Power and Price Construction in Capital as Power

Introduction.

Perhaps the most contentious concept in Nitzan and Bichler's power theory of value (CasP), is that of power itself. The contention is rightly placed. The concept has a long, complicated history and its widespread use within the social sciences is a problematic one, in part because its meaning is often taken for granted. We are able to point to those we generally consider to be powerful – the wealthy, business and political leaders, cultural icons and taste-makers – and few will disagree. However, trying to identify what that power is proves much more complicated. In the introduction to a 1986 edited work titled *Power*, Steven Lukes (1986) documents some of the different theories of power coming from thinkers like Bertrand Russell, Hannah Arendt and Michel Foucault. Within these differing conceptions are conflicting positions about the role of intent, capacity vs. actualization, systemic origins and individual rule. Perhaps the most common idea among the thinkers is the difficulty defining this ubiquitous concept.

Effective use of the capital as power approach will be made easier if the meaning of power is more clearly delineated. Although this is my interpretation of the concept within the framework, I believe it is a fruitful one that facilitates analysis of the conjunction between the quantities and qualities of accumulation. The conjunction flows in one direction — from qualities to quantities — by the pricing of capital and in the other direction by capitalist activities that *creorder* society. Nitzan and Bichler (2009) originated the concept of creorder – create order – to convey the inventive constitution of capitalism's dynamic status quo. Although capital pricing is also a capitalist activity, it is a privileged one due to its indispensable role assessing capitalist power to the capitalists themselves. Political economists can leverage these quantities to understand the methods and mechanisms by which capitalists stabilize and transform the social order.

Power, as a concept, allows social scientists to make sense of the financial quantities and follow the movements between quality and quantity, but avoid being overwhelmed by the innumerable events that constitute capitalist action. Market participants trade billions of shares each day on the New York Stock Exchange alone. Thousands of executives make untold number of consequential decisions and delegate authority within corporate hierarchies to millions of workers. Locating the events that made and unmade power can be exceedingly difficult, if not impossible unless we have some way of sorting through them.

'Power' is not a protected analytical concept reserved for social scientists. It gets widely used by individuals to make sense of the qualitatively incommensurable. If one opens any newspaper, therein will be references to U.S. power, star power, consumer power, military power and corporate power despite them all being comprised of wildly different — but overlapping — entities. Capitalization is performing the same task. However, it not only identifies power, it quantifies it, and it does so at a scale and speed well beyond the world's news outlets. More importantly, its quantifications give the assessments a precision that enables capitalist action to well outpace that of other powerful entities such as governments and militaries. One of the consequences of this has been the adoption of capitalization inside non-capitalized entities (Nitzan & Bichler 2009, pp.161-5). Capitalization has emerged as the ultimate mechanism for rendering commensurable all the world's incommensurable relationships and allowing us to talking about capital *as power*.

My conceptualization of power begins with Nitzan and Bichler's claim that power is 'confidence in obedience.' I argue that the power expressed in capital values is 1) the existing control of parts of the social order resulting from past action that 2) enables future action for the purpose of profit, as assessed by market participants. In the terms of debates on the concept of power, capital as power is both 'power over' and 'power to.' The analytical efficacy of CasP is its capaicty to identify power distributions that then must be explained. In other words, power is the *explanandum*, not the *explanans*. With power understood as what needs to be explained, the means to explanation is empirical research. This research requires confrontation of the ossified conceptual categories that have defined political economy, such as production, consumption, supply and demand. These concepts have been the standard means for sorting among the innumerable, and overwhelming, proliferation of social entities. While they can undoubtedly be useful, they have also been reified at the expense of the shifting, evolving entities they are intended to conceptualize. Does production include advertising? Does it include the printing of advertisements? Does it include the manufacture of things to satisfy desires generated by advertising?

Although political economy has a lengthy tradition of concern with power, going back at least to Adam Smith, Nitzan and Bichler argue that political economic thinkers have typically theorized capital *and* power. Capital, in this dichotomy, is a productive entity, associated with the economy, while power is treated as non-productive, and gets analytically sorted into politics. While political economy considers the relationship between the political and the economic, this retains the prior distinction (Nitzan & Bichler 2000). Against this dichotomous formulation, Nitzan and Bichler are conceptualizing capital *as* power. In their approach, neither capital nor power are productive. Instead, capital, understood as solely financial, is a means for market participants to quantify the control of capitalists over diverse entities.[1] Therefore, the capital is a

[1] The term 'market participants' is chosen as a catch-all for all who perform the calculations that become capital values: investors, traders, accountants, market makers, fund managers, etc. It is

mechanism by which capitalists can 1) express their power to themselves; 2) leverage that power via financial instruments, such as debt, equity and derivatives. In this article, I focus on the first function.

The value of capital is a kind of price, although a particularly important kind of price. While Nitzan and Bichler's own work has emphasized expanding our analysis of *what* gets priced in the valuations of capital, the theory also raises questions of *how* it gets priced, including *who* prices it. Therefore, the process of price-formation in general gets opened up by the power theory of value. Despite the prevalence of prices within capitalist societies, price-formation has been greatly neglected by the social sciences. This is primarily due to mainstream economic theory's dominance over questions of price. Although the theory has generated much critical attention, including its unrealistic abstraction of price as the rational outcome of supply and demand equilibration, this has not resulted in much empirical analysis of actual price-formation processes. Cutting edge research and analysis on price-formation in the early 20th century by Gardiner Means (1935), as well as R.L. Hall and C.J. Hitch (1939), failed to have an impact on market theory. Rather than an equilibrating outcome, I argue that prices are a temporary simplifying translation that enables the on-going reconstitution of the social order. This relatively abstract claim is explained more fully below, with the focus on the construction of the prices of capital in particular.

The valuations of market participants express their confidence that the assemblage of entities relevant to the capitalized entity's future earnings will perform as expected. Power, in this process, is analytical shorthand for the quantitative translations by market participants of an

deliberately amorphous, in part due to the opacity of the calculative processes, including the buying and selling that move share valuations second-by-second during a trading day. Those decisions are informed by yet other calculations performed by analysts, accountants and others. I will eventually adopt the term 'assayers,' which is explained below.

otherwise incomprehensible assortment of heterogeneous entities. While social scientists have grappled with the measurement of power, CasP postulates that the capitalists have solved the problem for themselves via capital. In other words, when capitalists speak of earnings, profits and returns, they are really talking about power. I argue that the task of social scientists concerned with capitalist power and/or accumulation becomes retranslating the quantities of capital and mapping them onto the qualities evaluated in the process of price construction.

Constructing Prices.

The CasP perspective on markets, and the questions it raises about price construction, are important ones for understanding its conception of power. The CasP perspective begins with the concept of capital, which Nitzan and Bichler have attempted to revive from the conceptual detente that followed the Cambridge Capital Controversies (Harcourt 1969; Hodgson 1997; Cohen & Harcourt 2003) and the 'I know it when I see it' use of the concept in contemporary social sciences (Cochrane 2011). Quantitative approaches to capital have relied on a bifurcation between 'real' and 'nominal' quantities that postulates an underlying real quantity determining observable nominal quantities (Nitzan & Bichler 2000). Nitzan and Bichler reject the quantity-quantity ontology implicit in this conception. They insist that the nominal values of capital are their only quantities and rather than offering a imperfect, though more or less accurate, vision of underlying values, capital values are constructed through an inter-subjective process. However, this view does not mean capital values are illusory. Market participants, whose activities set the prices of capital, do not simply pull numbers out of thin air; far from it. They are heavily equipped, making use of what Mackenzie refers to the "infrastructure of economic action" (MacKenzie 2008). This includes researchers, analysts and other human filled roles, but also materials such as tickers (Preda 2009), trading screens (Knorr Cetina & Bruegger 2000; Knorr Cetina & Bruegger 2002), computers and computing programs, networks of electricity and telecommunications along with formulas, algorithms (MacKenzie 2006) and finance industry standard practices. All of this works to perform and reproduce the capitalist cosmology, centred on capitalization, which dictates how qualities are to be translated into a single quantity. In other words, how to understand the distribution of power among the powerful.

Collectively, market participants filter through swaths of heterogeneous information coming from multiple sources: media coverage, phone calls, research reports, site visits and back room conversations bringing them information about Russian wheat yields, teen buying habits, new copper smelting technologies, war planning in the Pentagon, and policy failures in the New South Wales Ministry of Health. Importantly, within the informational flux is information on the assessments of fellow market participants.

The distribution of each market participant into an enfolded material and expressive assemblage makes the intersubjective process a quasi-objective one (Serres 2007, pp.224-34); the subjectivity of each market participant is only possible because of the objects through which it passes to circulate within the assemblage. It is network of quasi-objective inter-subjective entities that comprises 'the market.' Contrary to the idealized atomism of neoclassical theory, this quasi-objectivity makes each participant dependent on the other participants as well. No one is trading unequipped and unaided. The panic and sense of helplessness in a trading room if the screens went blank would be instantaneous. This process is not about *discovering* value, but about interactively *creating* value (Ayache 2010). The creation of that value requires the agglomeration of prices within calculative hubs that then disseminate values as the informational pinnacle of capitalist expression. On dissemination, prices then inform subsequent courses of action, including the recalculation of prices.

This process of pricing assets is an attempt to take account of everything that bear on the 'elementary particles' of capitalization: expected earnings, risk, hype and the normal rate of return (Nitzan & Bichler 2009, pp.183-212). The prices of capital are as complex in their construction as are all other sorts of prices. However, capital, and its pricing, are privileged. This privileging is not because capital values reveal an underlying, essential value. Instead, it is privileged because capitalists actively privilege it.[2] While other metrics are introduced and may enjoy widespread adoption and are given a place in the capitalist analytical toolbox, they remain subordinated to capitalization both in material and expressive terms. Capitalization is used by banks when they issue loans. Capitalization is the basis for takeover valuations. Capitalization is on display when CNBC runs a ticker along the bottom of the screen during daytime programming. Capitalization is inhered in the major indexes whose milestones are reported as news. The New York Stock Exchange, the preeminent hub for the pricing of capital, was itself capitalized and sold in 2012 for $8 billion (US) to Intercontinental Exchange, which is currently valued at $26 billion.[3] Regardless of the valuation model an investor chooses, it must be actualized through capitalization.

The prices of capital are the literal bottom line of all of capitalism's calculative processes and, according to Nitzan and Bichler, constitute the 'generative order' through which capitalist

[2] Increasingly, this privileging is moving beyond the realm of capitalists and into other institutions. As Nitzan and Bichler note, governments and militaries are actively using capitalization as a means to quantitatively assess policies and strategies (2009, pp.162-5).

[3] The coordination of capital valuation is an increasingly powerful business. Since December 2012, when the takeover of the NYSE was announced, Intercontinental Exchange has gained 70% compared to 41% by the S&P500.

power is “created and re-created, negotiated and imposed” (2009, p.153).[4] While previous modes of power lacked any clear single metric for comparison of powerful entities, the capitalist mode of power is marked by capital, which enables market participants to translate the qualitative diversity of power into universal financial quantities. Clegg (1989) argues that theorists of power have tended to impoverish the concept by conceiving it in “unitary terms” (p. 37). However, the unification emphasized by CasP is an empirically distinct one performed via capitalization. What actually gets unified are qualitatively diverse and complex relationships. In accordance with Clegg, theorists need not replicate the unification of the market and should deal with the relationships being quantified in greater complexity. However, understanding the unification by the market is a necessary step to understanding the distribution of power.

Nitzan and Bichler are clear that power relationships also exist outside the unifying translations of capital and accumulation. On the one hand, only those relationships that bear on accumulation are of concern to capitalists. On the other hand, the 20th century has been marked by the encompassing of ever more relationships into the quantifications of capital. The demarcation between those relationships that are and are not quantified can guide the study of accumulation. For example, market participants famously watch every action of Warren Buffet. Deciding that his frequent card games with Bill Gates are of consequence for accumulation is to similarly decide that they have power consequences. Of course, getting from the quantities to the qualities of accumulation, and back again, is a demanding task, which is precisely why social scientific research is needed.

Empirical demonstration from quantities to qualities: GE, Exxon and the CRSP500.

Performing a yearly ranking of all publicly traded corporations by market equity back to 1925 finds two firms that have never left the top 10: General Electric (GE) and Exxon. In fact,

[4] The idea of a generative order comes from the physicist-philosopher David Bohm.

Exxon has never ranked lower than fifth. This is remarkable continuity given the social and material turmoil of the 20th century. The two companies held onto their positions at the top of the capitalist hierarchy through the Great Depression, WWII, post-colonialism, the Cold War, multiple international debt crises, the spread of electricity and the automobile, the advent of computing and the Internet.

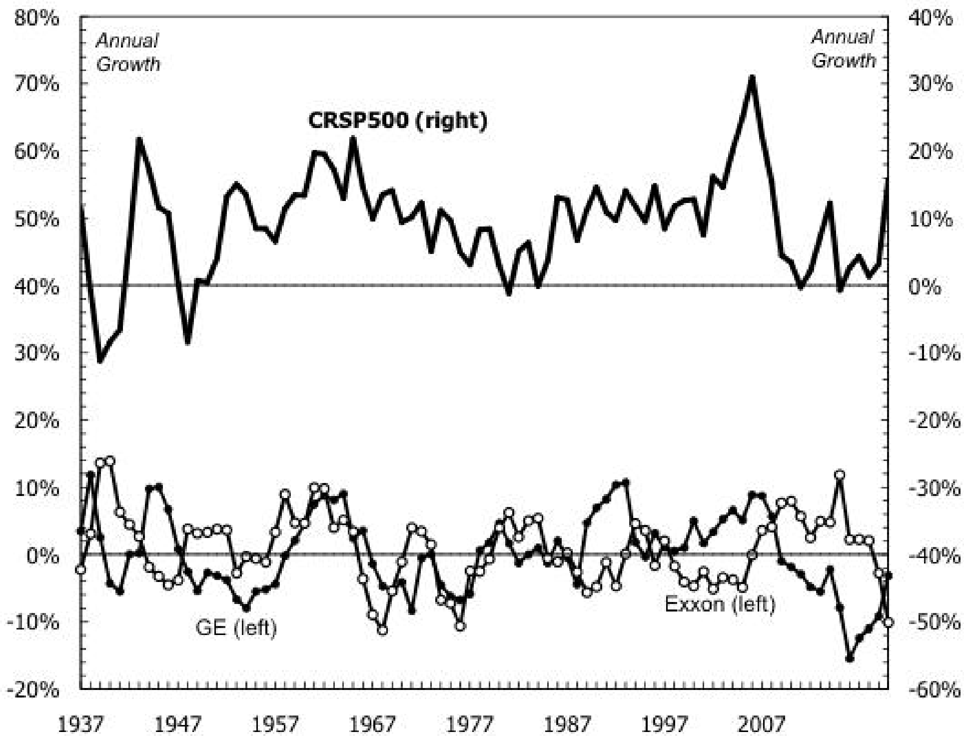

Figure 1: Growing Together & Apart, CRSP500, GE & Exxon, 1937-2013
DATA: Center for Research in Security Prices
NOTE: CRSP500 is the annual growth of the market equity of the 500 largest firms in the CRSP database. GE and Exxon are both the growth of the differential value of their market equity relative to the value of the CRSP500 per firm average. All series are expressed as a five-year moving average (5-yr MA).

The two companies provide an opportunity to consider long-term changes within the ranks of what Nitzan and Bichler (2004) call 'dominant capital': "the largest power coalitions at the centre of the political economy" (p. 256). The pair have used several proxies for dominant capital, which is made possible by theorizing capital *as power*. The most highly capitalized firms are the most powerful. A CRSP500, composed of each year's top 500 firms ranked by market equity, is one possible proxy.[5]

Figure 1 compares the annual growth, expressed as a five-year moving average, of GE and Exxon's differential valuation with the growth in absolute value of the CRSP500. The figure portrays what relationship, if any, there is between the growth rate of dominant capital and redistribution between GE, Exxon and the rest of dominant capital. Do higher growth rates favour or disfavor these most dominant of firms? Is the effect the same on both GE and Exxon? Does the relationship change over time? The first thing that is noticeable is a seeming counter-cyclical movement between Exxon and GE for much of the series, interrupted by the appearance of joint movement during the 70s and 80s.

To further examine the relationship, Figure 2 shows a 20-year moving correlation between the growth of the CRSP500 and the differential growth of GE and Exxon. The reader needs to recall that each data point in a moving correlation expresses the correlation for the previous 20 years. The first point in 1949 is the correlation coefficient for 1930-49. We find a strong negative correlation for Exxon (-0.68) and a weakly positive correlation for GE (0.12). The correlation for both series becomes more strongly positive, oscillating into strongly negative, with a slight lag. GE hits higher positives – 0.66 for 1951-70 – and Exxon lower negatives – -0.53 for 1959-78. Then, the coefficients significantly diverge, with Exxon remaining strongly negative to neutral, while GE becomes strongly and then very strongly correlated the CRSP growth rate.

5 The primary limitation of the CRSP500 is its restriction to equity and exclusion of debt.

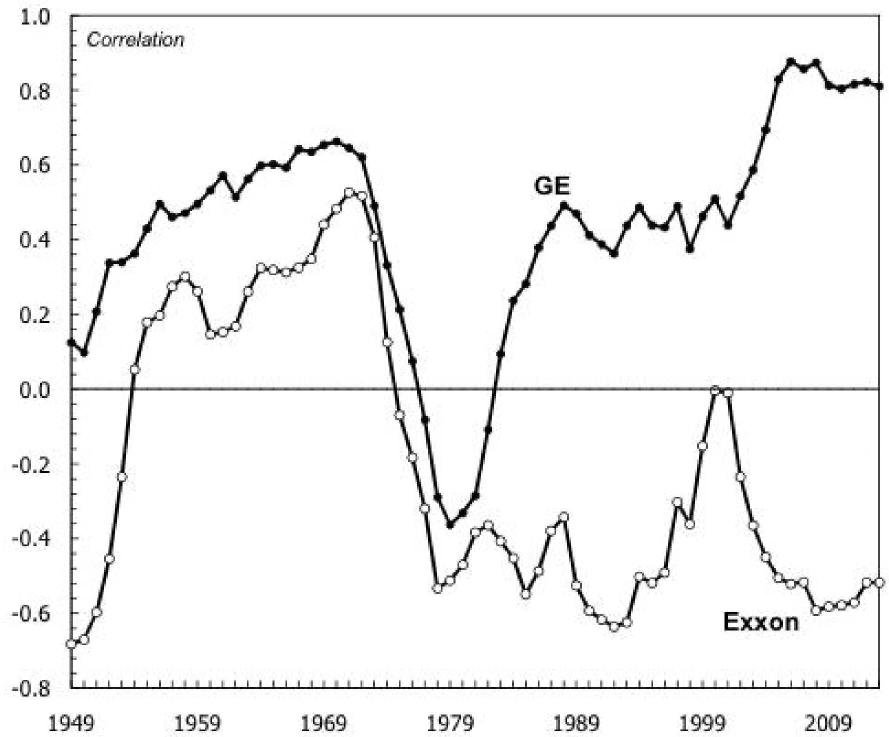

Figure 2: Growth and Redistribution: GE & Exxon, 1949-2013
DATA: Center for Research in Security Prices
NOTE: Both series are the 20 year moving correlation between the respective company's annual growth in differential value (5-yr MA) and the growth of the CRSP500 (5-yr MA).

The stylized movements of GE and Exxon suggest important systemic forces that are increasingly having differential effects on the two companies. The shared fortunes of the middle part of the 20th century could express the benefits that the companies reaped together with dominant capital from the strength of the U.S. From the 1980s on, however, their fortunes may be diverging due to differential interests in oil prices, with Exxon benefitting from higher oil prices.

Figure 3 shows the 20-year moving correlation between the annual change in crude oil prices and the differential growth of GE and Exxon. The figure shows weakly divergent interests through the 1940s and early 1960s, with a shift in the 1950s that brought both companies' differential fortunes together with the price of oil through the 1970s and early 1980s. This period may evidence what Nitzan and Bichler (1995) have called the 'Weapondollar-Petrodollar' coalition of oil businesses and armament companies. The pair argue that the accumulation of the coalition's members "came to depend on the precarious interaction between rising oil prices and expanding arms exports emanating from successive Middle East 'energy conflicts'" (p. 457). However, the two firms then break with oil prices, with GE becoming moderately negatively correlated (around -0.30 for 1975-94) and Exxon largely neutral (around -0.15 for the same period). At that point, although GE briefly moves positive, it then swings strongly negative (0.60 for 1989-2008) while Exxon becomes very strongly positive (0.91 for 1992-2011). This strong divergence indicates the differential relationship with oil prices is becoming stronger and may point toward a future power struggle between oil businesses and the rest of dominant capital.

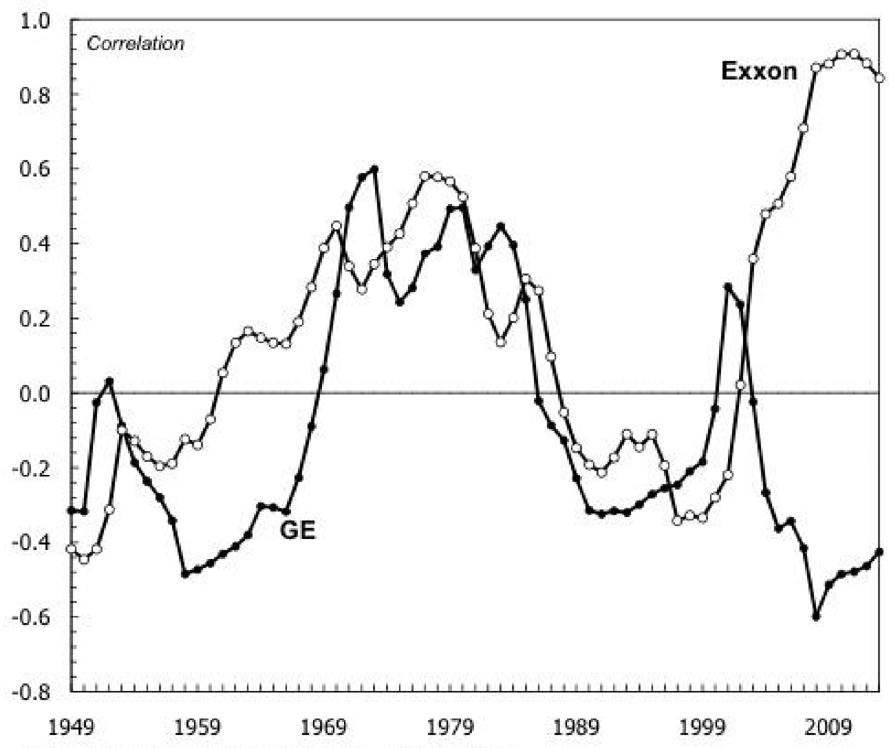

Figure 3: Fueling Accumulation, 1949-2013
DATA: Center for Research in Security Prices; U.S. Energy Information Administration (U.S. Crude Oil First Purchase Price).
NOTE: GE and Exxon are the 20 year moving correlation between the respective company's annual growth in differential value (5-yr MA) and the change in oil prices. The CRSP500 is the 20 year moving correlation between annual growth in value (5-yr MA) and the change in oil prices (5-yr MA).

Systemic effects operating across dominant capital should not be automatically considered more consequential than the specific events that differentiate the companies. The quantity-quantity value theories have discounted such particularities in favour of claims about ‘capital-in-general,’ which meant emphasis was placed on matters of production that transcended the differential features of corporations. CasP, on the other hand, requires consideration of various scales of capitalist action, including the corporate specific.

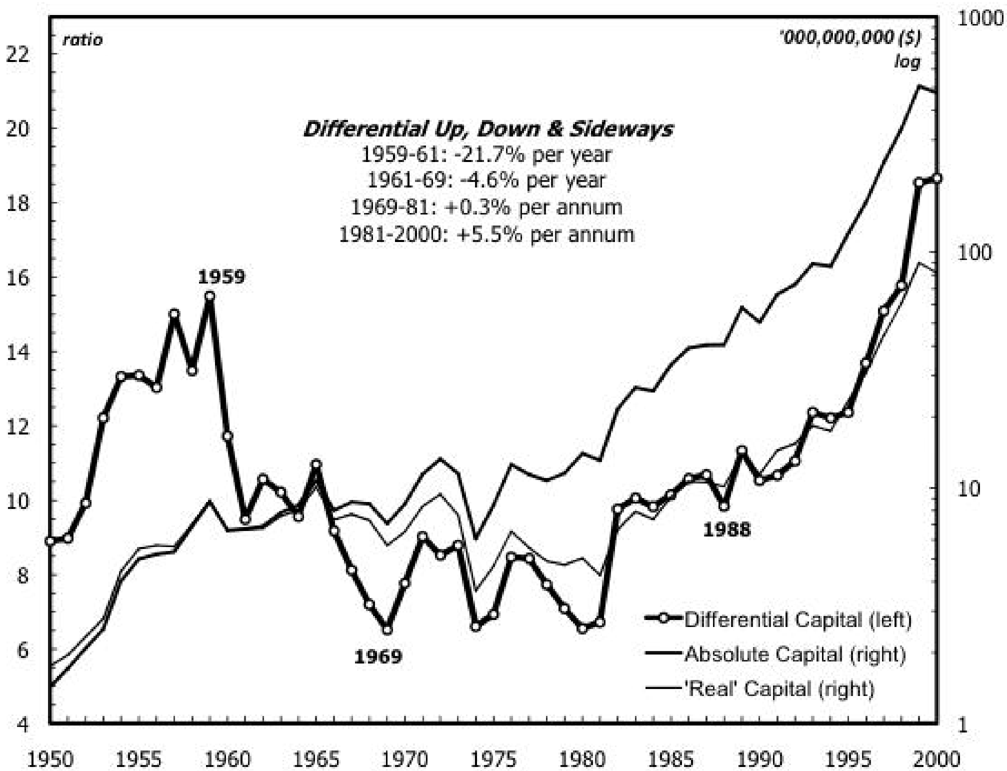

Figure 4: GE's Accumulation Malaise, 1950-2000
DATA: Center for Research in Security Prices (CRSP).
NOTE: Differential accumulation calculated as the ratio of GE's market capitalization (market equity) to the average market capitalization of the 500 largest US firms as measured by market capitalisation.

Figure 4 focuses on the differential, absolute and ‘real’ value of GE from 1950-2000.[6] The ‘real’ series is GE’s absolute value deflated by the Consumer Price Index (1960=100). The latter two series are included to highlight the novel information that emerges from the differential calculation.

GE hit a differential peak in 1959 at 15.5 times the per firm capitalization of the CRSP500. Its fortunes turned and it lost 24% of its differential value in 1960 and 19% the next

[6] Both the absolute and ‘real’ values are represented on a logarithmic scale.

year. The picture is quite different from its absolute capitalization. Although GE lost absolute value in 1960, it had a slight gain of 1.5% in 1961. GE's 'real' value showed a greater decline of -26% for 1960, but it also had a 0.5% increase in 1961. By 1969, the differential value of GE had bottomed out at 6.51 times the average CRSP firm. It would remain around this level until 1981. The picture for this period is quite different from both the absolute and 'real' value of GE. According to productivist value theory, having removed the effect of price changes, GE's 'real' production generally fell from 1965 to 1974. However, this is merely an assertion on the basis of having substituted one quantity for another, in line with dual quantity theories of accumulation. According to CasP, on the other hand, what the differential measure offers is a map of GE's loss and reacquisition of power relative to the other members of dominant capital. Understanding that power redistribution, however, requires empirical analysis.

If we consider the qualitative events from this period, 1960 is significant for price fixing charges leveled against GE by the U.S. government. From the perspective of power, there are several channels by which this would affect GE. The first is the fine it paid – $1.9 million in 1965 shared with Westinghouse. The second was the undoing of a successful price elevating and stabilizing mechanism. The third was a perception of conflict between the government and GE, with government entities operating in favour of GE's customers, many of whom would be its intracapitalist rivals within dominant capital. The fourth was a loss of GE's reputation. For reasons of both principle and perception, potential shareholders, lenders and customers may have chosen to deal with other companies. GE fought the lawsuit primarily to preserve its reputation, claiming that it submitted guilty and 'no contest' pleas on the indictments only when it appeared that innocent executives would be blamed for the dissident behavior of a few 'bad apples' in lower management.

The effects of the price fixing scandal on GE's differential accumulation may also explain the shift in correlation between the growth of the CRSP500 and GE's differential growth. At its most negative, the coefficient was -0.36 for 1960-1979. The particular effects of the scandal seemed to dominate the systemic causes shared by GE and the rest of dominant capital.

GE's accumulatory duldrums endured until 1981, well past the 1965 resolution to the price fixing charges. Whatever relationship had been lost was not regained nor was a substitute located. Then, from 1981 to 1982, GE gained 45% in differential value. Between 1981 and 2000, it grew at 5.5% per year. GE's own mythology would credit this growth to CEO Jack Welch who rose to the position in 1981 and has become an iconic figure of the business world. However, it is also possible that GE, as an armament manufacturer, was the beneficiary of Regan's military Keynesianism. Additionally, during this time GE moved decisively into financial intermediation as the business was growing in political economic importance. Testing these hypotheses, which need not be mutually exclusive, is beyond the scope of this section. However, I intend to deal with them more fully in a subsequent article.

GE's power was actualized through the management of relationships that transcend production. While production was an important component of the company's price fixing, it cannot be isolated in terms of 'real' accumulation. Rather, the company's relative position among dominant capital was undermined by changes in its relationships, including with customers, the government and its own employees, that can only be discerned through empirical research. When the government charged GE it signaled that the company had lost control of an important relationship, rendering it less powerful. Regaining its power required social changes that market participants understood as serving the company's accumulatory interests.

Returning to Constructing Prices.

Historically, the formalization of capitalization emerged from an implicit process that operated in early stock markets (Braudel 1982; Swetz 1987; Bernstein 1996). Capital is not needed for an asset to be vendible. Such buying and selling well predates capitalism. Rather, capital makes ownership itself vendible, a distinction that comes to the fore when we consider the divisibility of ownership that capital enables. If we capitalize a fleet of ships, portions of the ownership can be sold, while the fleet remains a united whole. If each ship were assigned to a particular owner as their asset, then when a ship sinks, that owner suffers the entire loss. However, if a group capitalizes the entire fleet and shares jointly in the ownership, then the losses and gains of the fleet are distributed among them according to their shares. Capitalization makes it possible to delink buying and selling from the underlying assets. An owner can sell part of a stake in a vineyard to buy shares in a corporation. She can sell some of those shares to buy government bonds, and sell others to take a stake in a start-up. She can endlessly buy and sell pieces of the capitalist ownership structure, all in pursuit of gain. At no point does she need to take responsibility for the underlying assets. Importantly, her participation in the process is a participation in the pricing of the entities she is buying and selling. Capitalization underlies all that, making all ownership commensurable.

The narrow purpose of capitalization is to price assets by discounting expected future earnings into the present. For the individual owner, the point of owning is to increase the value of one's assets. However, one of the central insights of Nitzan and Bichler is that such changes in value, in and of themselves, are not the primary concern of owners. Rather, the owners of assets have to assess their gains and losses against some benchmark; accumulation is differential.

On the surface, this position appears to be shared with mainstream economists, who similarly insist that a nominal change in value cannot be taken as is. However, the interpretation and the application of benchmarking in the CasP approach is completely different. Economists adjust nominal values against a price index. This is intended to remove the 'illusory' aspect of value changes due to changes in price, revealing changes in the 'real' underlying value. This adjustment keeps with economists' conception of individuals as strictly hedonic.

Within this theory, capitalists are considered no different. Their ultimate goal, according to mainstream economists, is to maximize utility and an asset is merely one more means to this end. Nitzan and Bichler, on the other hand, draw from the widespread practice found in the capitalist literature — *The Financial Times*, *Fortune*, *BusinessWeek,* the finance sections of the major dailies — of comparing the capitalization of a given corporation to a slate of indexes that represent various groupings of other corporations, such as the FTSE 100, the S&P 500, the S&P/TSX Composite, or an industry specific index. To take one example, a *Fortune* article from 2006 looked at the prospects for 10 CEOs where were 'on the spot' (Birger & Stires). A graphic illustrating each company's recent stock performance juxtaposed its valuation against the S&P 500. That these companies had failed to 'beat the average' was taken as evidence of their recent failings and the troubled spot in which the CEOs found themselves. The differential relationship means that growth is a failure if the benchmark grows faster, while decline can be success if it is less than that of the benchmark. The differential perspective on accumulation expresses the changing distributional landscape of capitalized entities. The analytical insight of CasP is that this process of continual redistribution constitutes shifts in capitalist power.

Theorizing Power: Hobbes and Machiavelli.

In order to explicate my understanding of power as used within the CasP framework, I will first consider the two conceptions of power we have inherited from Hobbes and

Machiavelli.[7] The inheritance from these two thinkers has shaped not only the way we think of power, but the social order itself. My primary claim is that the neoclassical conception of markets is effectively a Hobbesian Leviathan. Within the theory, the market serves balances conflicting interests, ensuring a just, efficient equilibrium. Regardless of social standing, everyone is treated by the neoclassical market as equal to everyone else. This contrasts with what I argue is CasP's Machiavellian perspective of markets as battlefields in the power struggle among the vested interests, with the masses enduring the consequences as collateral damage.

According to Clegg (1989), Hobbes has been the more influential theorist of power, informing both subsequent thinkers and policy makers. One of the continuities of this influence is found in the concept of equilibrium. Hobbes conceptualized a world of "harmoniously ordered and proportioned power," while Machievelli conceives of a world "far more dissonant and difficult" (Clegg 1989, p.22). It is these divergent conceptions that allow it to be written of the two: " One sought peace above all, the other war" (Sullivan 2006, p.259). If we render this into terms familiar to economics, Hobbes conceives of power as a mechanism that brings the world toward equilibrium, while Machiavelli's power is one that functions in a state of disequilibrium and, more importantly, propagates that disequilibrium. The concept of equilibrium is also the basis for my claim that the market, as conceived by neoclassical theory, is a Leviathan. Primarily, just as with the Leviathan, the neoclassical market is an ordering mechanism to mediate competing desires.

Hobbes' conception of power was the basis for his mechanistic approach to understanding the social order. The order, as conceived, is imbued with the same deterministic logic as the conceptual approach. For Hobbes, power is intimately conjoined to sovereignty and he interpreted power in a governmental and legislative manner. In a just, orderly society,

[7] The comparison made between Machiavelli and Hobbes primarily draws on Clegg (1989).

properly functioning government is, according to Hobbes, the locus of power. Vested so, the government has the responsibility to make decisions according to the dictates of a moral order, the rules of which are beyond questioning, and based on properly assembled objective knowledge. This sort of legislative structure provides the certainty needed for industry, the absence of which, Hobbes famously wrote, left "the life of man, solitary, poor, nasty, brutish, and short" (1958, p.107). Power, vested in the legislative body of the sovereign entity, is the mechanism that makes civilization itself possible, by providing means to ensuring the society's members achieve the greatest good. The Leviathan is a necessary imposition to mediate individuals self-interest and the war "of every man against every man" that would result otherwise (p. 106). Sovereign entities functioning in a determined way on the basis of a given moral order and a state of given knowledge were mechanical in their functioning and interrelation. Within each sovereign entity, the locus of power — the Leviathan — is conceived by Hobbes as the expression of the populace's will. However, the very existence of will brings the likelihood of deviance and defiance. Authorized by the populace to maintain an order that the populace itself desires, the Leviathan must subjugate the unruly that threaten that order, ruthlessly if necessary.

Machiavelli, in contrast, saw no such expression of order from within the populace. Those who gained power did not do so via the agglomeration of the populace's collective will, but through constant self-serving strategizing. *The Prince* (Machiavelli 1950) is filled with examples of the diverse strategic moves of rulers, both effective and ineffective, in their struggles to gain and maintain power. Clegg (1989) distinguishes between Machiavelli and Hobbes, with the former conceiving of power as "pure expediency and strategy," while for the latter power is "pure instrumentality" (p. 31). Rather than the mechanistic operations of legislative bodies, to Machiavelli the entities vested with power engage in constant strategy. While Hobbes' power is synonymous with the totalized and totalizing Leviathan operating within its sovereign boundaries, power as conceived by Machiavelli takes many forms and is actualized through diverse practices that cut across any tentatively established sovereignty. This diverse set of practices provides the means for multiple entities to vie for power, as they muster whatever forces they can to achieve domination.

Despite the different conceptions of how power is attained and where it is located, it is informative for my purposes that both Hobbes and Machiavelli understand power as latent, rather than active. Whether an authorized sovereign or a conniving prince, power is not in the efforts at its maintenance or expansion, but in its potential for action. Although, as Wolin (2004) writes, "the hard core of power is violence," those with power have to dispense violence in "the precise dosage appropriate to specific situations" or risk destabilizing effects (pp. 197-8). The dispensation of violence is, on the one hand, made possible by power, while on the other hand, it is a means to expand or shore-up power. Power is in the threat of violence rather than the exercise of violence. The Leviathan is not powerful when quelling unruly desires but when the absence of uprisings and rebellions allow it to operate in a smooth and predictable manner, with the threat of violence stored as pure possibility. Similarly, the Prince's power is not contained in his warring, sieges, political assignations or assassinations, but first in the obedient forces that enable such activities and, then in the stabilization that follow such acts. The threat of violence that backstops this power is enabled by belief of both the ruler and the ruled that should a command for violence be given, the resources necessary to carry it out will be mobilized. In other words, power is "confidence in obedience" (Nitzan & Bichler 2009, p.17), with the capacity for violence at its core, underlining both the confidence and the obedience.

In understanding power as certainty gained from the stabilization of relationships rather than in the acts needed to maintain or extend relationships we need to reconceptualize what is often described as the ‘exercise’ of power. Power is what makes action possible. It is not in the act itself, although the act may: 1) reveal the power that exists; 2) serve to expand or stabilize the relations that constitute an entity’s power. The betrayal of a sitting Prince by a minister, on behalf of a rival for the Crown, shows the rival’s power as it pertains to the minister, and conversely the relative powerlessness of the Prince. When one acts to maintain or expand power, this is an expenditure that risks the stability of the relationships that actually constitute power. You might say that one has to spend power to make power.

I will return to this point, but first I want to consider how the Hobbesian conception of power and social equilibrium has informed mainstream economic theory, while the CasP focus on the intra-capitalist struggle has more in relation with Machiavelli’s emphasis on the disequilibrating effects of constant strategizing among multiple claimants. Hobbes’ ideal of the Leviathan imposing the populace’s will back on the populace itself was displaced by the Enlightenment’s liberal thought, which elevated the Individual over any kind of centralized power. While Enlightenment liberalism is connected to the development of neoclassical economic theory, the abstract market-in-general as conceptualized within neoclassicism is effectively a redistributed Hobbesian Leviathan, economics’ dismissal of power as a concept notwithstanding.

Lukes (2005) argues that perhaps the “supreme and most insidious exercise of power” is to limit people’s choices “by shaping their perceptions, cognitions and preferences in such a way that they accept their role in the existing order of things” (p. 28). Individuals are ‘free to choose,’ but only among the available options. For Hobbes, the citizenry’s only mechanism of recourse to this delimiting of options is the logic bound government that imposed those limits in the first place. To seek another means is to violate the social contract, which, for Hobbes, is contrary to the general interest as it is vested in the hierarchy. Similarly, for neoclassical theorists, only the market system can deliver just, efficient outcomes. Like the Hobbesian individual, the neoclassical individual is restricted to choices from the options offered by the market, although even more so as their budget imposes a hard boundary. Neoclassical individuals express their wills among the bounded choices of the market that then enforces their the aggregate will of the whole, on the whole, in the imposition of a price determined by the 'Invisible Hand' equilibrating supply and demand. Any who dissent, refusing to accept the 'freely determined' price, are excluded from participation. While there may be shocks to the existing state of equilibrium, such as technological innovations, neoclassical theory requires that their legitimacy can only be established through the market, ie. The Leviathan.

According to neoclassical theory, the market is the perfect mechanism for mediating the diversity of human desires, which otherwise result in the each against all state of constant warfare. The Invisible Hand substitutes for Hobbes' visible government, but the overall purpose is the same. Just as Hobbes conceived of the power vested with the legislative Leviathan as the expression of the populace, effectively subjected to their own collective will, so too the neoclassicists' market is conceived as the imposition of the populace's collective buying power. If people want it, the market — and only the market — shall provide it. In its most extreme form, some neoclassicists adopt a pure libertarianism where every relationship is mediated by supply and demand. Exchange, rather than governance, becomes the supreme mechanism for achieving social balance. Hobbes' individual, the one who must be mastered if he is to live in society, is a complex figure with an imagination, wit, prudence and other qualities that must be accounted for by the Leviathan. This contrasts with the neoclassical individual — *homo economicus* — described by Bentham as “under the governance of two sovereign masters, pain and pleasure” (Bentham 2000, p.14). It is this calculative “globule of desire” (Veblen 1898) who can be appropriately ruled by the market.

The material consequences of this economic theory come through government policy that idealizes the market as ultimate arbiter of the good. Such idealization is pervasive in the policies of Western governments, such as those aimed at pricing carbon as a response to climate change, or refusals to address calls to increase the minimum wage. CasP refutes neoclassicism’s mechanistic notion of a universal, totalizing, equilibrating market that efficiently and justly channels the collective will of the buying public to maximize utility. In its place, CasP conceives of markets as particular culminations of messy, intertwined processes that translate qualitatively diverse relations into universally commensurable prices, the unit of the capitalist order (Nitzan & Bichler 2009, pp.150-3). Far from the rational realization of a collective will, prices emerge as a temporary, and partial, solution to the complex interplay of entities whose activities transcend the categories of ‘supply’ and ‘demand.’ For example, the price of toothbrushes incorporates: current ideals of dental hygiene, the marketing efforts of the advertising agency WPP on behalf of Colgate-Palmolive, the state of U.S.-China trade relations, Wal-Mart’s disproportionate access to toothbrush buyers, the price of plastic, which itself depends on the price of oil, current manufacturing technologies, the lobbying efforts of the American Chemistry Council, on and on and on. While the abstract market of neoclassical theory is intended to explain the price of toothbrushes as a logical, mechanical, equilibrating outcome, no different than that of any other price, CasP’s Machiavellian conception of myriad entities scrambling for an advantage requires empirical study of the diverse entities whose actions bear on real world markets.

Theorizing Power: Political Economy.

CasP is hardly the first social scientific framework concerned with political economy to include ‘power’ in its analysis. Power is very important for all streams of Marxist thought. In an early piece, Marx (1964) describes how money gives any individual the power to command capacities she does not herself possess. However, for this power to accumulate, Marx believed it necessarily had to flow through production. Money had to be harnessed to labour-power, which he considered to be the sole means of generating value (Marx 1967b, pp.23-62). Money, for Marx, existed on the nominal side of a quantitative real-nominal divide, while value was on the real side. Because of this productivist focus, for most of its intellectual history, Marxist thought emphasized labour and production both ontologically and analytically.

CasP eschews the real-nominal divide in favour of 1) a single, observable system of accumulation — finance — and, 2) a process of capitalization that translates qualities into those quantities, as discussed above. Although different lines of Marxist thought have advanced away from a strictly productivist perspective, none have clarified an analytical role for power beyond that identified by Marx. While production remains important for CasP’s conception of accumulation, it is not singular. Rather, it is one among many spheres that comprise capitalist power.

Radical institutionalism is the school of thought that has dealt most explicitly with power, making it a central concept in its somewhat scattered framework. Thorstein Veblen, one of the founders of institutionalist thought, had muchinfluence on CasP through his emphasis on capitalization and theorization of sabotage, he nonetheless had a comparatively narrow conception of how capitalist power functioned. Veblen rooted power in ownership and exclusion

(Veblen 1908b; Veblen 1908a). However, production and productivity remained key mechanisms for accumulation. By virtue of their control over the productive capacity of a society, capitalists are able to demand tribute in return for allowing the society access. This sabotage of a society's productivity is conceived in strictly quantitative terms. Capitalists, he argued, seek to produce as little as possible and charge as much as possible for the greatest possible profits.

As will be discussed below, Nitzan and Bichler have both a quantitative and a qualitative conception of sabotage. Although Veblen famously said that "invention is the mother of necessity" (1914, p.314), there was little development of this insight into the effects on changing qualities of production and manufacturing of desire in later works. A society's productivity, according to Veblen, was the virtuous outcome of humanity's instinct to workmanship. That instinct propelled a society forward as it generated new means to service the society. That industry might purposefully develop both desires and the output to satisfy those desires that were contrary to the community's general interests was not extensively considered and was not connected to his concept of sabotage (Veblen 1923).

John R. Commons, another of the institutionalist founders, actually linked power and capital. However, the link is through exchange-value. Commons argued that within capitalism, property and capital have become the same thing, and both have value in exchange. Adopting an hedonic perspective, Commons claims that the interest of the businessman is exchange-value and suggests that we "measure the degree of power by a ratio of exchange" (2006, pp.28-30). Therefore, power can only be realized in the narrow act of exchange. Partially drawing on Veblen, Nitzan and Bichler reject the hedonic perspective of prices, wealth and accumulation, arguing that power is sought in its own right (2009, pp.136-8 p. 307-8). As well, the qualitative forms of that power are diverse and complex and capitalist power is exercised in a wide range of institutions beyond exchange.

Radical institutionalist Philip Klein (1987) defines power as “one's ability to influence the way the economy operates to carry out the tasks assigned to it” (p. 1343). Not only does Klein’s definition remain rooted in the categorical distinction of ‘the economy,’ the power of any given entity is bounded by tasks defined from the outside. CasP does not cite any source that might define the possibilities afforded to capitalists. The government, the stock market, ‘collective will,’ technology, or any other institutional force that may bind and provoke capitalist action are all subject to capitalist action. The constraints that any capitalist might face come from entities that they too can constrain, as well as from other capitalists. The shifts in power, and the shifts in social qualities that constrain future action are all endogenous to the struggle.

William Dugger’s (1980) definition of power is very close to ‘confidence in obedience’: “the ability to tell other people what to do with some degree of certainty that they will do it” (p. 897). However, there is also a key difference between the CasP conception of power and that of Dugger: CasP’s emphasis on the differential struggle among already powerful and power-seeking entities. The power relationship that is theorized within CasP is not just that between those with power and those who obey. There is also the relationship among those whose power is quantified by capitalization, primarily in the form of the corporation. The power of corporations exists along the continuum of the power hierarchy. Their power waxes and in relation to each other as the on-going, and necessary, process of the intra-capitalist struggle. This bears directly on how power and its effects are actualized, conceptualized and analyzed. This differential aspect adds an additional source of dynamism to that emerging out of the resistance from below. The open and legitimized existence of many powerful entities vying for differential advantage may be an important distinction of the capitalist mode of power compared to its predecessors. Of course, the market is reserved as the sole legitimate domain for such challenge.

Dugger (1980) identifies six “clusters of institutions,” with the five ‘non-economic’ institutions — educational, military, kinship, political, religious — linked to ‘economic’ institutions “in a kind of means-end continuum” (p. 898). Particular instances of any given institution are merely intermediaries for an abstract process that supersedes them. All corporations, all capitalists, all participants in systems of finance and production get enlisted as mechanisms for the universal ‘economic’ institution, with no differentiated or differentiating agency among them. CasP, on the other hand, emphasizes the differential relations among these entities as they form divergent, overlapping, intertwined relations, including with the abstract institutions identified by Dugger.

It is not simply that economic institutions have a universal or determined interest in the non-economic institutions, although there may be universally shared interests among them, such as a school system that perpetuates the ideology of private property. Rather, individual entities, whether capitalists, corporations or corporate coalitions, will have particular and consequential relationships with these other institutions that may conflict to greater and lesser degrees. This means these other institutions can become battlegrounds for accumulatory struggles, with the outcomes of those struggles generating change with both accumulatory and non-accumulatory consequences.

Although Dugger’s insights about the expanding and entrenching control of capitalist enterprises over and within these other institutions are useful, they not only fail to recognize the transformations generated by differential capitalist interests in action, they preclude asking the question, as all are subsumed under the ‘economic.’ For example, consider a textbook company.

The company clearly has an interest in the regulations pertaining to textbook use by public schools. The textbook company prefers frequent turn-over, which generate greater, more frequent sales. When the textbook buyer is a public school board, then it will require greater public spending, and higher taxes, to pay for the more frequent textbook purchases. Now, consider local businesses whose property taxes are used to fund the school board. They clearly prefer lower taxes as a means to greater earnings. As such, local business people may advocate longer textbook use and lowering taxes, contrary to the interests of the textbook company. Meanwhile, businesses that rely on the education system to produce a particular skill set in its graduates are focused not simply on the quantity of textbooks, but also their contents. They benefit from more well educated workers who will require less training, which cuts into the bottom line.

The emphasis here is on the differential struggle among those entities encapsulated into Dugger's 'economic institutions.' However, we can see how opening up one realm opens up the others as well, in this case the 'educational.' Individual school boards, or board members, school administrators, teachers, or parent councils, could become the targets of businesses seeking to alter the social order in the pursuit of accumulation. We've also seen how textbook contents become battlegrounds for religious groups, while corporations have made tentative overtures to sponsor textbooks in exchange for favourable content. Understanding the melange of interests is hindered if we abide to readily to Dugger's categories, or any theoretical categories.

CasP offers no a priori restriction on which relations, institutions or entities will be enrolled in the accumulatory struggle. Any such restrictions can only emerge analytically. At best, any set of relations, such as those defined by production, will be contingently obligatory for a particular domain rather than logically necessary for capitalism. Therefore, researchers cannot take any set of relations for granted, less one: capitalization. This is the logical necessity is specific to the capitalist mode of power. However, it is one put into place by the capitalists themselves. Capitalization is still a contingently emergent historical entity. Further, the current spate of practices that perform capitalization are themselves contingent. Unlike social scientists who hold onto their concepts as matters of intellectual life and death, accountants revisit even their best practices as a matter of routine. Although CasP has anchored its analysis to capitalization it does so because capitalization is the defining process of capitalism as performed by the capitalists themselves. So recognized, however, CasP does not remain wed to the ostensible meaning of capitalization as an efficient pricing mechanism, but retranslates its meaning into an expression of power.

Accumulating Power.

Power is the concept Nitzan and Bichler use to make sense of the values of capital. Drawing on their claim that power is “confidence in obedience,” I’ve suggested that power is located in stabilized relationships. At face value, by conceptualizing power as derived from stabilized relations, CasP would appear to be firmly aligned with Lukes (2005), who asserts that “power is a capacity not the exercise of that capacity” (p. 12). His view conceptualizes power as ‘power over,’ which is contrasted with the concept of ‘power to,’ generally associated with Foucault (1995). The objection to the ‘power over’ perspective is that it treats the forms taken by powerful institutions as “given at the outset,” when in fact, Foucault contends, “these are only the terminal forms power takes” and “power is exercised rather than possessed” (quoted in Law 1991, p.169).

Law (1991) attempts to sidestep the debate over power as 'power over' or 'power to,' claiming that "there is no reason why we should not treat power as a condition, a capacity, something that may be stored, as well as an effect or a product" (p. 170). The relationship among: 1) stabilized entities; 2) their activities and; 3) the effects of those activities, including on the stabilized entities themselves, is precisely that conveyed by Nitzan and Bichler with their concept of c*reorder*: creating order. They describe creordering as a "paradoxical duality — a dynamic creation of a static order" (2009, p.305). Although they note that non-hierarchical societies are also creorders, power has an important role to play in the creordering process. Power "means the ability to impose order, and imposition presupposes resistance – resistance from those on whom order is imposed and from others who wish to impose their own. … And since to overcome resistance is to create a new order, the very presence of power spells a built-in pressure for change" (p. 305). In this definition we can locate both 'power over,' which is the existence a hierarchical order, and 'power to,' which is the ability to impose, and has both stabilizing and destabilizing effects in the generation of a new order. If we understand the social order to be continually reconstituted through the stabilization and transformation of existing relations, then we need to conceptualize power both 'at the outset,' in its 'terminal forms' and in the exercise that constitutes the passage between them.

Importantly for the theoretical equivalence between capital and power, as I see it, the power that gets quantified into capital values is both 'power over' and 'power to,' owing to this temporal element of capitalization. According to Marxist value theory, the value of capital is "dead labour" (Marx 1967a, pp.181-92). This means the source of that value is decidedly in the past. Nitzan and Bichler, however, emphasize that capitalization is forward-looking (Nitzan & Bichler 2009). It is a means of pricing in the present earnings that lay in the future. The key to this operation is discounting, which accounts for the expected, rather than known, future earnings. However, those expectations will necessarily be informed by the past and the present. An important part of the present is the existing hierarchy — power over — enabling the action — power to — that will have consequences in the future. It is these actions that get translated by market participants into the quantities of capital, based on their anticipated effects on entities that bear on capitalist earnings: how will the hierarchy change?

According to CasP, changes in capital values constitute changes in power. However, power is not used to explain accumulatory fortunes; the trajectories of relative gain and loss. Rather, the topology of differential accumulation gives us a quantitative picture of power that can then be explored qualitatively. Further, that exploration must be done empirically. To explore power, I argue, is to examine the relationships enacted and stabilized by those deemed as powerful.

Financial quantities are observable. But, the determinants of those quantities and their movements are often hidden, opaque and/or diffuse. It is tautological to seek explanatory recourse for changes in financial quantities in 'power.' Rather, relative financial quantities reveal the distribution of power as understood by the power-holders themselves. The rest of the social order is both subject and object of that distribution, since it is represented in the quantitative translations of market participants – power over – and the targets of capitalist actions taken in pursuit of gain – power to. Explaining the quantitative distribution is the task of the researcher. Power, therefore, is the *explanandum* (to be explained) not the *explanans* (what explains).

The question of the explanatory role of power was raised by Jessop (2011) and misunderstood by Knafo, Hughes and Wyn-Jones (2013) in their respective responses to CasP. While Jessop's specific question pertained to differential accumulation as *explanans* or *explanandum*, the structure of the CasP framework means the question also pertains to power. This understanding is reinforced by Jessop's closing suggestion that a fruitful line of inquiry would be to address the question of what the framework means by "power, its mechanisms and how they work out in a contingently necessary way to produce differential accumulation." To maintain the focus on power as the *explanandum* I am claiming that power is an analytical concept and not an actual entity or force in the world. Power is conceptual short-hand used to encompasses myriad, diverse, complex *relationships* that emerge as the effects of on-going, intersecting and conflictual efforts to expand and stabilize relations of control. These effects then feedback into the efforts at control. The forms taken are innumerable and although they can be quantified into capital, and analyzed as power, they are not power and the analysis must grapple with their actuality. In other words, we must not reify power.

Knafo et al. (2013) agree with Nitzan and Bichler's critiques of mainstream and Marxist conceptions of accumulation and concur that political economy needs to deal more explicitly with power. However, they claim that Nitzan and Bichler "fall short of a proper engagement with the phenomenon of power" (p. 135). Unfortunately, their critique is based entirely on inverting power in CasP into the *explanans*. It is from this perspective that they claim Nitzan and Bichler adopt a reductionist conception of reified power. Knafo et al. misunderstand how power is conceptualized in CasP based on a misapprehension of the concept of sabotage and the place of production in the framework. Further, they completely overlook the vital, and intersubjective, role of assayers in the process of price construction.

Sabotage is a Veblenian concept given a central role in the development of CasP. Against the productive role that mainstream economic theory gives to the owners of capital, Veblen argues that owners actually undermine, or sabotage, productivity. Knafo et al. (2013) argue that

Nitzan and Bichler treat “ownership as a passive, or at best restrictive, force in relation to production” (p. 138). The trio go on to argue that CasP neglects the qualities of production altogether. Instead, they write, power as conceived within the CasP framework is understood solely as “control over the output of production” rather than “control over the form of production or more precisely *how* commodities are produced” (p. 139; emphasis in original). They argue that capitalist power in CasP is located on the side of production, while finance serves as the mechanism to measure differential accumulation. This means, they claim, financial markets are not subject to the same sort of power analysis. In fact, the trio argue, financial markets are treated by Nitzan and Bichler as efficient mechanisms for pricing power (p. 142).

According to Knafo et al., the pair reintroduce the bifurcation between economics and politics, with politics relegated to the side of production, where power operates, and economics to the side of finance, which efficiently prices power. In this theoretical structure, power becomes synonymous with capital because the former is reduced to the latter, becoming a vendible quanta. Nitzan and Bichler have, Knafo et al. claim, imposed the same dual quantity structure that they criticize in the neoclassical and Marxist value theories, only now between observable financial quantities on the one hand and quanta of power on the other. Therefore, they argue, power has become, for Nitzan and Bichler, the quantitative *explanans* for financial quantities, allowing them to “excise a complex social reality” (2013, p.145).

The criticism of Knafo et al. falls apart once we open up the concept of ‘sabotage,’ in particular its qualitative and quantitative dimensions, and highlight the vital, though perhaps under-examined, role of assayers in the construction of capital values. The trio are correct that, in places, Nitzan and Bichler give significant force to an argument that business serves as a dulling force quantitatively tamping down productivity (see Nitzan & Bichler 2009, pp.235-44).

However, Nitzan and Bichler's treatment of ownership in a quantitative manner takes place at the most aggregate level: analysis of business-in-general and its relationship with industry-in-general. As a matter of methods, analysis at this scale lends itself to the quantitative. To make such general claims across the broad, differentiated domain of ownership requires a mode of abstraction that the quantitative provides.

Nitzan and Bichler do not, however, argue that such quantitatively analyzed sabotage is the "only way that owners can *make a difference*," as Knafo, et al. claim (2013, pp.138; emphasis in original). In fact, Nitzan and Bichler (2009) explicitly distinguish themselves from Veblen, asserting, "business can and does 'propel' industry" (p. 226). While this propulsion cannot, they argue, make industry any more productive, it will affect the *direction of industry*. Acknowledging the qualitative nature of this impact, they state that this effect is "harder to delineate" than the quantitative one (p. 233). Nonetheless, throughout their work, and the work of others employing the CasP framework, the complex social reality of qualitatively differentiated power, including systems of production is examined in great detail (Bichler & Nitzan 2004; Baines 2014; Cochrane & Monaghan 2013; McMahon 2013). In fact, one of the key insights of CasP is the intertwining of the qualitative and the quantitative: "Differential accumulation is a process of change …. This change has two dimensions. In form, it is a *quantitative* redistribution of ownership. In content, it is a *qualitative* transformation of social relations" (Nitzan & Bichler 2002, pp.47; emphasis added).

Emphasis on the qualitative aspects of differentiated capital gets misunderstood in the critique of Knafo, et al.partly because its authors have interpreted sabotage in CasP as solely quantitative, but also because they have excluded the assayers who actually perform the reduction of the qualitative into the quantitative.[8] With assayers missing from the picture, the trio misplace this reduction onto Nitzan and Bichler and the CasP framework. Nitzan and Bichler write that their approach postulates an identity between capital accumulation and the changing power of capitalists. However, they add, "this 'identity' is only figurative. It consists of converting quality into quantity, of translating and reducing heterogeneous processes of capitalist power into the universal units of differential capitalization" (2009, p.312). This translation and reduction occurs "speculatively and inter-subjectively" (p. 313). This stands in stark contrast to Knafo et al.'s claim that the pair postulate finance as a realm "*most efficient* in pricing" (2013, pp.142; emphasis in original).[9] Knafo et al. claim their concern is with an analysis of "power as a multifaceted phenomenon that is always evolving" (p. 145). This is a widely shared goal of the social sciences. What CasP has done, however, is offer a means to assess the power distribution *as understood by the powerful*.

Having misunderstood the role of assayers and capital prices within CasP, it is not clear how Knafo et al. intend to identify the distribution and evolution of capitalist power other than the ubiquitous, but analytically feeble, 'we know it when we see it' approach. Additionally, it is not clear what meaning they give to financial values. What is the meaning of the growth of the largest arms companies relative to the 500 largest from the 1960s through the mid-1990s (Nitzan & Bichler 1995)? What, if anything, does the differential stagnation of Wal-Mart since the mid-

---

[8] This reduction is to be understood as practical rather than ontological. Assayers take all the information available to them reducing it to a single number: price. While that price constitutes an actual reduction, it is, ontologically, an addition to the world.

[9] Knafo et al. make much of the fact that Nitzan and Bichler refer to the 'commodification of power.' They interpret this to mean Nitzan and Bichler have reified power into a thing that can then be commodified. However, the trio have fallen into what Marx described as the "Fetishism of Commodities" (1967a, pp.76-87). Commodities as things simply masks the fact that they embody relations, which Marx considered their essential core. When Knafo, et al. criticize Nitzan and Bichler for treating power as a thing when they describe it as being 'commodified,' the trio are ignoring the fact that commodification pertains to social relations. It is this focus on things that constitutes, for Marx, fetishism.

1990s mean (Baines 2015)? On what basis can we interpret the rapid differential decline of GE in the early 1960s, prolonged stagnation through the mid-1980s, and subsequent differential gain through the 1990s (Figure 4 above)?

If nothing else, CasP has opened up the domain of financial quantities as appropriate for political economic exploration after finance was largely demoted by productivist value theories postulation of 'real' quantities. However, the theory carries us further by conceptualizing financial quantities within the performative processes of capitalization as the expression of capitalist power. By studying capital and accumulation we are studying the capitalists' understanding, and on-going transformation, of the world.

Conclusion.

CasP theorizes that the prices of capital are expressions of power as understood by capitalists whose performance of the logic of capital and accumulation shape the social order. The claim is controversial not least because the concept of power is controversial within the social sciences, subject to a great deal of debate (Clegg 1989; Lukes 2005; Dowding 2011). On the surface, power in CasP seems to fit the standard social scientific conception rooted in Weber (1978), who defined power as the ability of a given actor to "carry out his own will despite resistance" (p. 53). However, once the idea of capitalist creordering is accounted for, the CasP conception moves away from the unipolar hierarchy of Hobbesian power to a multipolar Machiavellian struggle, where those holding and seeking power face not only resistance from below, but a horizontal engagement as others seek to impose their own order.

This imposition of an order constitutes what Nitzan and Bichler have labeled a creorder. Creordering contains both the stabilization of existing relations as well as creating and transforming other relations. As such, a capitalist creorder is both the 'power over' and 'power to' conceptions that Law (1991) tells us need not be treated as distinct. Instead, the two feed into each other as the very dynamic of the intracapitalist struggle for differential accumulation. Capitalization is an effort to use the past to price the future into the present. Creordering and pricing transcend Foucault's distinction between the forms of power and their exercise.

The power relationship among corporations is an abstract, quantitative one, but it is an abstraction *of their own devising*. The power relationship between corporations and the rest of the social order, on the other hand, is an empirical, qualitative one. It can take many forms with consequences both subtle and pervasive, as well as sudden and dramatic; some desirable when judged from the perspective of the masses' well-being, but many negative. For social scientists, capital values provide insight into the capitalists' understanding of themselves and their control over the world.

Above, I described a hypothetical scrap among capitalists over a local school board's use of a textbook. Some may consider this a relatively low stakes Machiavellian struggle among small time capitalists compared to undertakings with global consequences. However, all capitalist struggles, regardless of the extent of their effects, are local to somewhere. When effects do become 'global' they require mechanisms of proliferation that must pass through other localities. In other words, there is a great cost associated with globalization (Latour 2005). Political economists, when they deploy ossified concepts like production and ideology, without concern for the shifting empirical bedrock of these concepts, attempt to sidestep that cost and access a theoretical 'free lunch.'

Unlike the political economists' deployment of these ossified concepts, market participants do not delimit a subset of abstracted capitalist activities as relevant to accumulation.

Rather, they survey the global panoply as sites for insight. From the perspective of accumulatory pursuit, any event that may bear on the elementary particles of capitalization will be accounted for. Those who can, and must, choose among various courses of action will direct their interventions to those sites considered of greatest concern to the elementary particles of accumulation. Meanwhile, that intervention — power to — will depend on the ability to simultaneously maintain stable existing relations — power over. Political economists seeking to understand capitalist power must also be prepared to survey disparate sites from factory floors to sales floors, from picket lines to taglines. Thankfully, we need not head out into this empirical terrain as *terra incognita*, since capitalists have quantitatively mapped the territory via capitalization. We just need to start translating those maps into devises useful to our purposes. Maps in hand, the concept of power can tell us where we need to go. Although it may also suggest what we may find when we get there, if we expect to find power itself, we will be sorely disappointed.

Bibliography.

Ayache, E., 2010. *The Blank Swan: The End of Probability*, West Sussex, UK: Wiley.

Baines, J., 2015. Encumbered behemoth: Wal-Mart, differential accumulation and international retail restructuring. In K. van der Pijl, ed. *Handbook of the International Political Economy of Production*. Cheltenham, UK: Edward Elgar Publishing, pp. 149–166.

Baines, J., 2014. Food Price Inflation as Redistribution: Towards a New Analysis of Corporate Power in the World Food System. *New Political Economy*, 19(1), pp.79–112.

Bentham, J., 2000. *An Introduction to the Principles of Morals and Legislation*, Kitchener, ON: Batoche Books.

Bernstein, P.L., 1996. *Against the Gods: The Remarkable Story of Risk*, New York: John Wiley & Sons.

Bichler, S. & Nitzan, J., 2004. Dominant Capital and the New Wars. *Journal of World-Systems Research*, 10(2), pp.255–327.

Birger, J. & Stires, D., 2006. 10 ON THE SPOT. *Fortune*, 153(3), pp.81–88.

Braudel, F., 1982. *The Wheels of Commerce: Civilization and Capitalism, 15th-18th Century, Vol. II*, New York: Harper & Row.

Clegg, S., 1989. *Frameworks of Power*, Sage Publications Limited.

Cochrane, D.T., 2011. Castoriadis, Veblen, and the "Power Theory of Capital." In I. S. Straume & J. F. Humphrey, eds. *Depoliticization: The Political Imaginary of Global Capitalism*. NSU Press, pp. 89–123.

Cochrane, D.T. & Monaghan, J., 2013. "A Degree of Control": Corporations and the Struggle against South African Apartheid. In T. Di Muzio, ed. *The Capitalist Mode of Power*. London: Routledge, pp. 92–113.

Cohen, A.J. & Harcourt, G.C., 2003. Retrospectives: Whatever happened to the Cambridge capital theory controversies? *The Journal of Economic Perspectives*, 17(1), pp.199–214.

Commons, J.R., 2006. *Legal Foundations of Capitalism*, Clark, NJ: The Lawbook Exchange, Ltd.

Dowding, K., 2011. *Encyclopedia of Power* K. Dowding, ed., Los Angeles: SAGE.

Dugger, W.M., 1980. Power: an institutional framework of analysis. *Journal of Economic Issues*, pp.897–907.

Foucault, M., 1995. *Discipline & Punish: The Birth of the Prison* 2nd ed., New York: Random House LLC.

Hall, R.L. & Hitch, C.J., 1939. Price Theory and Business Behaviour. *Oxford Economic Papers*, 2, pp.12–45.

Harcourt, G.C., 1969. Some Cambridge controversies in the theory of capital. *Journal of Economic Literature*, 7(2), pp.369–405.

Hobbes, T., 1958. *Leviathan, Parts I and II*, Indianapolis, IN: Bobbs-Merrill Educational Publishing.

Hodgson, G.M., 1997. The Fate of the Cambridge Capital Controversy. In P. Arestis, G. Palma, & M. Sawyer, eds. *Capital Controversy, Post Keynesian Economics and the History of Economic Thought*. London: Routledge, pp. 88–101.

Jessop, B., 2011. *Differential accumulation: Explanans, explanandum, or both?* Capitalist Mode of Power: Past, Present, Future. Available at: https://www.youtube.com/watch?v=IZdZmu8mHTw&feature=plcp.

Klein, P.A., 1987. Power and economic performance: the institutionalist view. *Journal of Economic Issues*, 21(3), pp.1341–1377.

Knafo, S., Hughes, M. & Wyn-Jones, S., 2013. Differential accumulation and the political economy of power. In T. Di Muzio, ed. *The Capitalist Mode of Power*. London: Routledge, pp. 134–151.

Knorr Cetina, K. & Bruegger, U., 2002. Global Microstructures: The Virtual Societies of Financial Markets. *American Journal of Sociology*, 107(4), pp.905–950.

Knorr Cetina, K. & Bruegger, U., 2000. The Market as an Object of Attachment: Exploring Postsocial Relations in Financial Markets. *Canadian Journal of Sociology*, 25(2), pp.141–168.

Latour, B., 2005. *Reassembling the Social: An Introduction to Actor-Network-Theory*, Oxford, UK: Oxford University Press.

Law, J., 1991. Power, discretion and strategy. In J. Law, ed. *Sociology of Monsters: Essays on Power, Technology and Domination*. Routledge, pp. 165–191.

Lukes, S., 1986. Introduction. In S. Lukes, ed. *Power*. New York: New York University Press, pp. 1–18.

Lukes, S., 2005. *Power* 2nd ed., New York: Palgrave Macmillan.

Machiavelli, N., 1950. *The Prince and The Discourses*, New York: The Modern Library.

MacKenzie, D., 2006. *An Engine, Not a Camera: How Financial Models Shape Markets*, Cambridge, MA: MIT Press.

MacKenzie, D., 2008. *Material Markets: How Economic Agents are Constructed*, Oxford, UK: Oxford University Press.

Marx, K., 1967a. *Capital, Vol. 1: A Critique of Political Economy* F. Engels, ed., New York: International Publishers.

Marx, K., 1967b. *Capital, Vol. 2: The Process of Circulation of Capital* F. Engels, ed., New York: International Publishers.

Marx, K., 1964. The Power of Money in Bourgeois Society. In D. J. Struik, ed. *The Economic & Philosophic Manuscrips of 1844*. New York: International Publishers, pp. 165–169.

McMahon, J., 2013. The Rise of a Confident Hollywood:. *Review of Capital as Power*, 1(1), pp.23–40.

Means, G., 1935. Price inflexibility and the requirements of a stabilizing monetary policy. *Journal of the American Statistical Association*, 30(190), pp.401–413.

Nitzan, J. & Bichler, S., 1995. Bringing Capital Accumulation Back In: The Weapondollar-Petrodollar Coalition - Military Contractors, Oil Companies and Middle East "Energy Conflicts." *Review of International Political Economy*, 2(3), pp.446–515.

Nitzan, J. & Bichler, S., 2000. Capital Accumulation: Breaking the Duality of 'Economics' and "Politics." In R. Palan, ed. *Global Political Economy: Contemporary Theories*. New York: Routledge, pp. 67–88.

Nitzan, J. & Bichler, S., 2009. *Capital as Power: A Study of Order and Creorder*, London: Routledge.

Nitzan, J. & Bichler, S., 2002. *The Global Political Economy of Israel*, London: Pluto Press.

Preda, A., 2009. *Framing Finance: The Boundaries of Markets and Modern Capitalism*, Chicago: University of Chicago Press.

Serres, M., 2007. *The Parasite*, Minneapolis, MN: University of Minnesota Press.

Sullivan, V.B., 2006. *Machiavelli, Hobbes, and the Formation of a Liberal Republicanism in England*, Cambridge University Press.

Swetz, F.J., 1987. *Capitalism & Arithmetic: The New Math of the 15th Century*, La Salle, IL: Open Court.

Veblen, T., 1923. *Absentee Ownership: The Case of America*, Boston: Beacon Press.

Veblen, T., 1908a. On the Nature of Capital: Investment, Intangible Assets, and the Pecuniary Magnate. *The Quarterly Journal of Economics*, 23(1), pp.104–136.

Veblen, T., 1908b. On the nature of capital. *The Quarterly Journal of Economics*, 22(4), pp.517–542.

Veblen, T., 1914. *The Instinct of Workmanship and the State of the Industrial Arts*, New York:

Macmillan Company. Available at: https://archive.org/details/instinctofworkma00vebl.

Veblen, T., 1898. Why is economics not an evolutionary science? *The Quarterly Journal of Economics*, 12(4), pp.373–397.

Weber, M., 1978. *Economy and Society: An Outline of Interpretive Sociology* G. Roth & C. Wittich, eds., Berkeley, CA: University of California Press.

Wolin, S.S., 2004. *Politics and Vision; Continuity and Innovation in Western Political Thought.* 2nd ed., Princeton, NJ: Princeton University Press.