in or delinked from the ‘fictitious’ world of finance; an ideal ‘equilibrium’ versus the earthly deviations of ‘disequilibrium.’

The neoclassicists imagine an ‘economic’ world (‘the market’) whose equilibrium is constantly upset by the external intervention and distortions of ‘political’ forces. With the Marxists, the bifurcation is between a productive ‘base’ on the one hand and a ‘superstructure’ of state, politics, the law and ideology on the other. The base and superstructure are causally connected, with the precise nature of that connection depending on the specific version of Marxism (orthodox, neo-Hegelian, neo-Marxist, structuralists, culturalists, etc.). In all versions, however, the two spheres are merely *connected*, and therefore inherently *distinct*.

For the neoclassicists, under conditions of general equilibrium the ‘real’ world of production and consumption is accurately reflected by the ‘nominal’ world of money and finance. For the Marxists, the correspondence is far from perfect. ‘Real’ value is created only by productive labour under the auspices of productive capital. But this value, when converted into prices, gets partly re-distributed to the other fractions of land owners, commercial enterprises and particularly ‘fictitious-financial’ capital (as well as to unproductive workers). This conversion and redistribution in turn enables the speculative ‘delinking’ of finance from production, accentuating the already imperfect association of the ‘nominal’ and ‘real’ spheres.

In the neoclassical scheme, forceful expansion, conquest and war are statist-political processes, with only spurious connection to markets. In Marxist theory, particularly in its neo-Marxist variants, expansionism, conflict and imperialism are intimately related to the 'economic' process and, specifically, to the production and realization of the economic surplus.

This latter notion of 'economic surplus' is fundamental to the Marxist duality of politics/economics. All Marxists, regardless of their particular inclination, seem to believe in its existence. Surplus is the basis of class society and the origin of all capitalist sins. As such, the surplus is essentially a deviation, a negation of a 'natural state' of no surplus. In the absence of surplus there is obviously no conflict over its distribution, and therefore no politics. If there is no surplus, there is no need to 'absorb' it; there is no need for a state to legitimise it; no point of having capitalist fractions and shifting political alliances squabble over its appropriation; no reason for imperialism and war to broaden its extraction; no necessity to regulate and deregulate its production; no imperative to alter fashion and brainwash consumers; no reason for race discrimination and gender hierarchies.

The attempt to overcome these dualities has gradually fractured Marxism into numerous schools and sects, each with its own founding father, proprietary vocabulary and off-limits. Each group offers its own solution to these dualities. There are the Marxist-Leninists, the neo-Ricardians, the Gramscians, Kaleckians and Althusserians. Some swear by Poulantzas, while others believe in Minsky or take their cue from Braudel. There are those who wander further, hanging their faith on more fashionable fusions such as Foucault, Lacaan, Deluse & Guattari and Hardt & Negri. And, of course, there are the eclectic, such as Retort, who take whatever 'link' they can get.

Our power theory of value is different. Instead of *linking* the dualities, it *breaks* them from the start. We do away with 'surplus versus harmony,' with 'politics versus economics,' 'real versus nominal,' 'equilibrium versus disequilibrium.' Instead, we argue that, at any point in time, the conversion of qualitative power into quantitative accumulation reflects the consensus of the ruling capitalist class – formed against opposition – regarding the structure of power and its expected future trajectory. The quantitative price system provides the language through which capitalists think about and express their power. It is the language with which they calculate success, failure and action. It is the language that they impose upon the rest of us. The way to analyse this 'conversion' is to describe changes in the *qualitative processes and institutions of power* on the one hand, and to contrast these changes with the *quantitative process of differential accumulation and relative price movements* on the other.

This methodology underlines much of our research on capital accumulation; it underlies our theory of inflation and stagflation; and it forms the basis of our specific analysis of oil prices and how these fit into the broader global political economy.

**The Scarcity Thesis: Prices and Power**

Starting from our power theory of value, we argue in our work that oil prices cannot have anything to do with ‘scarcity’ (i.e., with a difference between supply and demand denominated in utils). We similarly reject the possibility that such prices can have anything to do with labour values. Instead, we claim that oil prices – like all other prices – are a reflection of the ‘architecture of power,’ and that their dynamic movements represent changes in power.

Our work on oil, which was first published in the late 1980s, articulates these processes in considerable detail. It demonstrates – rather persuasively in our view – the speculative conversion of qualitative power processes and institutions into relative movements of oil prices and differential oil profits. It shows how the appearance of ‘scarcity’ was institutionally created through Middle East conflict and war; it analyses how such ‘scarcity’ was destroyed through peace between countries and strife among OPEC members and the oil companies. To the best of our knowledge, no one has written anything similar on the subject.

And yet, for the Retort authors this is all their analysis. ‘*Our view,*’ they say with little hesitation, ‘is that scarcity and price – the twin sisters of Malthusian pessimism – don’t provide a basis on which the Iraq war can or should be understood.’ The real basis, they maintain, lies in the history of oil (i.e., in Nitzan and Bichler’s work):

Retort #3: The history of oil in the 20th century is not a history of short-fall and inflation, but of the constant menace – for the industry and the oil states – of excess capacity and falling prices, of surplus and glut.’

Nitzan and Bichler : ‘The relentless search for new reserves, along with the incessant proliferation of new technology created a constant menace of excess capacity and falling prices’ ([\*The Global Political Economy of Israel\*, 2002, p. 228](#)).

The Retort authors then turn to the details. In our work, we examine the ‘scarcity thesis’ inside out. First, we assume, for the sake of argument, that ‘scarcity’ – or in the economist’s jargon, ‘excess demand’ – can indeed be observed. We interpret the ratio of proven reserves to current annual production as a proxy for long-term scarcity and examine the historical development of that ratio in relation to the so-called real price of oil (the dollar price deflated by the U.S. price index). For the short term, we look at the relative difference between global consumption and global production (i.e. the difference divided by the average of consumption and production). We then take this index as a proxy for short term ‘scarcity’ and compare its annual movements to the movement of the real price of oil. In both cases – the long run and the short run – we find that, over the past half-century, the relative price of oil has been either unrelated or inversely related to our proxy of scarcity – exactly the opposite of what standard theory would have us believe. Here too, we are unaware of any similar analysis in the literature – and certainly not of any analysis that uses these

specific proxies and reaches the same conclusions. The Retort writers, however, take all of this to be common knowledge; below we illustrate how they cut and paste it, almost verbatim.

Before we turn to their appropriation, however, we should mention that to our analysis goes much further. It claims that ‘scarcity’ cannot be measured in the first place. Oil is a globally traded commodity. To measure the scarcity of oil (or any other commodity for that matter), we need to know not the relationship between actual consumption and actual production, but the extent to which the global ‘desire’ to buy it exceeds the global ‘desire’ to sell it. In other words, we need to know, first, the exact shape of the global demand and supply curves for oil; and, second, whether or not the oil market is in equilibrium. But supply and demand are what economists call ‘notional’ functions. They cannot be known, ever. The same holds for equilibrium. Nobody has ever been able to identify it. And since demand and supply are unknown and equilibrium invisible, the scarcity thesis turns out to be irrefutable, by definition.

Given this predicament, we are careful in our work to use excess consumption and excess production, rather than ‘excess demand’ and ‘excess supply’ (which we always denote in inverted commas).

Of course, for the Retort writers, all of this is theoretical nit-picking. Who cares about the difference between consumption and demand? Everyone knows they are the same thing. And, so, in cutting and pasting our words below, they freely substitute ‘excess demand’ and ‘economic expansion’ for excess consumption. It just sounds so much better:

Retort #4: ‘Over the past three decades, the ratio of proven reserves to current production has risen by a quarter, yet in real terms prices have doubled. During the 1970s prices soared, but the oil crisis of 1973-74 had nothing to do with shortage: there was no shortage. By the 1980s, excess consumption had taken hold, yet prices fell by 71 per cent between 1980 and 1986. Over the last fifteen years, the fluctuations of price in relation to excess demand (in other words, to economic expansion) are utterly baffling. Since 1960, world consumption has typically been 2 to 3 per cent above or below world output. How can such relatively insignificant discrepancies

Nitzan and Bichler: ‘Over the past three decades, due to extensive exploration, this ratio [of proven reserves to current production] rose by a quarter – from about 30 production years in the mid-1960s, to over 40 production years during the 1990s. . . . Now, according to the scarcity thesis, the increase should have brought crude oil prices down. And yet the exact opposite has happened. As Figure 5.5 shows, during the 1990s the real price of oil was not lower than in the 1960s, but *twice as high*. . . . During the first half of the 1980s, excess production gave way to excess consumption, and yet the real price of oil again refused to cooperate. Instead of rising, it fell by 71 per cent

explain dramatic real-price fluctuations of tens or sometimes hundreds of per cent a year? And why are prices sometimes so sensitive to the discrepancies, and at other times completely resistant to them?"

between 1980 and 1986. Even over the past 15 years, with the oil market presumably becoming more 'competitive' (notwithstanding the Gulf War of 1990–91), it is hard to see any clear relationship between excess demand and real price movements. . . . Over the past 40 years, world consumption was usually 2-3 per cent above or below world output. But then could such relatively insignificant discrepancies explain dramatic real-price fluctuations of tens or sometimes hundreds of per cent a year? And why are prices sometimes hyper sensitive to the mismatch, while at other times they hardly budge?" (*The Global Political Economy of Israel*, 2002, pp. 229, 231).

### **The Trappings of Power**

If supply, demand and the holy equilibrium are to be ruled out, what else can cause the violent ups and downs in the price of oil? According to our power theory of value, it is the *appearance* of scarcity. This appearance is created and destroyed not by physical production and consumption, but by the institutions and processes of power. And in the Middle East, the chief mechanism underlying this process is the militarization of the region and the ebb and flow of conflict and war. The Retort authors could not agree more:

Retort #5: "The answer to these questions is that oil is a key item of market currency, and therefore subject to constantly shifting expectations and perceptions, speculation and gambling – as well as the pressure of "external circumstances". However plentiful supplies have been, since 1960 continual wars and rearmament in the Middle East have generated an atmosphere of crisis. Prices magically return to "acceptable levels" as the conflicts dissipate. Although wars and regional

Nitzan and Bichler: "The solution for these perplexities is to broaden the notion of "scarcity". As a speculative commodity, the price of crude petroleum depends [among other things] on *future* expectations . . . [and] on the nature of *perceived* scarcity associated with "external" circumstances. . . . the region's ongoing militarisation since the late 1960s [helped] maintain high prices even in the absence of tight producer coordination, [while] the occasional outbreak of a major conflict

instability produce high prices, the link is in no simple sense causal. The oil industry has long built such things into its business calculus: the so-called price consensus typically incorporates a “peacetime base”, an “embargo effect” and “war premiums.”

tended to trigger an atmosphere of immediate “energy crisis”. . . . The industry’s “price consensus”, for example, now customarily incorporates, in addition to its “peacetime” base, also such items as “embargo effects” and “war premiums” (*Fortune*, 5 November 1990) (*The Global Political Economy of Israel*, 2002, pp. 231-232).

Our power theory of value leads to a view of capital that is radically different from both neoclassical and Marxist interpretations.

The latter theories see capital as a ‘materialistic-economic’ entity, related to but nonetheless *distinct* from the realm of ‘ideology-culture-politics.’ In the neoclassical case, politics, culture and ideology serve to ‘distort’ the economic accumulation of capital. Accumulation, according to this view, is a technological process that combines productive input to produce useful output; it is driven by utility-maximizing agents; it occurs under competitive conditions; and its outcome is optimal, by definition. Therefore, any additional force – whether political, cultural or ideological – is by definition ‘exogenous’ and by extension superfluous and damaging.

In the Marxist case, the state – and the sphere of politics, ideology and culture more generally – provides the institutional, organizational and intellectual support for the economic base of accumulation. But, in and of itself, this support is limited to defending and sometimes ‘regulating’ accumulation. It is not ‘productive’ of value and therefore cannot create new surplus and add new capital. In that sense, it remains *inherently separate* from the economic category of capital.

We see it differently. Since capital is a form of power, it is, by its very definition, a *political* institution. Capital is not *affected* by politics; it *is*, in itself, the dominant – and increasingly encompassing – form of politics.

This viewpoint underlies our analysis of the oil arena. Profit and accumulation, we argue, are premised on the existence of what Veblen called ‘strategic sabotage.’ They presuppose the creation and institutionalization of ‘scarcity.’ They are the quantitative manifestation of the qualitative politics of power.

Of course, the ‘making of scarcity’ and the concomitant accumulation are not always easy to achieve (and ‘scarcity’ itself is not an eternal ‘law of nature’ but a historical/political institution). During much of the 1950s and 1960s, the oil companies watched oil become more and more ‘abundant.’ The reason was not that oil had become more available physically; it was rather that the centrifugal political forces of rivalry among the key actors proved stronger than the centripetal political forces of cooperation. If the accumulation of oil profit was to be revived, the entire political structure of accumulation had to be transformed. This requirement was the backdrop for what we call the *politicization of oil*.

As noted, this logic, based on a notion of *capital as power*, is orthogonal to both the Marxist and liberal views where capital is merely *affected* by power. For the neoclassicists, the relative profits of the oil companies represent the utils generated by oil but *distorted* by regional politics and production monopolies; for the Marxists, they are counted in units of abstract labour socially necessary to extract this oil, *boosted* by the very same politics and structure of production. In our own work, these differential profits are the *manifestation* of politics; they are the *quantitative representation of the qualitative politicization of oil*.

To reiterate, this latter view can be reconciled with neither the neoclassical nor the Marxist theories. But the Retort authors, oblivious to the fine theoretical differences, continue to dispossess and absorb this view into their infinitely elastic ‘Marxist tradition’:

Retort #6: ‘Oil prices declined throughout the 1960s, as the unrelenting search for reserves, new upstream technologies, and fresh infusions of oil from Russia combined to create massive excess capacity. With new actors on the scene, old-style collusion was less and less feasible. Against this backdrop, OPEC’s politicisation of the oil market can be understood not as a threat to the major oil-consuming states, but as a new and more sophisticated convergence of interest between companies, the US government and suppliers. A higher price regime was good for the majors (their profits soared during the 1970s, and their ability to check the power of independents was enhanced), good for Washington (it promised a slowdown in the Japanese and European economies), good for Britain (because of North Sea oil and its majors), and good for the Cold War (since it boosted the US military presence in the Middle East). Sheikh Yamani articulated OPEC’s mission rather well: “at all costs to avoid any disastrous clash of interests which would shake the foundations of the

Nitzan and Bichler: ‘The relentless search for new reserves, along with the incessant proliferation of new technology created a constant menace of excess capacity and falling prices. At the same time, with the number of actors on the scene growing rapidly, counteracting this threat solely through corporate collusion was impractical. For the large companies, the way to overcome these challenges was to integrate their private interests into a broader political framework. . . . There emerged, then, a new and more sophisticated realignment. . . . In the words of Odell (1979: 216), the 1970s brought an ‘unholy alliance’ between the large international oil companies, the United States, and OPEC, which together sought to use higher prices as a way of boosting company profits, undermining the growth of Japan and Europe, and fortifying the American position in the Middle East. To these, Sampson (1977: 307) also added the eventual support of the British government, the Texas oil lobby, the independents, investors in alternative sources of energy, and the conservationists – all with a



whole oil industry.”

clear stake in more expensive oil. . . . [in the words of Saudi petroleum minister, Sheik Yamani] “We want the present setup to continue as long as possible and at all costs to avoid any disastrous clash of interests which would shake the foundations of the whole oil industry” (cited in Barnett 1980: 61) ([The Global Political Economy of Israel](#), 2002, pp. 227-228).

### The Commercialisation of Arms Exports

During the 1980s, analysts of the U.S. military sector viewed arms exports as relatively unimportant for the profit of the large defence contractors and virtually insignificant for the profit of big business as a whole. These exports were simply too small relative to domestic military spending and minuscule when compared to the aggregate sales of the largest U.S. corporations. Partly for this reason, most students of the subject concentrated on the foreign policy aspects of such exports – their political reasons and consequences at home and abroad.

Our work challenges this perception. It collates and analyzes *disaggregate* corporate data on the leading armament contractors, including net earnings, sales, owners' equity, domestic military contracts and arms exports. The results, first reported in our paper series on '[The Political Economy of Armament and Oil](#)' (1989) and subsequently extended and elaborated in later publications, suggest a radically different picture. They indicate that arms exports were far more important to profit than they seemed, particularly during lulls in domestic spending.

This conclusion, we are not shy to re-emphasize, is based on years of strenuous empirical research. One key lesson from this research was that *purely aggregate analysis is inherently misleading*. You cannot understand broad processes of capitalism, such as inflation, superpower confrontation, militarization and national security, simply by relating them to other broad processes, like overall growth, changes in the average rate of profit, total government spending and shifts in ideology. You have to peer deeper, into the *disaggregate* structure of power and the processes of its restructuring.

The Retort authors treat this conclusion as if it were self-evident. It is not. It certainly cannot be deduced from 'high theory,' no matter how dialectical. The only way to develop this conclusion is by empirically re-searching received theory, by re-theorizing the evidence, by creating new categories and constructing new facts – precisely the type of work that Retort knows nothing of.

One of the first scholars to empirically break the aggregate front was the great Marxist researcher, Michal Kalecki. In the mid-1960s, Kalecki predicted that military spending would become crucial for U.S. capital accumulation, and particularly for

certain business segments. He was right. During the 1970s and 1980s, there emerged in the United States a group of leading military-dependent corporations. We call them the *Arma-Core*. Faced with mounting foreign competition, these firms have gradually retreated into the shelter of government contracts and subsidies, disguised under the aggregate fiscal policy of ‘military Keynesianism,’ a term coined by David Gold.

Initially, the Arma-Core was dependent mainly on domestic military contracts. However, with the end of the Vietnam conflict, the U.S. government was less and less able to underwrite these firms. The partial solution was arms exports. In the beginning, these exports were financed by the U.S. government through foreign loans and aid. But as the fiscal crisis deepened at home, more and more of these exports had to be paid for by the buyer, in cash. In our work, we argue that the change in export finance came hand in hand with a change in foreign policy. Armaments were no longer exported solely for ‘political goals.’ Increasingly, weapons were sold abroad to bolster the bottom line of domestic contractors. We call this process the *commercialization of arms exports*.

The final piece in the puzzle was the new source of financing for the weapon trade: Middle-East oil. Until the early 1970s, the primary destination of global arms exports was South-East Asia. But the politicization of oil, the attendant ‘energy conflicts’ (fuelled by imported weapons), the resulting ‘oil crisis’ and the happy surge in OPEC’s oil revenues conspired to shift the focus. Soon enough, the Middle East became the world’s leading market for imported weapons.

The research, theorization and integration of these processes yield a highly contrarian picture. For the Retort authors, however, this is all common knowledge. They summarize it in their (our?) own words:

Retort #7: ‘OPEC’s politicisation of the oil sector took place in conjunction with the commercialisation of the arms industry. In the 1950s, 95 per cent of US armament exports had been provided as foreign aid. By 2000, the figure had fallen to a quarter. . . . Following a wave of mergers and consolidations in the 1990s (overseen and promoted by the Defense Department), the largest 20 US contractors had been reduced to four: Boeing, Northrop Grumman, Lockheed Martin and Raytheon. Their sales now account for \$150 billion, and they control a vast proportion of state contracts. Net

Nitzan and Bichler: The attendant *politicisation* of oil [came] together with the parallel *commercialisation* of arms exports. . . . During the 1950s, when arms exports were still seen as a matter of foreign policy, up to 95 per cent of U.S. foreign military deliveries were financed by government aid. Over time, though, with the line separating state from capital becoming less and less clear, the proportions changed, and by the 1990s only 30 per cent were given as aid. . . . During the 1990s [the Weapondollar–Petrodollar Coalition] spent much time and effort trying to regroup and consolidate through cor-

profit in the sector, as a share of the total net profit of the Fortune 500, doubled (to 10 per cent) between 1965 and 1985. This extraordinary growth could not be sustained even by US levels of military Keynesianism: it required foreign purchases and, specifically, Third World buyers.'

porate amalgamation, usually with full government backing. . . . In 2000, there emerged a clear pack of five leaders: Lockheed Martin . . . Boeing . . . Raytheon . . . General Dynamics . . . and Northrop-Grumman. . . . Figure 5.2 presents the net profit share of the Arma-Core within dominant capital. The data show that, following the Vietnam War, this share had doubled to 10 per cent by the mid-1980s, up from 5 per cent in the mid-1960s. . . . Clearly, if these firms are to keep their production lines open, they can never rely solely on domestic procurement, and must constantly look for 'counter-cyclical' export markets' (*The Global Political Economy of Israel*, 2002, pp. 201, 216, 268, 270, 210, 212).

Note that, once again, the Retort authors confuse the terms. It was arms *exports*, not the arms industry, that were commercialized. The authors also mix up the facts. The data they 'quote' on net profit as a share of the Fortune 500 are taken from Figure 5.2 on page 211 in *The Global Political Economy of Israel*. The authors erroneously relate these data to the defence 'sector' as a whole. In fact, these data are computed for an 'Arma-Core' of 16 leading defence contractors.

### Methodology

Our power theory of capital accumulation turned out to be highly robust. It enabled us to explain, with great accuracy, the eruption of every 'energy conflict' in the Middle East up until the late 1980s. It also allowed us to predict, in writing and ahead of time, both Gulf wars. It helped us explain the pattern of differential profits of the leading petroleum companies. And it has done so nearly without fail. Anticipating critiques of 'over-determination' and 'mono-causation,' we wrote in 1995:

'Given the complexity of Middle Eastern affairs, these regularities [linking the differential accumulation of the oil companies and "Energy Conflicts"] appear almost too systematic to be true. Indeed, is it possible that the differential rate of return of six oil companies is all that one needed in order to predict such major upheavals as [the] June 1967 War, the Iraq-Iran conflict or the Iraqi invasion of Kuwait? And what should we make of the notion that Middle East conflicts were the main factor 'regulating' the differential

accumulation of the Petro-Core? Finally, are lower-than-normal earnings for the oil majors indeed a necessary condition for Middle East energy wars? Maybe the picture emerging from the data . . . is more of a coincidence, a statistical mirage with little relevance to the underlying events?' (['Bringing Capital Accumulation Back In,'](#) 1995, p. 500).

We answer these questions in considerable detail – in ['Bringing Capital Accumulation Back In'](#) (1995), in *The Global Political Economy of Israel* (2002), and, more recently, in ['Dominant Capital and the New Wars'](#) (2004). We examine the history of every 'energy conflict,' assessing the extent to which these individual histories are consistent with explanations and theories other than our own. We conclude that these explanations, although often persuasive, are inherently partial; they are able to explain individual conflicts, but not the more *general* processes at work. By focusing specifically on oil and armament, our own approach provides a unified way of understanding the modern global political economy of the Middle East. And by concentrating on differential profits we are able to embed the modern history of the Middle East within a broader theory of global capital accumulation. The Retort authors quickly adapt the gist of this argument to the invasion of Iraq:

Retort #8: 'This is not the same as saying that the Blood for Oil argument is crudely reductive. It is true that there are almost too many other plausible ways of framing the Iraq invasion. . . . But all (or most) human situations are overdetermined; it does not follow that the best we can do is settle for a plurality of causes, or a resigned plea for complexity. Some determinants are more important than others, and oil may be one of them. The problem with the Blood for Oil hypothesis is . . . that it has conspicuously failed to grasp that oil draws its power from a field of capitalist forces that must periodically reconstitute the conditions of its own profitability.'

Nitzan and Bichler: 'The hypotheses presented in this paper are neither deductive, nor rooted in a fictitious framework. . . . [Our approach] does not necessarily negate the significance of other material and ideal considerations, nor does it eliminate the role played by non-corporate actors and governments' (['Bringing Capital Accumulation Back In,'](#) 1996, p. 501). 'It is almost a cliché to say that conflict and war are never mono-causal. They always occur within a highly complex historical context, and that context can never be reduced to a 'functional' relationship between several 'variables.' But in the case of the Middle East, the context of conflict cannot be comprehended solely from the narrow perspective of the warring factions; it cannot be understood without reference to its own continuities and apparent 'regularities'; and it cannot be ana-

lyzed separately from broader world developments. Our own view is that Middle East conflicts were integral to the power processes of global accumulation' (['Dominant Capital and the New Wars.'](#) 2004, pp. 313).

### **The Weapondollar-Petrodollar Coalition: Too Perfunctory**

Up to this point, the Retort authors are careful not to mention the source of their explanations and facts. But it would have been too dangerous to omit it altogether. So, at the end of their paper, they give Nitzan and Bichler a paragraph. They credit us for 'coining' the term 'Weapondollar-Petrodollar Coalition,' and for explaining how the fortunes of this coalition have been intertwined with the processes they so skilfully analyse earlier in their paper. But the buck stops here. Retort is unequivocal:

'The precise calibration of the oil/war nexus articulated by Nitzan and Bichler is, in the end, too perfunctory. They point in the right direction, but the dialectic of oil and armaments extends much further, embracing not only military and oil-service industries, but construction giants . . . the global engineering and industrial design sector, and financial services organisations and banks . . . [as well as] the 'black economy' . . . drugs, oil theft and money laundering. . . .'

Translation: the two anonymous hands of the academic *maquiladora* have done their job. They sweated in the data mines, they spat blood trying to make sense of the facts, they laboured day and night to break the conventional categories and create a new, coherent picture. They have produced plenty of value and much surplus to boot. It is time to appropriate it.

The disengagement is simple. Nitzan and Bichler do provide some insights, the reader is being informed, but these merely 'point in the right direction.' The real task is to absorb these ephemeral insights into the eternal truth of Marxism. You have to re-calibrate. You need to extend and embrace. You must think 'dialectically' rather than 'perfunctorily.'

This task is best left to the experts of accumulation-by-dispossession. If the Retort authors had been the ones doing the research, their 'calibration' would have been much more extensive and far more nuanced. Of course, that calibration would not require any *actual* research. There would be no need to invent new categories (as we all know since Plato, categories simply float in the air; you just need to extend your hand and grab them). There would be no need to rethink political economy (as we all know, modern political economy is nothing but a footnote to Marx, who had already worked it out). And there would be no need to worry about the facts – from construc-

tion, to banks, drugs and money laundering (as we all know, these are simply fictitious creatures of the capitalist 'spectacle'). The only thing Retort would need is another text with sufficient surplus to 'deconstruct.' Perhaps they should use Marx's own analysis of 'The So-Called Primitive Accumulation.' He concludes it with the following words: 'The expropriators are expropriated.'<sup>3</sup>

## 2. NOVELTY AND DOGMA

Now, one must admit that, in a certain respect, Retort is right. It is misleading to examine only the superficial surface of phenomena. One has to look behind the perfunctory details of plagiarism, to delve deeper into the dialectics of cut and paste. After all, the really interesting thing here is not dispossession per se, but the reason behind it.

All organized religions abhor creative change. Catholic priests hated the new cosmology of Copernicus. Muslim Cadis and Mullahs detested the appearance of a contraceptive pill. Jewish rabbis loathed the arrival of television. Inventions represent creativity and novelty. They open up the horizon. They contest existing authority. Their *very possibility* challenges the church's exclusive hold over truth. And that challenge is a cause for panic – for without this exclusivity, organized religion becomes irrelevant.

The ultimate reason behind Retort's plagiarism is this very type of panic. It is the fear of an organized paradigm losing its grip, the dread of an academic religion witnessing its own decline.

Marxism in the early twenty-first century is very different from the work of Marx. Marx's research was novel, scientific and revolutionary; the texts of many Marxists today (although by no means all) are recycled, dogmatic and often anti-scientific. Marx was sure of his theory and confident of its political potential; many Marxists today doubt their theory and accept its political impotence. Marx continued, till his death, to develop his labour theory of value, to study the dialectical history of capitalism, to broaden his horizons; many of his followers, who already know it all, have given up on new research in favour of reproducing old-new slogans (witness the parody they made of his 'primitive accumulation'). Marx tried to understand reality in order to change his world; many Marxists today ignore reality in order to defend their faith. Unlike the Marxists, Marx was never a Marxist. He wouldn't force himself into a box. In contrast, many of his followers swear by an oxymoron: the 'Marxist tradition.'

### **We've Said it All Along**

For these adherents, new *radical* theories and research – particularly if critical of Marx – are a threat to be neutralized. The standard practice is to first mock these

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<sup>3</sup> Karl Marx, *Capital. A Critique of Political Economy*. Vol. 1 (Chicago: Charles H. Kerr & Company, 1906), p. 837.

ideas and findings, then belittle them, and finally, if that doesn't work – appropriate and internalize them into the dogma. This practice, of course, is well known and hardly unique to Marxism – or to the social sciences for that matter. It seems to be dogma's standard response to novelty. 'Every new truth,' goes the saying, 'passes through three stages. In the beginning the experts ridicule it as *nonsense*. Then they dismiss it as *trivial*. And in the end we learn that they *said it all along*.'<sup>4</sup>

One of the most striking examples of this pattern is the story of Cecilia Payne.<sup>5</sup> Payne's doctoral dissertation, submitted at Radcliffe in 1925, showed that the sun was composed of over 90 per cent hydrogen, the rest being mostly helium – contrary to the contemporary orthodoxy according to which it was composed of two-thirds iron. The finding was immensely important. It suggested that Einstein's famous equation,  $E=MC^2$ , could be universally applied. But it also meant that the old-boys network that dominated academic astrophysics at the time was entirely in the wrong. Payne being right jeopardized their reputation, careers, budgets and patronage. And so a contract was put on her head.

Her own supervisor, Harlow Shapley, declared her findings invalid, as did Henry Norris Russell, the all-powerful Don of East Coast astrophysics. Like Galileo, Payne was forced to denounce herself. In order for her thesis to pass, she had to write in it that, contrary to her discovery, 'the enormous abundance [of hydrogen]. . . . is almost certainly not real.'

Unlike Galileo's, her story ended badly. Her colleagues forced her to take on an exceptionally heavy teaching load, so that she could do no further research; they made sure that her courses were not listed in the official catalogue, so as to contain her ability to confuse younger minds; later on, she discovered that her salary was classified as 'equipment expenses.' 'There was literally no time for research,' she said, 'a setback from which I have never fully recovered.'

Eventually, though, her science prevailed. She was right and her professors were all wrong. Of course, that did not make them apologize, nor did it make them give up their secure positions and honours. They offered no token of regret. After all, they had nothing to be ashamed of. The sun was indeed mostly hydrogen, but hadn't they been saying it all along?

At age 77, just before her death, Payne was awarded the 'Henry Norris Russell Prize' named after the man who did the most to destroy her science.

### **Free Thinking versus Doctrine**

The clash between creative thinking and the dogmas of power, although hardly new, became overtly political during the mechanical-bourgeois revolution of the seventeenth century. Its most famous episode was the confrontation between Galileo Gali-

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<sup>4</sup> Various versions of this quote are attributed to Arthur Schopenhauer, Arthur C. Clarke and Leo Szilard, among others.

<sup>5</sup> Summarized and cited from David Bodanis, *E=MC<sup>2</sup>. A Biography of the World's Most Famous Equation* (Toronto: Doubleday Canada, 2000).

lei and Pope Urban VIII. Their cosmological debate came to symbolize the conflict between science and the Church, between the progress and enlightenment of the new liberal order and the decay and oppression of the ancient regime.

The victory of capitalism during the eighteenth and nineteenth centuries altered this pattern. Liberalism developed its own structures of power, and as these structures consolidated, they, too, grew intolerant to free thinking and creative criticism. The dialectical history of this transformation was first described and analyzed by Karl Marx in his *German Ideology*. Marx was the first to treat the 'capitalist system' as a political order and, indeed, as the subject of scientific inquiry. He criticized positivism with dialectical materialism. He used the laws of motion of history to debunk the 'natural' laws of political economy. He made his revolutionary science part of a wider political struggle against capitalism.

But by the end of the nineteenth century dogma started to creep in, and in the twentieth century 'classical' science was already in a full-scale retreat. In the capitalist countries, the encompassing classical approach was replaced by a fractured 'social science,' a system of independent 'disciplines' subservient to the overarching logic of 'neo-positivism.' The ideology of neo-positivism combined the neoclassical economic belief in free markets and rational consumers on the one hand with the statist tenets of political science and international relations on the other. The glue that tied it together was the cardinal faith in 'optimizing behaviour' and 'systemic equilibrium.'

A parallel process took place in the Soviet Bloc. Marx's classical science was harnessed and eventually eviscerated by the Leninist-Stalinist church. Creativity and innovation gave way to squabbles over interpretations. Religious hostilities developed between the Soviet Order and the competing papacies of Mao and Tito, each claiming exclusivity for its own reading of the prophet's texts.

### **Marxism in Crisis**

The twentieth century presented Western Marxists with significant challenges. Real wages in capitalist countries rose consistently and dramatically, instead of falling. Many types of labour became complex and skilled, rather than one-dimensional and simple. The profit rate trended sideways, not down. The anarchy of competition – the disciplinary engine of capitalism – gave way to big business coalitions and collusion. The capitalist state grew stronger, not weaker. After the 1930s, its policy interventions not only prevented serious depressions, but also helped mitigate the once-dreaded business cycle. Culture, media and consumerism became no less crucial for accumulation than production was. Inflation replaced cost-cutting as a key mechanism of redistribution, while finance took over the factory floor as the locus of power. Strict class divisions proved too crude a basis for dealing with the political, ideological and psychological complexities of the twentieth century. Traditional concepts of class provided only a partial – and often misleading – insight into human consciousness. Capitalism did not crumble. It has survived major upheavals and transformations – from totalitarianism, to Keynesianism, to postmodernism. It out-



lasted communism. It seems easily capable of internalizing religious fundamentalism.

The labour theory of value – the basic building block of Marxism – proved inadequate for dealing with these multiple challenges. On the one hand, its logical structure and internal consistency came under repeated attack. On the other hand, its underlying assumptions about competition and its focus on production grew increasingly difficult to reconcile with new forms of politics, power, oligopoly, finance, inflation, big government and imperialism.

These difficulties brought a series of revisions to Marxism, the most important of which was a shift of emphasis from ‘growth’ to ‘force,’ from expanded reproduction to accumulation through confiscation. The main trigger was a 1902 book, *Imperialism*, written by left-liberal John Hobson. Hobson accentuated the underlying tendency toward underconsumption, the inability of capitalism to generate enough demand for its ever-growing productive capacity. This tendency, rooted in the unequal distribution of income of wages and profits, was further amplified by monopoly, high finance and military adventurism that emerged during the latter part of the nineteenth century. The only solution was *foreign* investment, hence the imperial rush for colonies.

Marxists were quick to appropriate and internalize Hobson’s liberal thesis, along with his painstaking empirical research (as did John Maynard Keynes several decades later). But in doing so they let in a Trojan horse. In retrospect, *Imperialism* helped derail Marxism from the scientific path originally charted by Marx, diverted it into statist and ethnic directions and ultimately hastened its dogmatic closure.

Following Adam Smith, Marx saw in capitalism the first political order capable of *internal* growth.<sup>6</sup> For the first time in history, there emerged a system that did not require *external* plunder. Capitalism thrived precisely because it was able to continuously reorganize the work process and exploit the ever-expanding productivity of workers. Furthermore, and crucially, inherent to this new system of internal growth was its own quantitative logic. According to Marx, capitalism was a system of expanded commodity production denominated in prices. Remarkably, this price system was itself a derivative of production: its underlying logic was rooted in *labour time*. Ultimately, then, any understanding of capitalism had to be based on a *labour theory of value*.

The new school of underconsumption, finance-monopoly capital, imperialism, uneven exchange and dependency abandoned this quest. Instead of internal growth, it emphasized chronic stagnation. Under mature capitalism, went the argument, the ‘potential surplus’ – namely the difference between what the society can produce and the necessary cost of producing it – had a tendency to rise. This rising surplus had to be ‘absorbed’ by wasteful spending or ploughed into foreign investment (intertwined

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<sup>6</sup> On the contradictions between Marx’s and the underconsumptionist views of capitalism, see Anwar Shaikh, ‘An Introduction to the History of Crisis Theories,’ in *Capitalism in Crisis: The Union for Radical Political Economics*, 1978, pp. 219-241.

with primitive accumulation, plunder and dispossession). In the absence of such ‘offsets,’ the surplus remained unrealized, the consequences being recession, unemployment and underutilized capacity.

Capitalism, many neo-Marxists started to believe, could not survive on its own; it *needed* military spending, imperialism, colonies, post-colonies and the development of underdevelopment.

Furthermore, and as a direct consequence of this conclusion, the neo-Marxists – although retaining the notion of ‘surplus’ – have practically abandoned the labour theory of value. They had to. The introduction of power, force and waste ‘contaminated’ the notion of ‘intrinsic equivalence’; it undermined the disciplinary logic of competition and technical progress; it made labour values invisible, if not nonexistent. Prices no longer reflected the logic of labour time, not even approximately.

And, indeed, following Luxemburg, Lenin and Hilferding, many neo-Marxists were only too happy rid themselves of the theoretical burden. Marx was hesitant to develop a full-fledged theory of the state before coming to grips with the quantitative architecture of the labour theory of value. But with the latter theory discarded, it was now possible to venture into the analysis not only of state power, but also of culture, international relations, post-colonialism, race, gender and beyond.

This new direction was not necessarily misguided. But it was certainly incomplete. It is plausible to argue that modern capitalism is based on power and force as well as economic growth, that waste is as important as efficiency, that foreign investment, war and colonization are all crucial, that ethnic and gender divisions count, that culture and the media matter. But these claims come to naught without a *theory of value*.

In the absence of a theory of value, Marxists can say very little about the basic architecture of capitalism, namely the *commodity price system*. They can say very little about the key process of capitalism, namely the *accumulation of capital*. They can no longer claim to understand the specifically *capitalist* nature of society. They even lose the units with which to measure the *surplus*.

A small number of diehard ‘orthodox’ Marxists recognize this imperative. They have never given up on the labour theory of value and continue to seek solutions for its intractable problems. But for most of those who have abandoned the theory, this is no longer an issue. They have never tried to replace Marx’s labour theory of value with another theory of value. They consequently have no theory of value at all. And, for the most part, they fail to realize how devastating that void is.<sup>7</sup>

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<sup>7</sup> One of the few neo-Marxists who did understand the consequences was Paul Sweezy. In his 1991 assessment of *Monopoly Capital*, a deservedly influential book that he had co-authored with Paul Baran twenty-five years earlier, he wrote: ‘Why did Monopoly Capital fail to anticipate the changes in the structure and functioning of the system that have taken place in the last twenty-five years? Basically, I think the answer is that *its conceptualization of the capital accumulation process is one-sided and incomplete*. In the established tradition of both mainstream and Marxian economics, we treated capital accumulation as being essentially a matter of

The consequences of that void are already evident. The past decade has offered an opening for change. The collapse of communism brought demands for democracy; the victory of capitalism was challenged by worldwide resistance to liberal globalization; the new wars in the Middle East triggered a seemingly unprecedented anti-war sentiment all over the world. And, yet, at that critical moment, Marxism has proven unable to provide a cohesive alternative, a worldview to unite the forces of progress. It is not surprising that, in this void, many radicals have drifted toward theories of power and dispossession fashioned by Nazis such as Martin Heidegger and Carl Schmitt and nihilists like Michel Foucault.

For Marxism to remain dogmatic is to risk a fate similar to that of the organized religions. Over the past three centuries the Rabbinate, Christian and Islamic churches have lost their exclusive right to explain the universe. Simply put, they have been pushed aside by the scientific process. It is true that they have reluctantly accepted, as practical ‘narratives,’ various aspects of science, including Copernicus, Darwin and Freud. It is also true that they have all made extensive use of scientific technology (harnessing television to the conditioning the laity, exploiting the Internet and cellular communication to invest in the stock market, using electronic audio and video to preach against science, and so on). But these inclusions have gradually undermined their foundations, robbing them of their authentic voices. Their only remaining asset is fundamentalism. The best they can do is leverage ignorance in the interest of dominant capital.

### **Marxism in Retreat**

Without its own theory of value, Marxism loses its encompassing universal view. It loses its scientific stature. Its claims become irrefutable. It falls back on mainstream economic categories. It accepts the capitalists’ own data. It uses neoclassical research methods. Soon enough, it ends up drawing similar conclusions.

The ‘new wars’ of the twenty-first century illustrate this process. Marxists were quick to make these wars part of a ‘new imperialism,’ as did the spokeswomen and men of capitalism. Both Marxists and mainstream analysts agreed that ‘America’ was an ‘empire,’ and that ‘states’ and ‘state officials’ were the relevant units of analy-

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adding to the stock of existing capital goods. But in reality this is only one aspect of the process. Accumulation is also a matter of adding to the stock of financial assets. The two aspects are of course interrelated, but the nature of this interrelation is problematic to say the least. The traditional way of handling the problem has been in effect to assume it away: for example, buying stocks and bonds (two of the simpler forms of financial assets) is assumed to be merely an indirect way of buying real capital goods. This is hardly ever true, and it can be totally misleading. This is not the place to try to point the way to a more satisfactory conceptualization of the capital accumulation process. It is at best an extremely complicated and difficult problem, and I am frank to say that I have no clues to its solution. But I can say with some confidence that *achieving a better understanding of the monopoly capitalist society of today will be possible only on the basis of a more adequate theory of capital accumulation*, with special

sis. Marxists argued that the wars were fought primarily over oil; their conservative counterparts couldn't agree more. Both sides believed that capitalism needed 'economic growth,' and both were convinced that such growth required 'cheap energy.' Both expected the invasion of Iraq to reclaim the oil fields and undermine OPEC, making petroleum plentiful and inexpensive. Both were very wrong.

There were of course also some uniquely Marxist claims. Some writers, such as David Harvey, asserted that the new imperialism represented 'accumulation-by-dispossession,' a claim that many Marxists, including the Retort authors, echo with great conviction. But what does 'dispossession' really mean?

What exactly is being 'dispossessed'? Before the invasion of Iraq, there was a near-consensus that the purpose was to physically confiscate the oil fields in order to flood the world with oil. This confiscation has not happened. Furthermore, Iraqi oil production has dwindled to a trickle, with the blessing of its new U.S. administrators (who are now de facto members of OPEC).

Before the invasion, the experts were convinced that the war would be financed by dispossessed Iraqi oil. Now it is suddenly obvious that the dispossessed are mainly the U.S. taxpayers and foreign creditors who foot the bill.

Before the invasion, some argued that the war was motivated by the desire to stop the slide of the dollar, perpetrated by Iraq's threat to denominate its oil trade in euros. But if so, why has the U.S. administration formally abandoned its hard dollar policy?

Who are the 'dispossessors'? The usual suspects include big business, the oil companies and the Bush-Cheney Cabal. And, indeed, all have gained from the war – but mostly for the wrong reasons. Cheaper oil was supposed to make the world safer and more profitable for capitalists in general and U.S.-based companies in particular. It didn't work that way. By making oil significantly more expensive, the war is now threatening the world with revived stagflation (stagnation combined with inflation). Yet, instead of crying foul over an invasion gone awfully wrong, dominant capital seems rather happy to see the threat of deflation dissipated, pricing power restored and differential profit margins fattened.

A similar twist applies to the oil companies. Supposedly, their aim was to break OPEC and take over the Iraqi fields. They have done neither – yet their net profits have quadrupled (from roughly \$30 billion globally in 1999, to an estimated \$90 billion in 2005). And how did that happen? It happened because the war failed to archive its 'objective,' causing the price of oil to soar rather than fall. This outcome may seem confusing – but only because 'dispossession theory' attributes to the oil companies goals they probably never had. The interest of the oil companies is profit, and in the oil business profit depends not on high output but on high prices. There is nothing better than an 'infinite war' to achieve that latter objective – particularly if the hostilities help invigorate the scapegoat OPEC.

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emphasis on the interaction of its real and financial aspects, than we now possess' ('Monopoly

Finally, we have the Halliburtons and Bechtels of the Bush-Cheney cabal. They certainly benefited from the latest cycle of destroying and rebuilding Iraq. But, then, if they were the sole cause of the Iraqi adventure, do we really need Marxist dialectics to explain it?

***Le Dernier Cri: 'Overaccumulation Crisis'***

The Retort authors inform us that “‘Military neo-liberalism’ is the formula appropriate to the current capitalist moment, and to the politics of oil.’ We confess to not knowing what ‘military neo-liberalism’ means. We are also unsure why it is appropriate to the ‘current capitalist moment’ and to the ‘politics of oil.’ But we are willing to learn. Maybe these logos do have some historical-dialectical contents worth ‘deconstructing.’ So let’s unpack these banners.

According to the Retort authors, ‘military neo-liberalism’ is capitalism’s response to a ‘crisis of *overaccumulation*’ (our emphasis). The ‘over’ prefix in overaccumulation suggests the existence of a ‘natural’ state of accumulation, a benchmark of ‘normal’ accumulation that the ‘actual’ rate of accumulation can exceed or fall short of.

But what exactly is this ‘normal’ accumulation? Is there a single historical example of such accumulation? What type of accumulation qualifies as ‘normal’ in a capitalism riddled by ‘power,’ ‘force,’ ‘dispossession,’ ‘primitive accumulation’ and ‘imperialism’? Since this latter capitalism no longer obeys the labour theory of value, in what units should we count the accumulated capital – whether ‘over’ or ‘normal’?

It is indeed ironic that, of all students of society, Marxists should be talking about ‘normal’ accumulation. Their own dialectical method should warn them that *there could be no such thing*. Only pre-class societies can be ‘normal’ and ‘natural.’ Perhaps California, where the Retort authors live, was once home to such societies. But since the arrival of Stanford and his Pacific Quartet, the main hallmark of normal accumulation has been precisely its *abnormality*. That, in any event, is what the scriptures would say.

The sad truth is that most present-day Marxists – although by no means all – have not the slightest clue as to what ‘capital accumulation’ means, theoretically or empirically. They have no idea how to separate ‘primitive accumulation’ from ‘expanded reproduction,’ how to distinguish ‘productive’ from ‘unproductive’ labour, how to differentiate ‘actual’ from ‘fictitious’ capital, how to convert ‘concrete’ to ‘abstract labour,’ or how to deal with ‘depreciation.’ Most do no empirical work at all. They are not familiar with even the basic data about accumulation, whether ‘real’ or ‘financial.’ They do not know how these data are computed, the assumptions that underlie their computation, or how these assumptions stack against the labour theory of value. Most of their empirical assertions are based on the research of mainstream academics, financial analysts or the business press – research that they are happy to

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Capital After Twenty-Five Years,’ *Monthly Review*, 1991, Vol. 43, No. 7, emphasis added).

convert, with a few strokes on the keyboard, into self-evident ‘Marxist’ conclusions. There are a select few who do empirical research – some of which is highly insightful – but even they rarely venture beyond the categories of mainstream macroeconomics and the data provided by the capitalist national accounts.

### **The ‘New Imperialism’**

The sudden bellicosity of the early 2000s caught most Marxists by surprise. During the 1990s, their attention focused mainly on ‘globalization.’ The key words were ‘neoliberalism’ and the ‘new economy.’ There were heated debates about the pros and cons of capital flows and emerging markets, about deregulation and the decline of the welfare state. Mainstream ideologues told us that these developments were best for humanity. Marxists, for the most part, took it upon themselves to argue the opposite.

When the new wars erupted, the old slogans had to be removed in haste. But with the dogma still the same, the only solution was to reword those very slogans, adapt them to the new, unpleasant reality, and hang them up again.

Since most liberals and Marxists agreed that the world was ‘neoliberal,’ it followed that the new wars must be ‘neoliberal wars’ and the new path of rearmament simply part of ‘military neoliberalism.’ True, unlike in past imperialisms, the conquests of Afghanistan and Iraq were not followed by foreign investment; but, then, that was simply because we now lived in a ‘new imperialism.’

And why is there suddenly a need for a ‘new imperialism’? Easy. According to Nitzan and Bichler, the invasion of Afghanistan and Iraq are part of a broader process of capitalist development, one in which dominant capital swings between relatively peaceful waves of corporate merger, globalization and liberal ideology on the one hand, and highly conflictual periods of stagflation, boosted by military conflict and statist rhetoric on the other. The new Middle East wars are part of this latter regime.<sup>8</sup>

It is true that Nitzan and Bichler do not equate this regime with ‘imperialism.’ In fact, they claim that the term ‘imperialism’ belongs to another era, and that it is highly misleading when applied to contemporary capitalism. But then, with so much noise coming from the war drums, who would ever notice? Just replace Nitzan and Bichler with ‘our view,’ hang up the banner of ‘new imperialism,’ and the explanation becomes Retort’s:

‘In *our view*, the [naive] Blood for Oil thesis loses sight of what oil ultimately stands for in the present moment: that is, neo-liberalism mutating from an

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<sup>8</sup> For a broad analysis of differential accumulation regimes, see [‘Regimes of Differential Accumulation’](#) (2001) and [The Global Political Economy of Israel](#) (2002: Ch. 2). The two papers, [‘Dominant Capital and the New Wars’](#) (2004) and [‘Differential Accumulation and Middle East Wars: Beyond Neo-Liberalism’](#) (2004), examine the present moment as part of these altering regimes.

epoch of 'agreements' and austerity programmes to one of outright war; the plural and unstable relations among specific forms of capital, always under the banner of some apparently dominant mass commodity; and those periodic waves of capitalist restructuring we call primitive accumulation. . . .

'This is the proper frame [à la Retort] for understanding what has happened in Iraq. It is only as part of this neo-liberal firmament [we admit to not knowing what "neo-liberal firmament" means], in which a dominant capitalist core has begun to find it harder and harder to benefit from 'consensual' market expansion or corporate mergers and asset transfers, that the preference for the military option makes sense.'

And how exactly will the 'military option' compensate for the lost consensus? Through a new slogan: 'accumulation-by-dispossession.' And how does this dispossession function? Elementary: by making oil plentiful and cheap. But isn't oil now five times more expensive than it was in 1999? Yes, of course it is! In doublespeak 'cheap is always more expensive.' The dialectic of capitalist inner contradictions eventually creates the conditions for its own demise. So, does that mean that capitalism is about to collapse? Yes and No. War is Peace. Ignorance is Strength. . . .

#### **New Imperialism or New Capitalism?**

Since the late 1980s, we have published works that challenge Marxism on its own turf. Our claims are meant to elucidate rather than obfuscate; they are spelled out clearly, without foggy double meanings; they include concrete predictions. We argue that, over the past century, capitalism has fundamentally changed. To understand this transformation, we offer a new, power theory of value that contests both the utility and labour theories of value.

The theory emphasizes the primacy of *disaggregation*, *redistribution* and *differential* accumulation; it focuses on the power processes that underlie overall social development; it offers a new logic of capital accumulation and capitalist development; it suggests new ways of studying the capitalist state and the inter-state arena.

Based on our power theory of capital, we have conceived of and analysed two basic regimes of differential accumulation – *breadth* and *depth*. The breadth regime is powered by corporate amalgamation and capital flow; it occurs in the context of proletarianization, green-field growth and relative political stability. The depth regime is fuelled by redistribution through stagflation; it occurs in the context of inflation, stagnation, political instability, crisis and military conflict.

We have studied how the cyclical pendulum of these two regimes emerged, developed and related to one another. We have dissected the empirical gyrations of these regimes in the United States and elsewhere. We have analyzed their broader political-economic causes and consequences. We have examined how they pan out in relation to the more secular development and contradictions of state/capital, lib-

eralism/militarism, growth/stagflation, corporate warfare/cooperation, peace and war and the global political economy of oil and armament.

Using this analysis, we predicted that the long breadth cycle that started in the 1980s was approaching an end. Global capitalism, we wrote in the late 1990s, was ready to revert to a depth cycle, accompanied by stagflation, crisis and conflict. We further stated that stagflation and conflict, should they develop, would likely boost differential accumulation by the world's leading dominant capital groups.

At the time, these claims were largely ignored or simply treated as off-the-wall nonsense. It was well-known that the last thing capitalists wanted was inflation; that stagflation was an anomaly best forgotten; and that the world had long moved from war profits to peace dividends.

We further argued that, if and when it came, the *shift* from breadth to depth, or from mergers and acquisitions to stagflation, would likely centre on oil and the Middle East. This claim emerged from integrating our work on 'energy conflicts' and oil crises into our broader analysis of regimes of differential accumulation. In 1996, we predicted that the next 'energy conflict' would erupt following a drop in differential profitability of the oil companies. When the U.S. invaded Iraq in 2003, we wrote that, contrary to the prevailing consensus, the move was intended to destabilize the region and raise the price of oil, and that it would succeed on both counts.

Again, these claims were treated with a mixture of indifference and disdain. It was well-known that wars were made by 'policy makers,' not petroleum companies; that the invasions of Afghanistan and Iraq were meant to tranquilize the fundamentalists and stabilize the Middle East; that the U.S. was keen on dismantling OPEC and flooding the world with cheap oil in order to invigorate 'growth' and boost 'accumulation.'

Our analyses were branded as 'economistic,' 'mechanistic,' 'deterministic,' 'positivist' and 'perfunctory.' We were scolded for our 'arrogance,' warned against 'cutting ourselves loose' from the protective embrace of the 'Marxist tradition.' Learned magazines and journals, some very much on the left, rejected our submissions as 'unsubtle' and insufficiently tuned to the 'complexities' and 'dialectics' of the situation. Only a few, mostly fringe publications, were willing to risk their reputation with our wild propositions and predictions.

But in the end, it is hard to argue with the facts (although perhaps not for Retort; they know how to convince the evidence). It is a fact that the new wars did come on the footsteps of differential *decumulation* by the oil companies; it is a fact that these companies were very much involved in planning the coming conflicts; it is a fact that the price of oil has quadrupled and that the profits of the oil companies are in the stratosphere; it is a fact that the global merger wave has collapsed, deflation dissipated and stagflation resurfaced as a real threat. And, suddenly, it is also a fact that – *as of now* – the experts have 'said it all along.'



### 3. EPILOGUE

#### Correspondence

On May 15, 2005, we emailed a shorter version of this paper (roughly 11,000 words) to the *London Review of Book*. The paper was accompanied by the following cover letter:

May 15, 2005

Dear Mary-Kay Wilmers:

We are writing to you concerning a serious matter.

On April 21, 2005, *LRB* published an article titled “Blood for Oil?” written by Boal, Clark, Matthews and Watts. Much of this article – including both theory and fact – is plagiarized from our own work, primarily *The Global Political Economy Of Israel* (London: Pluto, 2002). Enclosed is a reply article, titled ‘The Scientist and the Church.’ The article illustrates the plagiarism. It also explains the broader reasons behind it. We trust you will publish it.

Looking forward to your reply.

Cordially,

Jonathan Nitzan and Shimshon Bichler

To be honest, we didn’t exactly ‘trust’ the *London Review of Books* to publish our paper. We have had enough experience to know better. *Le Monde*, for example, agreed to publish our short conference article titled [‘The End of Liberalism?’](#) (2003) – but quickly reneged once its Editor in Chief, Serge Marti, got to read the text. Similarly, *Alternatives Internationales* commissioned a French version of our [‘War Profits, Peace Dividends and the Israeli-Palestinian Conflict’](#) (2002) – only to reject it for being ‘too economic.’ That latter paper, re-submitted to the *London Review of Books*, was politely turned down by the editor, Mary-Kay Wilmers, with no reason given.

There was of course no malice involved. We were simply ahead of our time and out of the loop. Recall that in the early 2000s, stagflation, dominant capital and accumulation-through-crisis were bizarre heresies. To be politically correct, you had to write about the imperatives of growth, cheap oil and American hegemonic stability.

But the times, they are a-changin’. The unpleasant reality demands ‘revisions’ to the theory. And, so, without much commotion, the lines are switched. What was

NITZAN AND BICHLER: The Scientist and the Church

ridiculous only a few years ago is now suddenly part of the dogma. Soon enough, it is posted on the front pages of the *London Review of Books*.

Obviously, no sensible editor would wish to expose such a racket, particularly one soaked in plagiarism. Within three days, we received a polite reply:

May 18, 2005

Dear Jonathan Nitzan and Shimshon Bichler,

I read 'The Scientist and the Church' with interest and would be very happy to publish a 1000-word letter setting out your argument in our next issue, which goes to press at the end of the month.

Best wishes,  
Mary-Kay Wilmers

It was unwise to reject us outright (there was a potential legal matter here). But there was no need to try too hard, either. It was enough to offer us 'some' space. One thousand words in the Letters to the Editor section seemed more than sufficient to keep us contained.

To be on the safe side, the editor also passed on our cover letter and article to the Pacific Quartet. In no time they sent us an affidavit, full of pretentious modesty. You could almost sense the panic:

May 18, 2005

Dear Professor Nitzan: I am enclosing a letter from RETORT, the authors of the 'Blood for Oil?' article published in the London Review Books, written in response to your recent communication with the editor. I am afraid I have no email for Professor Bichler but I presume you can forward a copy to him. We all look forward to your response.

Michael Watts



Dear Jonathan Nitzan and Shimshon Bichler:

We received from the *London Review of Books* your long argument, which at least in some major respects concerns our piece 'Blood for Oil?' which appeared in the April

21st issue of the LRB. We are deeply distressed and dumbfounded at your response, in particular because the LRB piece was a heavily edited (by LRB) version of one chapter (the only chapter on oil) from our just-published book from Verso *Afflicted Powers: Capital and Spectacle in a New Age of War* in the full version of which we repeatedly feature, fully credit and highly praise your otherwise unjustly ignored work.

The main problem with the LRB piece is that in its extensive and rigorous edit of the original chapter, to fit the journal's length constraints and house style, LRB excised all our annotations, including the considerable recognition of and citation to your work which appears in our full 'Blood for Oil?' chapter. In the section of the book's chapter (pp. 67-72) which deals directly with your theses, we are explicit that we are rehearsing your work and endorsing the originality and power of your argument, directly citing you six times, and beginning the section with a reference that reads: 'We are deeply indebted to the brilliant analysis of the political economy of oil offered by Jonathan Nitzan and Shimshon Bichler in *The Global Political Economy of Israel*.' We begin the following section by saying 'We take our distance here from Nitzan and Bichler's analysis,' once again announcing that what had preceded was a rehearsal of *your* work, not something we claimed as our own. Finally, in our bibliographic Endnote, we say flatly 'The best political economy of global oil is Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel*.' It is terribly unfortunate that you had seen none of this when you read the LRB piece.

Moreover, nowhere in the book do we claim or even suggest that the Blood for Oil? chapter contains original research by us on the material conditions of oil, or purports to be a study of oil within academic or 'policy' social sciences. In other words, the book's chapter in no way 'competes' with your exhaustive empirical work or with your original analytical work. Instead, the book as a whole makes clear that it is intended as a political intervention concerning the current state of global politics, of which the commonly-held Blood for Oil thesis is an unavoidable piece. The 'Blood for Oil?' chapter is just one part of a much larger polemic, an argument about the state of the world, which inevitably must consider work done by many oil 'experts', prominently including you (in contradistinction to most writing on oil which conspicuously ignores your work). Again, because you only saw the edited version of the chapter in LRB, you missed, crucially, this contextual setting of the chapter.

Finally, we also understand your complaint about the LRB piece as part of a long-festering struggle you have been fighting within left academic/intellectual communities over recognition of your work. Although we strongly disagree, as the rest of *Afflicted Powers* makes patent, with what seems to be your inclusion of us in the world of Marxist orthodoxy which has excluded you from official circles of debate about oil and capital, it seems that your (mis)placing of us within that wider struggle has provided much of your animus here. The sad irony is that in 'Blood for Oil?' we were

attempting to do our part to draw your tremendous work out of the shadows, not consign it deeper. (And ultimately we believe that *Afflicted Powers* will wind up sending many people to your work who would otherwise not have known of or been drawn to it.)

Of course, you may well disagree with our substantive arguments in the full ‘Blood for Oil?’ chapter, and indeed with the conclusions we draw from your work. We would welcome such commentary from you. But we hope that you will first read the full *Afflicted Powers* – we have asked Verso to get you a copy as soon as possible – before you make any assessment about its relationship to your work. We count ourselves among your great admirers, and are sure that this admiration and the extent of our debt to you is fully (almost fulsomely) acknowledged in the book. Regardless of whatever you will have to say by way of substantive criticism of our treatment of the Blood for Oil hypothesis, we very much doubt that, when you see *Afflicted Powers* as a whole, you’ll go on believing us to be part of the extended claque of Marxist orthodoxy, and that you will then respond within the spirit of comradeship with which we drew upon your work. We are on the same side.

On behalf of Retort.

Leyland Stanford would have been proud of such sleek disciples. The Retort Quartet is utterly sincere (‘deeply distressed and dumbfounded’). It was all one big misunderstanding, they insist (‘sad irony,’ ‘terribly unfortunate’). Regrettably, the editors of the *London Review of Books* weeded out the numerous credits (‘excised all our annotations, including the considerable recognition of and citation to your work’). By contrast, the book overflows with recognition. It states clearly that Retort merely reproduces our work (‘we are explicit that we are rehearsing your work and endorsing the originality and power of your argument’). Furthermore, when it comes to oil, *Afflicted Powers* has no claim for originality in the first place (‘nowhere in the book do we claim or even suggest that the Blood for Oil? chapter contains original research by us on the material conditions of oil’). No doubt, ‘we are on the same side.’

But, then, the story sounds a bit too compelling. Editors can certainly do nasty things to manuscripts. We know it from our own experience. In most cases, though, the authors have to approve the final galley proofs before the paper goes to print. Is it possible that the *London Review of Books* first ‘excised’ all of Retort’s annotation and then published the truncated version *without Retort’s approval?* The easiest way to find out is to ask:

May 20, 2005

Dear Mary-Kay Wilmers:

We received the enclosed letter from Michael Watts. In this letter, Mr. Watts claims that the LRB 'excised all our annotations, including the considerable recognition of and citation to your work.' We would appreciate if you could kindly clarify for us whether the final proofs of 'Blood for Oil?' were approved by the Retort authors.

Cordially,  
Jonathan Nitzan and Shimshon Bichler

A few days later we received her unambiguous reply (our emphasis):

May 26, 2005

Dear Jonathan Nitzan,

**Yes, the final proofs for 'Blood for Oil?' were approved by Retort.**

I hope you can see your way to writing a letter setting out your argument: perhaps a correspondence in the LRB would be the most effective way of airing your disagreements with Retort's position.

Best wishes,

Mary-Kay Wilmers

Joseph Goebbels used to say that if you tell a big enough lie and keep repeating it, people will eventually come to believe it. This insight proved a fitting basis for postmodernists on which to build their booming business of 'narratives,' 'mass communication' and 'virtual' piracy.

In her email, the editor made another attempt to minimize the damage, trying to have us air our 'disagreements' with Retort via 'correspondence.' We admit to being somewhat surprised with the terminology. We did not know that, in politically correct newspeak, plain theft has become 'disagreement.' Better wait for *Afflicted Powers*.

*Afflicted Powers*

Eventually, the book arrived in the mail. We read it. The situation was much worse than we had thought. The book contained the very same plagiarism as the article, and more.

*Afflicted Powers* begins by dispelling all doubts. In their second paragraph the Retort authors declare that all of them – individually and as a group – knew *exactly* what they were doing:

‘After preparatory work by the four of us separately and together, each one of the quartet took responsibility for the first drafting of a chapter. **Every paragraph was then subjected to scrutiny, discussion, and multiple revisions by all four**’ (*Afflicted Powers*, p. XI, our emphasis)

The overall method of plagiarism is spelled out a few paragraphs later. Apparently, the book consists of two types of text – documented and undocumented.

‘Following the example of the *Junius Brochure*, at points in the book certain arguments and assertions are made **without resort to the formal critical apparatus of scholarship; footnotes there are few, the larger canvas of relevant literature largely invisible**. At other points, the nature of the subject at hand demands **a level of historical and empirical detail (even exegesis)** in order for the book’s criticism of the present to be sustained’ (p. XII, our emphasis).

The documented parts are rather impressive in their detailed attributions. The Retort authors carefully annotate even the most trite facts and claims with detailed references and quotations. The main exception to this rule is the work of Nitzan and Bichler. Apparently, this ‘larger canvas of relevant literature’ does not demand footnotes. It does not require the ‘formal critical apparatus of scholarship.’ It is best kept ‘invisible.’

In their affidavit, the Retort authors state that there is only one part of Chapter 2 which deals ‘directly’ with our theses (section VI, pp. 67-72). This is a plain lie. Retort would have been correct to say that there is only one part that deals ‘explicitly’ with our work; the rest of the chapter deals with it ‘implicitly’ – namely, through plagiarism.

**Form and Content**

The overall structure of Chapter 2 – the central chapter of the book – bears a surprising resemblance to two of our articles – ‘[It’s All About Oil](#)’ (2003) and ‘[Clash of Civilization, or Capital Accumulation?](#)’ (2004). These papers begin by presenting the conventional creed. They explain, in point form, the accepted logic of why the new

wars are supposedly ‘all about oil’; the papers then debunk these arguments, point by point; finally, they offer our own alternative explanations.

The Retort authors lay out this very structure, explicitly. Moreover – and contrary to their sleek affidavit where they insist that they merely ‘rehearse’ our theses and claim ‘no originality’ – here they take full credit, repeatedly. Notice, the frequent use of ‘we’ and ‘our’:

‘Let us set out **our ambitions** for this chapter as unambiguously as we can. The first aims to identify the broad contours of the Blood for Oil account – in the process putting the thesis itself in the strongest form **we can manage**. The second goes on to expose the actual complexity, and the heterogeneous form, of the oil argument when it is deployed as anything more than a slogan (and in so doing **we hope to demonstrate** that the argument itself, pursued at all seriously, compels its users to move beyond oil as such). **We then provide our own reading of oil politics**; namely a synoptic view of the constitutive role of oil in American empire, but one that exposes, and questions, Blood for Oil’s Malthusian underpinnings – its presumption that the control of oil led ineluctably to war, and most of all, its unwillingness to situate oil on the larger landscape of capital. Finally, **we turn to the occupation of Iraq**, and try to situate American policy in the Middle East in relation to the full spectrum of capital’s need and appetites over the past decade. . . . What follows is sometimes technical, not to say tortuous. **We see no way out of this**. . . . The Blood for Oil argument claims to provide an account of capitalist politics. **We believe** it does not. **Our obligation** to the reader, therefore, is to establish what **a genuine account would consist of**’ (*Afflicted Powers*, pp. 42-43).

As usual, the Retort authors work wholesale. In converting Nitzan and Bichler’s view into their own ‘genuine account,’ they plagiarize everything – from the form, to the contents, to the language. Begin with the very rationale for their title, ‘Blood for Oil?’:

Retort #9: ‘If there was a single political thread tying the anti-war mobilizations together, it was undoubtedly the refrain of “No Blood for Oil”’ (*Afflicted Powers*, pp. 40-42).

Nitzan and Bichler: ‘If there is any agreement among the pundits, this surely must be it: *the coming war on Iraq will be fought largely over oil*’ ([‘It’s All About Oil.’](#) 2003, p. 8, original emphasis).

When done with the title, the Retort authors move on to borrow our point-form specification of the conventional reasoning of the war:



Retort #10: “*In our tally*, the Blood for Oil argument might mean that the war was launched for any (or all) of the following reasons, or through some concatenation of them’ (*Afflicted Powers*, p. 50, emphasis added)

Nitzan and Bichler: ‘The gist of the argument [regarding the coming war in Iraq] is simple enough, and could be summarized as follows’ ([‘It’s All About Oil.’](#) 2003, p. 8).

In [‘It’s All About Oil.’](#) we enumerate five related reasons, listed in bullet form. On pages 51-52 of *Afflicted Powers*, the Retort authors reproduce this same format with a hodgepodge of twelve bulleted reasons. The tenth bullet strikes a cord:

‘Because war represented, as in other energy conflicts, a means to restore flagging corporate profitability, low oil prices, and general order within the oil system worldwide’ (p. 52).

In other words, with a few strokes of the keyboard, the *least* conventional of reasons – the view of the Iraq invasion as an ‘energy conflict’ – has suddenly become part of the convention. Note that this is the first place in the book where the Retort authors mention ‘energy conflicts.’ Yet, there is no explanation as to what these conflicts are, how they work and how they are connected to corporate profitability (and, of course, no reference to Nitzan and Bichler who invented the concept in the first place).

Instead we are told that the Iraq war is just like ‘other’ energy conflicts. Presumably, the reader already knows precisely what ‘energy conflicts’ are, and that the Iraq war qualifies as one. The reader also knows – probably from watching Fox News – that these conflicts typically ‘restore’ flagging corporate profitability. The only glitch is the bizarre reference to *low* oil prices. Is it true that ‘energy conflicts’ produce low oil prices? And if so, how would low oil prices restore the profits of oil companies? Is this a sophisticated tactic of hiding one’s sources (since Bichler and Nitzan talk about *high* prices)? Or is it simply the unfortunate typo of a plagiarist?<sup>9</sup>

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<sup>9</sup> The Retort authors use this tactic of ‘appropriation-by-trivialization’ throughout the text. For instance, on page 47 of their book, they refer to the first part of the twentieth century as ‘the so-called era of “free-flowing oil.”’ So-called?! So-called by whom?! So-called where?! This is the first time the concept appears in the book. But since it is ‘so-called’ – i.e. familiar enough to have acquired a well-known nickname – there is no need to reference its source. Or consider the discussion of ‘scarcity’ on page 63 of their book. There they write: ‘An examination of [crude oil] inventories (a common way to estimate the desires of buyers and sellers) confounds expectations further.’ Inventories as a common way to estimate desires?! Where is this method common?! Who uses it?! Even a half-trained economist would not make this claim. Moreover, and as already noted, our discussion of the ‘scarcity thesis’ explicitly debunks the notion that changes in inventories could proxy ‘excess demand’ as ‘excess supply.’ But since the Retort authors convince themselves that this is in fact a ‘common’ method – i.e. well known and frequently used – they feel free to both distort our critique and plagiarize our research in the same swoop.



NITZAN AND BICHLER: The Scientist and the Church

Having listed the accepted reasons for the war, the Retort authors set the stage for their 'own' view:

Retort #11: 'So much for the prosecution case. . . . But the argument, under closer scrutiny, turns out to be rather more complex and unstable' (*Afflicted Powers*, p. 50)

Nitzan and Bichler: 'These views all ring true . . . [but] . . . As it turns out, the situation is a bit more complicated' (*'It's All About Oil.'* 2003, pp. 8-9).

The beginning of the millennium was marked by exceptionally low oil prices – so much so that even *The Economist* of London was tempted to conclude the world was awash with oil. OPEC was clearly helpless, and *The Economist* went so far as to predict a further drop in oil prices, perhaps to \$5 a barrel.<sup>10</sup> It was in this context that we raised the obvious – yet unasked – question: what was the point of launching a war to make oil cheaper when it was already practically free? The Retort authors were obviously struck by the same lightning:

Retort #12: 'Given all this, why would the companies or the Bush Cabinet believe that it required an invasion to put things right? . . . Indeed, why open the box at all? . . . War is rarely a vehicle for price stability . . . but perhaps that is the point' (*Afflicted Powers*, pp. 65-66).

Nitzan and Bichler: 'Under these circumstances, and assuming it is indeed 'all about oil,' shouldn't the cartel be left alone to pursue its futile maneuvers? Or perhaps OPEC's ineffectiveness is precisely the problem?' (*'It's All About Oil.'* 2003, p. 8).

Of course, the Retort authors do not stop at the structure. The detailed content of their book chapter – their so-called 'genuine account' – plagiarizes and distorts our work precisely in the same way as their *London Review of Books* article. Since we have already exposed this plagiarism earlier in the paper, there is no point in reproducing it here. Suffice it to say that the eight plagiarized 'quotes' from their article, individually numbered from Retort #1 to Retort #8, could all be found in Chapter 2 of *Afflicted Powers*.<sup>11</sup> Six of these eight quotes appear without any reference to Bichler and Nitzan – and, indeed, appear before their names are even mentioned. The two remaining quotes contain references to our work; but as we illustrate later, these references are grossly misleading.

<sup>10</sup> 'Drowning In Oil,' *The Economist*, March 6, 1999, pp. 19.

<sup>11</sup> For those interested, the quote from the *London Review of Books* article, numbered Retort #1, appears in *Afflicted Powers* on pp. 47-48; Retort #2 appears on p. 48; Retort #3 on p. 59; Retort #4 on pp. 63-64; Retort #5 on p. 64; Retort #6 on pp. 67-68; Retort #7 on pp. 68-69; and Retort #8 on p. 54.

### **The Stamp of Property**

The main difference between Chapter 2 of *Afflicted Powers* and the article in the *London Review of Books* is the language. In their article, the Retort authors tend to plagiarize our claims in the ‘abstract.’ Occasionally, they use the prefix ‘in our view’; but, for the most part, they simply provide the explanation or assertion, leaving it to reader to connect the obvious dots to Retort. Their book chapter is far less subtle. Here, the Retort authors stamp their proprietary claims all over the plagiarized text. Consider the following illustrations, with our emphases added:

**‘In our tally**, the Blood for Oil argument might mean that the war was launched for any (or all) of the following reasons, or through some concatenation of them’ (p. 50).

‘How, then, do **we** position oil [original emphasis], and the global reach of the supermajors, in **our interpretation** of the Iraqi invasion?’ (p. 55).

‘How, then, does this history affect the Blood for Oil argument in the case of Iraq? In brief, **we go on to argue the following**. First, there was no shortage, or impending shortage, of oil during the time war was in the planning state. Second, war was in no sense a structural or strategic necessity; indeed it represented a high-stakes gamble, not least for the oil industry itself. There was a record – long and ignominious – of proven alternatives to military force, as the recent history of both imperial and American oil reveal. And third, as **we have stated previously**, a narrow focus on oil *qua* commodity cannot grasp the larger capitalist complex of which oil is a constituent part’ (p. 59).

**‘We begin** with the specter of shortage. . . . **Our view** is that scarcity and price – the twin sisters of Malthusian pessimism – provide no ground on which the Iraq war can or should be located’ (p. 59).

**‘In our view**, the very formulation of the Blood for Oil hypothesis concedes too much to this magical point of view. **As we have said before**, it substitutes oil (as one sector or industry) for a dominant capitalist core, and fixes on the character of a single commodity at the expense of the systematic imperatives of capital in general’ (p. 67).

### **‘Giving Full Credit’: A Case Study of Referenced Plagiarism**

We now arrive at Retort’s saving grace, the section of their book that supposedly ‘deals directly’ with our theses (Section VI, pp. 67-72). This is where Nitzan and Bichler are first mentioned (cited ‘six times’); it is where the Retort authors are ‘explicit’ that they are merely ‘rehearsing’ our work; where they endorse ‘the originality

and power' of our argument; where they declare their 'indebtedness'; where they 'fully credit and highly praise' our 'otherwise unjustly ignored work.'

As already noted, the Retort authors 'deal' with our work not only in this section, but *throughout* Chapter 2 – and mostly before our work is even mentioned. But let's leave that aside for a moment and concentrate specifically on the pages of this oasis of honesty.

The Retort authors do mention our names several times, but it is hard to know exactly what they reference. The first paragraph of Section VI, found on page 67, ends with a footnote in which the Retort authors announce:

'We are deeply indebted to the brilliant analysis of the political economy of oil offered by Jonathan Nitzan and Shimshon Bichler in [\*The Global Political Economy of Israel\*](#).'

Evidently, the Quartet has internalized the lessons of advanced Taylorism. It is much cheaper to dispossess with a little gift than with an expensive stick. Give the natives glass necklaces; decorate your subjects for patriotic bravery; hand the blacks their Bantustans; give the Palestinians their Westbank-Gazustans; make your workers 'employees of the month.' It costs nothing and it works well. So well that even here, in their rare moment of gratitude, the Retort authors could not resist the temptation. Their indebtedness notwithstanding, they attribute the actual contents of the paragraph not to the 'brilliant analysts,' but to themselves ('In our view. . . . As we have said before. . . .').

The next paragraph (pp. 67-68) ends with a footnote referencing page 227 of [\*The Global Political Economy of Israel\*](#). On the face of it, this looks like an honest attribution. It is not. The content of this paragraph is the same as the plagiarized text quoted in Retort #6. The Retort authors pretend to reference this content, but in fact they do not. The bulk of Retort's argument here is taken *not* from page 227 of our book, but from page 228. There, we draw on the works of six different authors, synthesizing their views about the converging interests of OPEC, Western governments and the oil companies. Our own synthesis fully references these authors. By contrast, Retort references neither this synthesis nor the original authors.

But if so, why do they end this paragraph with a reference to the wrong page in our book? The answer is simple. The last sentence in the paragraph quotes the words of Sheikh Yamani. This quote is given on page 227 of our book. In other words, it is Yamani's words – and not the wider argument – that the Retort authors reference. Yet, even that reference is misleading. In fact, the quote from Yamani originates not in our own book, but in a book by Richard Barnet. We reference Barnet; Retort does not even mention him. In this way, the unsuspecting reader is led to believe that the thrust of the argument in this paragraph is Retort's, while Nitzan and Bichler merely supply the decoration.

This smokescreen method is also applied elsewhere in the book. For instance, when dealing with the conventional reasons for the invasion of Iraq, the Retort authors write:

‘Shock and awe offered the prospect, as Thomas Friedman said at the time, of **kill two birds with one stone**: “Destroy Saddam and destabilize OPEC.”’ (*Afflicted Powers*, p. 46, emphasis added).

But that is not exactly what Friedman said. In the *Guardian*, from where he is quoted, he used a metaphor from American salesmanship:

‘If that scenario prevails, you could look at an invasion of Iraq as a possible **two-for-one sale**: destroy Saddam and destabilise Opec at the same time’ (August 6, 2002, emphasis added).

The killing-of-birds metaphor comes from *The Economist*, as quoted in our article:

‘It might seem, then, that knocking out Mr Hussein would **kill two birds with one stone**: a dangerous dictator would be gone, and with him would go the cartel that for years has manipulated prices, engineered embargoes and otherwise harmed consumers’ (*The Economist*, September 14, 2002; cited in [‘It’s All About Oil,’](#) 2003, p. 8, emphasis added).

On other occasions, the Retort authors are less careful in covering up their trail. On pages 72-73, for instance, they provide evidence for neoliberalism that presumably comes from the United Nations:

‘Ninety five percent of all regulatory changes during the 1990s, as inventoried by the *UN World Investment Report*, were aimed at liberalizing capital controls. The tripling of bilateral investment treaties in the first half of the same decade was almost wholly aimed at removing “barriers” to foreign investment.’

Unfortunately, the Retort authors never bothered to check the *World Investment Report* itself. They simply copied these ‘facts’ from a footnote on page 266 of [The Global Political Economy of Israel](#). Had they actually read the *Report*, they would have realized that these ‘cited’ facts do not appear there. They were computed by us, calculated from the *raw* data provided in the *Report*.

Back to Section VI of Chapter 2, the next paragraph in line (pp. 68-69) is one where Nitzan and Bichler are ‘fully credited’ – or so it seems. In this paragraph, the Retort authors attribute to us the concept of the ‘politicization of the oil sector,’ the concept of ‘commercialization of the arms industry,’ and the concept of ‘Weapon-dollar-Petrodollar Coalition.’ The entire attribution is condensed into two sentences. Since there is no explanation for these terms, no reader could possibly understand what they mean. Furthermore, the attribution is *specific* to these concepts, and *only* to

these concepts. The rest of the paragraph contains the plagiarized text of Retort #7. It includes a discussion of the 'Arma-Core,' data on the financing of arms exports, statistics on the distribution of corporate profits, and more – all taken from our work without any reference.

The plagiarism feeds into the next couple of paragraphs (pp. 69-70). Here, the Retort authors introduce numerous additional claims and facts – from the redistribution of global income to the redistribution of global arms imports, the correlation between OPEC's oil revenues and Middle-East arms imports, the interaction of 'energy conflicts' and 'oil-fuelled militarization,' 'danger zones' and oil price movements, among others. All of these claims and facts are taken from Nitzan and Bichler. Yet, only two – the correlation between oil revenues and arms imports and the notion of 'tension without war' – are explicitly referenced. Each attribution occurs in the middle of a paragraph. Each *specifically* references the item in question, and *only* the item in question. Since all the other claims, facts and concepts are not referenced at all, the obvious conclusion is that they must be Retort's. The sole exception is 'danger zones' – a concept that Nitzan and Bichler invented and the Retort authors, in their infinite arrogance, attribute to . . . 'the industry'!

The next paragraph (pp. 70-71) begins the process of disengagement. Like in the *London Review of Books*, the Retort authors are all too happy to 'take their distance,' only here they do so with much more fanfare and far greater assertiveness:

**'We take our distance** here from Nitzan and Bichler's analysis. The kind of political servo-mechanism they point to, precisely calibrating the oil/arms nexus – and setting the tempo of American rule more broadly – is in the end too perfunctory, too mechanical. For the significance of oil, **we have been arguing**, derives as much from. . . **We are not fully convinced** that the oil-arms-military-engineering-construction-finance-drug nexus was brought to crisis point by the "peace dividend", by low oil prices, and by the 1990s explosion of the high-tech sector [as presumably argued by Nitzan and Bicher]. But **we are confident** that the transnational constellation of capital . . . must be assessed' (*Afflicted Powers*, pp. 70-72)

Of course, like with Sharon's 'disengagement' from the Palestinians, at this point no reader could possibly know what it is precisely that the Retort authors 'take their distance' from. With so much plagiarism, smokescreens and misleading references, the dividing line between 'Nitzan and Bichler's analysis' and Retort's 'genuine account' has practically vanished. But, then, that is the whole purpose: eviscerate the content and dump the corpse. From now on, it is *we*, Retort, who 'have been arguing,' *we* who are 'not fully convinced,' *we* who are 'confident.'

**More Correspondence**

The conclusion is crystal clear. There was never any misunderstanding. On the contrary. The Retort authors knew precisely what they were doing.

For the sake of good order, we emailed the following summary letter to the *London Review of Books*.

June 12, 2005

Dear Mary-Kay Wilmers,

Thank you kindly for the clarification and invitation for a correspondence. We want to apologize for our delayed response. We were travelling and did not have regular access to email. We also received Retort's *Afflicted Powers* and took the time to carefully read and assess its contents.

With your permission, we would like to summarize the situation as we see it and to suggest a different course of action.

SUMMARY:

- (1) The Retort authors write *Afflicted Powers*. The main chapter of the book, titled 'Blood for Oil?' is essentially a reproduction of our work. A small part of this reproduction is attributed to us explicitly. The bulk of it is straightforward plagiarism.
- (2) The Retort authors re-write this material into an *LRB* article (or let the *LRB* editors rewrite it for them). The re-writing is done in a manner that presents almost our entire argument, including theory and facts, as if it were their own.
- (3) The Retort authors approve the final proofs of the *LRB* article.
- (4) In response to our draft article, 'The Scientist and the Church,' Michael Watts blames *LRB* for 'cutting us out.'

The situation, then, is worse than we originally thought.

In his letter to us, Michael Watts states that there is one section in *Afflicted Powers* that deals directly with our theses (pp. 67-72) and that the Retort authors are explicit that this section merely rehearses our work.

This statement is misleading, to put it mildly. In fact, the entire thrust of Ch. 2 – including the main questions it asks, the way it presents the argument and the answers it gives – is an appropriation of our work (with plenty of errors and gross misunderstandings on the way). In 'The Scientist and the Church' we provide eight long quo-

tations to demonstrate the plagiarism in the *LRB* article. Six of these eight quotations appear in Ch. 2 of the book without any reference to our work and indeed before our names are even mentioned. Finally, as in 'Blood for Oil?' in this chapter too the authors have the audacity to caricature our work that they so skilfully appropriate as 'too perfunctory' and 'too technical.' This is a necessary step. Once minimized, our work can be easily absorbed into their own deeply contemplated framework.

We have already heard from several people about that 'brilliant *LRB* piece.' Little did these people know that, if fully referenced, that brilliant piece would amount to no more than a book review. It certainly wouldn't qualify as a lead article in your magazine.

SUGGESTION:

Personally, we are puzzled by your suggestion that we write a 1,000-word letter. Retort was given over 8,000 words for their plagiarism. We feel that, in the interest of fairness, the least that *LRB* can do is to publish 'The Scientist and the Church' in full.

And there are other reasons:

- (1) This piece should be of great interest to the progressive *LRB* readership.
- (2) We are dealing here with a serious intellectual matter. Radical thinking has been stultified by repressive orthodoxy dressed in progressive clothes. Not to expose this process is to enhance it further.
- (3) The issue has possible legal implications. An economics professor was expelled from the Hebrew University for such plagiarism.

The substance of 'The Scientist and the Church' cannot be summarized in a 1,000-word article, and it will be completely diluted if fractured into a series of short accusations and responses stretched over several issues.

We hope and trust you will agree with us and publish our paper in full.

Respectfully,

Jonathan Nitzan and Shimshon Bichler

NITZAN AND BICHLER: The Scientist and the Church

The obvious answer arrived a few days later:

June 16, 2005

Dear Jonathan Nitzan and Shimshon Bichler,

Thank you for your message of 12 June. It is not our policy to run essay-length responses to pieces that we've published. We would be happy, however, as I said before, to consider a response for publication on our letters page: 1000 words is considerably longer than we usually allow for a letter. The deadline would be Wednesday 22 June.

Best wishes,  
Mary-Kay Wilmers

There was little we could do to penetrate this wall. It was time to conclude:

June 16, 2005

Dear Mary-Kay Wilmers,

Thank you very much for your reply of June 16.

We understand your policy regarding standard responses. However, 'The Scientist and the Church' is not a standard response – just as 'Blood for Oil?' is not a standard piece. 'Blood for Oil?' is largely plagiarized from our work. You have published this long plagiarized article – probably without checking it or, alternatively, after having removed references to our work. You now insist that we restrict ourselves to a short 'reply,' knowing full well that the substance of our essay cannot be summarized in 1000 words. This expediency may be consistent with your formal policy regarding letters, but it also suggests an effective 'partnership' to the plagiarism.

Cordially,  
Jonathan Nitzan and Shimshon Bichler

**A Dialectical Conclusion**

Twentieth-century Marxists produced some remarkable insights. The path-breaking works of Georg Lukács, Michal Kalecki, Herbert Marcuse, Franz Neumann, Paul Baran and Paul Sweezy, Harry Magdoff, Josef Steindl, Michael Kidron, Immanuel



## NITZAN AND BICHLER: The Scientist and the Church

Wallerstein and Cornelius Castoriadis – among others – have enriched our imagination and deepened our knowledge.

But these were all intellectual rebels, people who contested Marxist orthodoxy. The orthodoxy itself moved in the opposite direction. Having been taken over by Leninism-Stalinism, Marxism gradually lost its scientific footing. Increasingly, it assumed the structure of a church, complete with its own clergy of party officials and other gatekeepers. Rigidity hastened its decline. Eventually, it was eclipsed and partly overtaken by a more predatory church, assembled under the rubric of ‘post-modernity.’

The ‘postist’ fashion emerged in the 1980s. It first took hold in North American universities, from where it subsequently spread to the rest of the academic world. Its practitioners – whether post-Nazi, post-liberal or post-Marxist – are united in their denial of novelty, enlightenment and progress. They flood the ‘academic space’ with rivers of meaningless words, indecipherable ‘texts’ and deconstructed ‘discourses.’ They smother scientific creativity by tolerating and encouraging critical ignorance.

There is no need for new research, for new explorations, for new inventions. The academic postists already know it all. They possess the up-to-date insight, the most progressive opinions, the authoritative last word on every subject. They know everything on ‘imperialism,’ the ‘American Empire,’ and ‘military neoliberalism’ (or is it ‘neo-military liberalism’?). They think ‘dialectically,’ not ‘mechanically.’ They grasp reality ‘in-depth’ without ever having to conduct scientific research. And they know it all in the name of Marx – the same Marx who tried to create a revolutionary science; the same Marx who tried to uncover the concrete contradictions that underlie the capitalist totality; the same Marx who challenged the idealism of mechanical/bourgeois science, its evasion of contradictions, its dodging of criticism.

Surrounding these experts is an efficient network of communication. The publishers that put out politically-correct books, the magazines that promote them with uplifted chapters, the academic friends who review them in refereed journals, the popular media that endorse them in talk shows. These are all connected, sometimes loosely, sometimes more tightly, and always dialectically, to the new church of postmodernity.

Of course, like all fortified dogmas, this church too is bound to collapse. It is the inevitable dialectic – the only dialectic that the ‘critical experts’ can know nothing of.

