

# Bronze Age Redux: On Debt, Clean Slates and What the Ancients Have to Teach Us

An interview

By [Prof Michael Hudson](#) and [Harold Crooks](#)

Theme: [Global Economy](#), [History](#)

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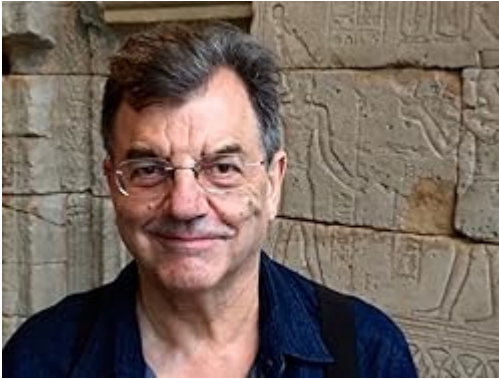
*One of the most compelling sequences in the Oscar-winning *Inside Job*, Charles Ferguson's indictment of Wall Street's role in the 2008 global financial meltdown, involved not the banker culprits but their supporting cast. These were the Ivy League accomplices. Ferguson mightily skewered these economists for the cover they gave the sub-prime Hamptons dwelling wise guys whose rescue turned out to be a pretext for one of the largest reverse-Robin Hood wealth transfers in history. Though for the foreseeable future they enjoy their tenured posts, control prestigious academic journals and continue to prey on the unformed minds of students, the speculative financial implosion has shaken confidence in the economics academy. And through those cracks (to borrow from Leonard Cohen) shards of light are getting in. Economists once on the academic fringes - in university outposts like the University of Missouri Kansas City and Bard's Levy Institute - are being looked to not only for understanding how to prevent bankers from setting the economy on fire again, but on how to build a social system that works for the majority.*

Among the most brilliant of these heterodox economists is Michael Hudson. Coming to New York City in the 60s to study under a renowned classical music conductor, Michael switched to economics when he became beguiled by an accidental acquaintance with what he saw as the aesthetical flows inter-connecting natural and financial cycles and public debt. His biography contains elements of an epic novel: growing up the son of a jailed Trotskyist labor leader in whose Chicago home he met Rosa Luxembourgs and Karl Liebknecht's colleagues; serving as a young balance of payments analyst for David Rockefeller whose Chase Manhattan Bank was calculating how much interest the bank could extract on loans to South American countries; touring America on Vatican-sponsored economics lectures; turning after a riot at a UN Third World debt meeting in Mexico to the study of ancient debt cancellation practices through Harvard's Babylonian Archaeology department; authoring many books about finance from *Super Imperialism: The Economic Strategy of American Empire* [1972] to *J is For Junk Economics: A Guide to Reality in an Age of Deception* [2017]; and lately, among many other ventures, commuting from his Queens home to lecture at Peking University in Beijing where he hopes to convince the Chinese to avoid the debt-fuelled economic model of which Western big bankers feast and apply lessons he and his colleagues have learned about the debt relief practices of the ancient civilizations of Mesopotamia.

I talked to Michael about his forthcoming book *Forgive Them Their Debts: Lending, Forfeiture and Redemption* that comes with an astounding re-reading of the Bible and the true meaning of the life and persecution of Jesus. Based on scholarly breakthroughs in

decoding ancient languages, it places a debt cancellation message inherited from Babylonian times at the center of Mosaic law and the Jewish Bible. And when it comes to Jesus, his message is revealed to be a social justice message. Through the lens of this reinterpretation, Jesus was actually an activist advocating for debt cancellation. He died not for the sins of the people but for their debts.

Image on the right: Prof. Michael Hudson



My interview began with a question about the subject of his new book. I knew Michael has a following well beyond the professional classes. Some years ago on exiting the fancy Park Avenue apartment we borrowed to interview him for our film *Surviving Progress* [co-directed with Mathieu Roy], I was astonished to witness the Puerto Rican door man rush up to shake his hand and thank him for his appearances on progressive cable shows. It made me wonder if his book re-interpreting the Bible was designed to reach a working class audience, possibly even Trump voters.

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Michael: Not at all. I originally wrote the book *Forgive Them Their Debts: Lending, Forfeiture and Redemption, From Bronze Age Finance to the Jubilee Year* as an extension of the archaeological and the Assyriology work that I've been doing at Harvard University at the Peabody Museum since 1984. I originally called the book *Bronze Age Finance*, because I wanted to undertake a study of the origin of debt, and how societies dealt with debt that grew so large that it forced populations into debt bondage, and dependency ....

And I wanted to study the background of Clean Slates, debt cancellations, and I found out that they begin in Sumer around 2500 BC. Every new ruler, when they would take the throne, would start his reign by canceling the debts. In Sumer, the word for that was *amargi*, in Babylonian the word during Hammurabi's dynasty was *andurarum*. Then, after translating many of these debt cancellations from Hammurabi's dynasty, and from neighboring near Eastern countries, I realized that this affected the interpretation of the Bible because the Jubilee year in the Bible, Hebrew *deror*, is a cognate to Babylonian *andurarum*, and the Jubilee year was word-for-word exactly the same debt cancellation and freeing of the bond servants and restoration of land that you had occur for 1,000 years in the Near East, and was still occurring in the first millennium BC.

So my aim was not at a religious audience. The initial writing of the book was for economic historians and archaeologists and Assyriologists who were part of the group at Harvard that has done the five volumes that I've co-edited on the origins of economic practices in the ancient Near East.

Harold: That said, somewhere in the back of your mind, were you anticipating that what you discovered in antiquity would have application in the present?

Michael: Well, from the very beginning, after working on Wall Street, I realized something that should be mathematically obvious. The debts now today are too large to be paid without bankrupting society and polarizing it, in much the way that has occurred again and again in history. It occurred in Rome, it occurred earlier in Sparta. You have a constant historical movement here. So my focus primarily was to trace the history of debt cancellations.

What I realized is that when Luke 4 reports the first speech of Jesus, when he goes to the temple and gives his first sermon, he unrolls the Scroll of Isaiah, and says he has come to proclaim the Jubilee year .... The word he used, and that Isaiah used, the *deror*, was this Babylonian, Near Eastern long tradition that was common throughout the whole Near East.

Now most of the Biblical translations miss this point. They were translated in the 17th and 16th century, when people didn't know cuneiform, so they had no idea what these words meant and what the background of the Jubilee year was. And 50 years ago, there was almost a universal idea that the Jubilee year was something idealistic, utopian, and could never actually be applied in practice. But we know that in Babylonia, Sumer and Near Eastern regions, it was applied in practice. Not only do we have the royal proclamations, we have the lawsuits by debtors saying "This creditor didn't forgive me the debt," and the judgments for that. Each member of Hammurabi's dynasty after him ending up with this great grandson Ammi-Saduqa had more and more detailed *anderarum* acts, debt cancellations, to close all the loopholes that creditors tried to resort to.

So what Jesus was referring to was a very tangible fight. In his time, this was the fight throughout Greece, it was the fight throughout the whole ancient world - the fight to promote debt cancellation. The Dead Sea Scrolls show this. For instance, Melchizedek 12 is a huge midrash of all of the Biblical citations of the Jubilee year, tying them together. And we now understand that the Dead Sea Scrolls were not a sectarian Essene product, but they were basically the library of the Temple of Jerusalem, that was sent and put in these caves for safekeeping during the civil wars.

So what Jesus was referring to was what was the class war between creditors and debtors that swept throughout the whole period, including Rome itself. This has not been clear to most people who think they're taking a literal version of the Bible. It's very funny that the people who call themselves fundamentalist Christians will have dioramas of dinosaurs and human beings all sharing the same landscape, literally. But what they ignore is, if you take the Bible literally, it's the fight in almost all of the early books of the Old Testament, the Jewish Bible, all about the fight over indebtedness and debt cancellation.

Harold: That's extraordinary. Elsewhere you've made the point that it is important to understand the Bible was rewritten after the Jews returned from their Babylonian exile. What's the significance of this in terms of your reading of Old Testament texts?

Michael: I wouldn't say that the Bible was re-written after the exile, it was really codified and put together after the exile. This has been the normal view of the Bible for the last 60 or 70 years in Biblical scholarship, that realizes when it was put together and under what circumstances. It was put together logically to weave the tradition of debt cancellation into the whole Jewish history. To make it really the history of how the debt crises had disrupted

Jewish and Judean/Israelite society for hundreds of years.

Harold: What are the textual sources that give you confidence in your reading of the Bible?

Michael: The first textual sources are the Laws of Hammurabi, the debt cancellations of the Sumerians, Enmetena, Urukagina ... In my book I go epoch by epoch. Sumerian, the neo-Sumerian, Ur III period, the intermediate period, the Babylonian period, right down to the Egyptian Rosetta Stone, which is a similar debt cancellation. There are hundreds of documented official debt cancellations in great detail. These were inscribed publicly on bricks in the temples, or on statues that were put in the temples, or buried in the temple foundations. The central act of a ruler coming to power in the Near East was a debt amnesty. Forgiveness of money or taxes or duties owed to the palace, and debts owed to the palace. And by extension, debts owed to royal collectors, and to creditors in general, most of whom had some relationship to the palace.

Business debts were not forgiven. The debts that were forgiven were personal debts, agrarian debts, and the idea was to liberate the bond-servants so that they could be available to perform the *corvée* labor, which was the main kind of taxation in the Bronze Age, and serve in the army. If you were a debtor and you were a bond-servant to a creditor, you wouldn't be available for *corvée* labor. You would be working (for) the creditor, you wouldn't be available for the army. And you have this very clearly in Sparta in Greece, for instance, by the third century BC. The ranks of the army were depleted because the citizenry had lost its land tenure, and that's what led kings Aegias and Cleomenes and Nabis to push for a debt cancellation to restore land ownership.

So what we find is something that occurs not only in the Biblical lands, but in Greece, Rome, Egypt, the rest of the Near East. It was universal at that time, and there's been almost no economic history of this. Either in the Bronze Age, or in Classical Antiquity. When I began to write this book in the 1980s, it was generally believed that these debt cancellations were simply utopian statements as I said. There was no idea that they were actually enforced. The idea seemed radical at the time. But now, after the five volumes that my group has published through Harvard, now these ideas are generally accepted by Assyriologists and archaeologists. But they haven't spread to the public at large yet, because of cognitive dissonance. People can't believe that the debts actually were canceled. But this is what revolutions were all about in Greece and Rome for hundreds of years.

Harold: And I'm assuming that there was sufficiently sophisticated knowledge of economics to explain that Clean slates, debt cancellation, Jubilees, were more than a self-serving interest of the nobility or the aristocracy, the monarch to have soldiers to go to war, that there was some larger purpose than merely freeing up peasants so that they could serve in military campaigns, that there was some knowledge that this was necessary for a sustainable economic system.

Michael: Bronze Age rulers in Sumer and Babylonia never explained the reason or logic behind their acts. Later, Egyptians in the first century BC explained to Roman historians what the logic was. But the early Egyptian Pharaohs - nobody would explain. All we have are the records, "Here is the ruling." There was no abstract economic logic as such, there was no discussion of abstract principles. That only occurred in the first millennium BC, and it's in the first millennium that Egyptians explained it to the Roman historians - that if you didn't cancel the debts, you wouldn't have anyone to fight in the army or perform the *corvée* labor

that Egypt and other countries depended on to build their basic infrastructure.

The reason there wasn't an abstract discussion was that there was no Milton Friedman or Margaret Thatcher to advocate a libertarian free-enterprise economy. Their economy was what seemed natural to them, and it never occurred to them to develop economics and an individualistic explanation of things. It simply seemed this is how a fair world works.

Harold: Did promulgating these Clean Slates that you're describing occur in relatively primitive societies of their era, or even in more complex ones?

Michael: I don't like the word primitive. The societies were complex. The palatial economies of Sumer, Babylonia, other Near Eastern regions, Egypt, were by no means primitive. We're not talking about tribal societies basically, or anthropological type societies, we're talking about complex urban cultures, and really the origins of Western civilization are to be found not in Greece and Rome, or even in Judah and Israel, but in Sumer and Babylonia, where almost all of the techniques of economic enterprise, the charging of interest, weights and measures, monetary coinage begin.

Harold: You've touched on this, but just so that I have it, whose debts got canceled in antiquity, and by whom were they canceled?

Michael: You begin with by whom they were canceled. Rulers canceled the debts. And it was very easy for them to do that without opposition, because in the beginning most of the debts that were owed to the palace itself – both in fees for services the palace provided, or the temple provided (the temple was part of the palace economy), or for land rent by sharecroppers, or for the provision of water and agricultural services to the land. So most of the debts were owed to the rulers themselves, or to their palace (tax) collectors who gradually became independent creditors by the wealth they made. So they were essentially debts owed to wealthy people who could afford not to collect it.

If the debts *had* been collected, then the rulers would be undercutting their ability to obtain the labor of debtors – the agrarian debtors – for as I said, *corvée* services and for the army. The debts that were canceled were personal, agrarian debts. They were called barley debts. Silver debts, among merchants, were not canceled. Business debts were not canceled. Only debts by subsistence farmers were canceled so that they would not be subjected to bondage to the creditors, and so they would not forfeit their lands to monopolists who wanted to acquire the land and would essentially disenfranchise the population.

Harold: Okay, so moving forward to the time of the Jesus figure and the New Testament, was debt forgiveness still an important practice under the Romans?

Michael: No. The Romans were the first society *not* to cancel the debts, and there was civil war over that. A century of civil war from 133 BC, when the Gracchi Brothers were killed for supporting the indebted population, to 29 BC when Augustus was crowned. There was a civil war where the advocates of debt cancellation were put to death. Just as Cleomenes in Sparta, in the late third century, was put to death, and Agis, his predecessor earlier in the third century BC, were put to death for advocating debt cancellation. So there was three centuries of constant civil war over this, and ultimately the creditors won, largely by political assassination of the advocates of debt cancellation, who almost all came from the upper class. They were upper class reformers, they were not lower-class particularly. They were

the scholars, just as Jesus was a rabbi.

So there was essentially not only personal assassination of advocates of debtors interests, advocates of pro-debtor laws and debt cancellation, but Sparta as a backer of oligarchy would attack democracies that sought to cancel the debts.

Harold: You touched on that very effectively, and we used you talking about this time period, (in our documentary film) *Surviving Progress*. But I've seen it suggested that some scholars dispute the fact that debt cancellation could've been a reality at the time of Jesus, that the idea of a Jubilee makes no sense, because if debts could be canceled, who would lend money?

Michael: Well that's the big fallacy. Most debts did not occur from lending money. It's easier today to figure if you have a debt, you must have borrowed it. But three quarters of the debts in Babylonia, for instance - where we have records because they were on clay, cuneiform records that were baked and have survived - most debts were simply unpaid bills. The debts were unpaid taxes, unpaid debts, unpaid rent, and unpaid obligation for services that had been supplied. There was no initial lending of money, necessarily. Maybe one quarter of the circumstances were that.

So the people who say lenders wouldn't have lent miss the point that it's like if somebody at the end of the spring doesn't have enough money to pay the income tax that's due. Nobody's lent them this money, but the tax is due. So it's an obligation that mounted up in the normal course of life, but they've fallen into arrears on it. It's a payment arrears, not the result of a loan, except in some cases.

Harold: Fascinating. This leads you to what for many readers of this interview and I assume of your book will come as an astonishing assertion: that Jesus was crucified for his views on debt. Who exactly in your reading of the Christ story are the powerful creditors that were so threatened by Jesus?

Michael: Well, just as the Bible said, they described the Pharisees as having greed and representing what they called the greedy class. And of course the main opponent of Jesus was Hillel. And it was Hillel that devised the Prosbul, which was an addendum to a debt note whereby the borrower would promise *not* to avail himself of his rights under the Jubilee year. So essentially the debtor would waive the rights under the Jubilee year, so that the creditor could collect even if the Jubilee year were done. And Jesus quite correctly said, "Look, every single book of the Bible from Kings onwards to Isaiah and the books of the prophet, this is the center of Mosaic law."

And the Bible, the Mosaic law, realized that by the first millennium, the kings not only in Israel and Judea, but in Persia and elsewhere, were basically representing the ruling class, the wealthy class. And the Bible is sort of unique in historical documents for showing that most of the kings were not good kings. The whole Jewish Bible is about bad kings. So Judaism took the debt cancellation out of the hand of kings, where it had been in the Near East, and put in the very center of their religion. In Leviticus 25, again and again the prophets would say, "We've freed you from bondage, and if you're going to maintain Judaism, you have to respect the debt cancellation." And the Biblical prophets warned, if you don't cancel the debts, you're going to be destroyed by Assyria, or by Babylonia. They blamed the capture and destruction of Judea and Israel on the fact that they had veered away from the law of God and did not cancel the debts.

Harold: Did Jesus have any defenders amongst the elite?

Michael: He must have. I think many of his followers were from the elite. We know that he must have, because there was a whole Melchizedek sect, apparently, there was a whole group we know from the Dead Sea Scrolls that all of these different groups were producing these midrashes, which are collections of the Biblical statements of debt cancellation. It was very widespread as part of the war between debtors and creditors that was occurring throughout the entire region.

Harold: So this would've been, in terms of today's parlance, this would've been the kind of liberal, progressive elite of the era?

Michael: Yes. But a progressive elite that also had grounding in traditional Judaism, saying, "Wait a minute, this is what the center of our Bible is all about."

Harold: If Jesus was an activist, as you argue, was he part of a social movement to cancel debts?

Michael: Well, he was obviously trying to create his own social movement. We don't know if there were other social movements there, and we don't really know much about the Jubilee year in between the return of the exiles to Judah and the time of Jesus. They didn't write on clay tablets, they wrote on perishable materials, so we don't have the family wills, legal records, dowries and all the credit transactions that we have in the ancient Near East, where they wrote on clay.

Harold: When does the concept of a general debt cancellation disappear historically?

Michael: I guess in about the second or third century AD, that was downplayed in the Bible. After Jesus died, you had, first of all, St Paul taking over, and basically Christianity was created by one of the most evil men in history, the anti-Semite Cyril of Alexandria. He gained power by murdering his rivals, the Nestorians, by convening a congress of bishops and killing his enemies. Cyril was really the Stalin figure of Christianity, killing everybody who was an enemy, organizing pogroms against the Jews in Alexandria where he ruled.

It was Cyril that really introduced into Christianity the idea of the Trinity. That's what the whole fight was about in the third and fourth centuries AD. Was Jesus a human, was he a god? And essentially you had the Isis-Osiris, ISIS figure from Egypt, put into Christianity. The Christians were still trying to drive the Jews out of Christianity. And Cyril knew the one thing the Jewish population was not going to accept would be the Isis figure and the Mariolatry that the church became. And as soon as the Christian church became the establishment rulership church, the last thing it wanted in the West was debt cancellation.

You had a continuation of the original Christianity in the Greek Orthodox Church, or the Orthodox Church, all the way through Byzantium. And in my book *And Forgive Them Their Debts*, the last two chapters are on the Byzantine echo of the original debt cancellations, where one ruler after another would cancel the debts. And they gave very explicit reason for it: if we don't cancel the debts, we're not going to be able to field an army, we're not going to be able to collect taxes, because the oligarchy is going to take over. They were very explicit, with references to the Bible, references to the jubilee year. So you had Christianity survive in the Byzantine Empire. But in the West it ended in Margaret Thatcher. And Father Coughlin.

Harold: He was the '30s figure here in the States.

Michael: Yes: anti-Semite, right-wing, pro-war, anti-labor. So the irony is that you have the people who call themselves fundamentalist Christians being against everything that Jesus was fighting for, and everything that original Christianity was all about.

Harold: Has any modern society declared a Jubilee without a revolt of the creditor class?

Michael: Yes. There was a wonderful debt cancellation, the major debt cancellation of the modern era in 1947 and '48: the German monetary reform, called the German economic miracle. The Allies canceled all German debts, except for debts owed by employers to their employees for the previous month, and except for minimum bank balances. It was easy for the Allies to cancel the debts, because in Germany most of the debts were owed to people who had been Nazis, and you were canceling the debts owed to the Nazis, who were the creditors at that time. Freeing Germany from debt was the root of its economic miracle. So that is the prime example of a debt cancellation in modern times that worked.

Harold: Okay, now we're coming up into the present. One in three Americans are reported to have a debt that's been turned over to a private collection agency, and the ACLU found cases of court warrants being issued over almost every kind of consumer and medical debt. What forms of debt relief would you propose in the current circumstances?

Michael: Well the guiding principle is that debts that can't be paid, won't be. Default rates are rising, many people simply can't pay their debt, unless they lose their home, unless they lose their job, or in some cases now, unless they lose their freedom and are put into debtor's prisons down South. As you privatize prisons, they need someone else to put in the prisons besides black people. Debtors are the people who are keeping the privatized prison business going these days.

So basically, you need, every few years, a start-over.

Harold: Absent a world war or some such catastrophe, what might it take for debt cancellations to be adopted today as economic policy, given the power of Wall Street and the creditor class?

Michael: The first way to achieve this is by simply showing how debt tends to grow at compound interest, that it's growing and growing, and all of the growth in American GDP, Gross Domestic Product, since 2008 has been to the financial sector to pay for the rising debt overhead. The tragedy was that when President Obama took office, he broke every promise that he'd made. He'd promised to write down the junk mortgage debts to the amount that could be paid. ...

Harold: That's the subprime-

Michael: Yes. He essentially appointed Wall Street lobbyists to the key positions, as I've outlined in my book *Killing The Host*. The result is that the debts were not written down when they could've been. That means that the debts have been growing and growing and growing, and we're in a chronic crisis, there has been no recovery. We are still in the 2008 debt crisis, and it cannot be resolved until the debts are written down. There'll just be more and more poverty and more and more economic polarization.

Harold: We're very close to the end, Michael. Practically speaking, if for some unbelievably



sci-fi circumstances, you found yourself as the President of the United States, in terms of debt cancellation, what would you focus on in terms of leading us back to a kind of sustainable future?

Michael: The issue of debt cannot be segregated from the overall organization of society.

Now, just imagine if instead of banks and their bondholders holding student loans and profiting from it, if the government had made these loans, the government could easily forgive them, because it would be forgiving money owed to itself. But when you privatize not only education, but also student loans, that is what has led to the student loan crisis. It was completely unnecessary. But Joe Biden, as senator for the credit card companies centered in Delaware, pushed it through, saying, "We've got to make education a profit center for the banks. Our purpose is not to educate the population, it's to create a situation where in order to get a job, in order to get a union card, they have to go into a lifetime of debt to the banks that cannot be wiped out by bankruptcy." That's the Democratic Party policy. And it's what's tearing the country apart.

And it's unnecessary, it's Thatcherism. So Obama was really the American Margaret Thatcher in pushing forth this privatization. To do it, he realized you have to put in place a huge prison system, *which* you also privatize to give himself another constituency, especially in the southern states. I don't think Americans have realized that it doesn't have to be this way. There *was* an alternative, and it was spelled out throughout the 19th century by nearly all the classical economists. The alternative has worked before for thousands of years in history. That's why I wrote the history of the ancient Near Eastern and Judaic economies.

Harold: Here's a question drawn from this morning's news, I got it right out of the Times. Steve Bannon is quoted as saying the following: "The new politics is not left versus right, it's globalist versus nationalist." Comment?

Michael: I think he's quite right. The globalists are the neoliberals. They want to prevent any government from having the power to check their own oligarchic power. This is the same fight that occurred in Greece and Rome and Babylonia. For the last 5,000 years you've had a fight by people who want to be wealthy, breaking free of taxes, breaking free of regulations, and privatizing. They want to privatize what normally would be the public sector. And just as in antiquity, today's neoliberals use violence. They call themselves free marketers, but they realize that you cannot have neoliberalism unless you're willing to murder and assassinate everyone who promotes an alternative. That's why the first thing that the Chicago Boys did in Chile, after the murder of President Allende.

Harold: That's Milton Friedman?

Michael: Yes. Friedman's gang closed every university economics department, except for the Catholic University that used the Chicago textbooks. That was followed by a decade of political assassination throughout Latin America, leading to the oligarchy in Brazil that has just put its presidential candidate Lula in jail. So you're having the neoliberals use violence essentially to privatize, to turn the whole world economy into Margaret Thatcher's England. A privatized set of monopolies by an elite class, essentially reducing the population at large to something very close to neo-feudalism.

Harold: When I read the Steve Bannon quote to you, you immediately said he's right, but I

assume you wouldn't go so far as his program to, in his words, "deconstruct the administrative state;" you wouldn't be on board with that?

Michael: No. You asked what is the fight about? The fight is whether the state will be taken over, essentially to be an extension of Wall Street if you do not have government planning. Every economy is planned. Ever since the Neolithic (era), you've had to have (a form of) planning. If you don't have a public authority doing the planning, then the financial authority becomes the planners. So globalism is in the financial interest - Wall Street and the City of London, doing the planning, not governments. They will do the planning in their own interest. So neoliberalism is the fight of finance to subdue society at large, and to make the bankers and creditors today in the position that the landlords were under feudalism.

Harold: John Maynard Keynes famously quipped about policy makers being slaves to defunct economic theories. If orthodox economics is bankrupt, and our politics are slaves to defunct economic theories, where are we too look today for schools of economic thought with more to offer?

Michael: I think classical economic thought, from Adam Smith culminating in Marx, the last great political economist in the classical British/French tradition, discussed all the problems we have. The fight between finance capital and industrial capital is discussed in Volume 3 of Marx's *Capital*. People imagine that we're in industrial capitalism, but we're really not. Industrial corporations have been taken over and financialized, run for financial gains, not for profit.

So the problem is now not simply the exploitation of wage labor. It's that the financial system tries to operate without labor at all. It tries to depopulate instead of build up the population. It tends to impoverish the population instead of making money on a growing internal market. So an understanding of the distinction between what the 19th century classical economists hoped would be industrial capitalism and the tragedy of the finance capitalism that's emerged since World War I, if people are aware of that, essentially that's the best guide to the future.

That's what I described in my book *Killing The Host*, and I've tried to provide a basic vocabulary in *It Is For Junk Economics*. If you have a vocabulary that can pierce through the euphemisms that you get in the mass media for economics, a vocabulary itself will organize your thoughts into a logical way of coping. So in addition to my book *And Forgive Them Their Debts*, these other two books are what I have to say about how to structure an economy.

Harold: So it comes down to empowering people with a vocabulary that pierces what?

Michael: That pierces the fog of the euphemism of the mass media discourse that make it appear as if when GDP goes up, everybody is getting rich. When all the growth in GDP is only for the 1%, only for the financial sector, and the 99% are more and more impoverished.

Harold: So one illustration of what you're talking about in terms of the difference between finance and industrial capitalism would be explained by how such a huge proportion of available capital in our society today is going into stock buy-backs, for instance?

Michael: 92% of corporate revenue in the last five years has gone either into stock buy-backs or higher dividend payouts. That means only 8% has gone into new investment to

expand production or employ more labor. So the financial business plan is one of asset stripping and shrinkage, not growth.

Nobody in the 19th century imagined that industrial capitalism would evolve along these self-destructive lines. They all believed that the most technologically efficient system would win out in a kind of Darwinian or Spencerian struggle of the fittest. But instead, you've had a covert, parasitic financial counter-revolution. The *rentier* class – land rent, monopoly rent, and high finance – have fought back and created a fallacious vocabulary whose objective is to deceive the population into thinking that giving more money to the wealthy 1% will trickle down to the 99%, instead of seeing this 1% income as extractive, not productive.

Harold: I've been reading a lot recently about the dissolution of the nation-state in the face of these forces of globalization and financialization. Given that the nation-state is associated with the most prosperous and egalitarian periods in modern history, in terms of income and wealth distribution et cetera, et cetera, ... under what circumstances do you imagine that finance capital can be overthrown?

Michael: It can only be overthrown democratically. It can't be overthrown by force, because finance capital in control of the state has a monopoly on force. It can only be achieved, probably in one country after another, by having policies and essentially an understanding of what a viable economic constitution would be. And to realize that politics is basically economics. And that the alternative to government and the nation-state is Wall Street and the financial interest in the City of England and Frankfurt. The question is, who do you want to run the economy? The 1% and the financial sector, or the 99% through politics? The fight has to be in the political sphere, because there's no other sphere that the financial interests cannot crush you on.

Harold: Good. Okay, thanks, Michael.

Michael: Thank you.

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