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CONFIDENCE TRICKS?

A review of Mark C. Taylor, *Confidence Games: Money and Markets in a World Without Redemption*. Chicago and London: The Chicago University Press, 2004. xx + 395 pp. \$32.50 (cloth). ISBN: 0-2267-9166-1.

THE BEAUTY OF MARK C. TAYLOR'S *Confidence Games: Money and Markets in a World Without Redemption* lies in its ability to address an uninitiated and untechnical audience.¹ Intellectually far-reaching, Taylor's contribution provides an instructive account of the theories that have given rise to a subject (money and markets) that is writing itself increasingly into abstraction. The very clarity of *Confidence Games*, however, invokes a vertigo that is the mark of a questionable agenda.

Taylor adopts two fast-emerging themes in contemporary criticism—Nixon's suspension of the Gold Standard in 1971 and the Fed's conversion from Keynesianism to monetarism in 1979—to set the tone for his argument. The initial stages of Taylor's analysis bring pop art into focus.² Pop art locates the shift from material to immaterial assets that has taken place in the economy, and it captures the extent to which all signifiers have become totally destabilized. With its increasingly remote points of reference, pop art serves to demonstrate, for Taylor, that the creative possibilities of art have all but been exhausted. By Taylor's account, in other words, pop art verifies itself as an opening to new creative possibilities.

At first glance, Taylor's account of pop art is situated in a trajectory similar to Jameson's use of Warhol's "Diamond Dust Shoes."³ Unlike Jameson, however, Taylor foregoes any analysis of pop art in terms of the reciprocal relationship it

¹ Mark C. Taylor, *Confidence Games: Money and Markets in a World Without Redemption* (Chicago and London: University of Chicago, 2004).

² Pop art, according to Taylor, contributes to the "dematerialization of the work of art to a play of signs" and is "grounded in nothing other than itself," 3.

³ Fredric Jameson, "Post-modernism, or the Cultural Logic of Late Capitalism," *New Left Review*, 146 (1984), 53-92.

shares with money and markets. In this distance Taylor establishes between pop art and the structure of commodification to which it is indebted lies the early stages of a movement to exempt his theology of culture from theoretical constraints. For Taylor, pop art in its commodified state—and this is where I begin to take issue with his argument—exists in a network of complexity beyond processes of production. Insofar as art occupies this position, its effects are threefold: it gives Taylor a foil by which to concede to the market its status as a self-organizing system; it encapsulates the impossibility of drawing a line of distinction between the real and the virtual; and it affirms itself as the result of programmes of deregulation that have spread from banking and finance to technology to transform, ultimately, the economy and culture.⁴

There are several points, then, through which Taylor develops this network of complexity, and first among them is its imperative to maintain “an openness of the future.”⁵ This openness is part of an attempt to describe what he refers to in other moments of the text as the *aleatory*.⁶ As that which exists within the closed network of complexity, the aleatory both contains and delineates an opening to risk, and to chance. Its more subtle and complicated nuances are realized in pop art, which in turn articulates that which is essential to the structure of global finance. Pop art gives the aleatory a visual aspect, for Taylor, and the aleatory, in turn, lends his argument momentum. This is to say that in *Confidence Games*, the aleatory functions as an abstract concept upon which Taylor draws in order to conceptualize the essence of what feeds the network of complexity to which we belong. Above all, however, the conditions of determining the aleatory depend on a connection to its opposite, the economic principle of equilibrium.

Taylor brings into focus this concept of the aleatory, then, as a heightened paradox of extremes. For example, the aleatory shares a close affiliation with the global adoption of “neoliberal” economics throughout the 1980s and 1990s—but only insofar as it holds the potential to bring the order of those economics into question.⁷ These economics are based on the false presupposition of a principle of equilibrium that, for Taylor, has been outmoded by new models of “complex adaptive” systems, which in turn provide a better way to understand the

⁴ Taylor, 142. On his exposition of occurrences in the economy during the 1970s and 1980s, Taylor considers the “broader social and cultural changes” that took place beyond the economic realm, or in other words, the “displacement of the industrial, productive, or real economy by the financial economy” and the repercussions of this displacement.

⁵ Taylor, 13.

⁶ Taylor begins to introduce the concept of the aleatory in his reading of von Neumann’s comments on the “relationship between cultural criticism on the one hand and economic theory on the other,” 47.

⁷ Taylor, 135.

network economy.⁸ The problem of which Taylor is not expressly aware with respect to this concept of the aleatory, however, is the extent to which the network economy facilitates the conditions of its occurrence. Insofar as the network economy governs the opening to the sphere of the aleatory, it also establishes an interface between the aleatory and structures of power. Without this interface, the aleatory becomes too rarefied to be able to respond to the uniqueness of any given moment in the development of the network economy. Held accountable to this interface, however, the aleatory only consummates the authority of the network economy.

Stated differently, the aleatory functions as the motif through which Taylor makes his departure from a principle of equilibrium that has come to define neoliberal economic policies. In this sense, the aleatory should be understood to confirm a sphere of social relations that exists beyond the confines of its various models—which include the efficient market hypothesis. Even more intensely, the aleatory comes to demonstrate, for Taylor, the extent to which economic and technological transformations are closely related to broad cultural change. Apposite is Taylor's effort to construe the aleatory as *technical innovation*: "During the past thirty years," he writes in a sentence reminiscent of Benjamin's Art Work Essay, "the pace of technological innovation has greatly accelerated processes of dematerialization and virtualization in all spheres of life."⁹ Stated differently, the aleatory lies latent within the structure of the complexity network, but therein attests to a process of self- or auto-differentiation.¹⁰

On the one hand, Taylor embraces the innovative potential of the aleatory to dissolve and reformulate existing cultural and economic processes. On the other hand, however, he disregards the extent to which these transformations are susceptible to techniques of manipulation, and are exposed, in this way, to a sliding scale of technical legitimacy. As cultural transformations succumb to technical practice, to technical manipulations, and to the practice of mediation, they reveal an underlying framework that Taylor neglects to mention. This is to say that cultural transformations are politically produced; they signify the

⁸ Taylor, 52.

⁹ Taylor, 25, and Walter Benjamin's "The Work of Art in the Age of Mechanical Reproduction" in *Illuminations*, ed. by Hannah Arendt, trans. by Harry Zohn (London: Fontana Press, 1992), 211-245; "Das Kunstwerk im Zeitalter seiner technischen Reproduzierbarkeit," in *Gesammelte Schriften*, 8 vols, ed. by Rolf Tiedemann and Hermann Schweppenhäuser (Frankfurt am Main: Suhrkamp Verlag, 1974), 1.2, p. 471-508. Benjamin, like Taylor, does not efficiently address the dynamic interaction between technical innovation and the technological forces of reproducibility; it is in an effort to resolve this problem that he considers the concept of the aura in a state of decline.

¹⁰ In his critique of the perspective in which cultural processes can always be reduced to a supposedly material economic base, Taylor puts forward the perspective that "cultural and economic processes are tangled in negative and positive feedback loops of mutual determination," 28-29.

process of making a particular way of doing things legitimate; and they function to elevate a certain doctrine, belief, or class of persons above all others. The omission on Taylor's part is one that suggests a propensity, in *Confidence Games*, to conform to—if not to advocate—the dictates of the network economy. Given this omission, the question arises as to how the aleatory, as the force that has the potential to unbind the network economy, finds its analogue in Taylor's account of Protestantism.

For Taylor, the Protestant teleology of redemption is a major determinant of the principle of equilibrium against which he is working. This is closely connected, in turn, to the unoriginal and derivative nature of modern economics, by his account. That neoliberal economics obscures its own mechanics and draws on mathematical models indebted to physics without reference to any of the principles that underscore the development of physics—these are the points through which Taylor launches his argument against the principle of equilibrium. Consider Taylor's formulation of the inherent vulnerability of equilibrium:

... Like living organisms, economic systems coevolve through a long process in which periods of equilibrium are punctuated by catastrophic events, which are both creative and destructive. The gradual accumulation of quantitative changes eventually leads to a qualitative leap in which new organizational patterns suddenly emerge....¹¹

Calvin's collapse of immanence into transcendence—whereby “a dialectical reversal of the divine-human relation” validates economic success as a sign of redemption—provides a critical fulcrum through which Taylor's argument against equilibrium intensifies.¹² In seeking to displace the principle of equilibrium, however, Taylor is unable to disassociate his own emphasis on the innovative potential of the aleatory, or on the spontaneous emergence of human intelligence, from his critique of the Calvinist extension of God's providential governance through worldly vocation. Where the latter emerges from “within a play of events that is orchestrated by divine purpose”—order is imposed from without by a providential God—the former sees Taylor advance a theology of culture whose dynamics depend on the laws of chaos and complexity theory that are, once again, borrowed from physics.¹³

¹¹ Here, Taylor's formulation is refracted through Gould and Mandelbrot, 293-294. Also see notes 29 and 30, pp. 355-356. “When such abrupt changes occur,” Taylor continues, “the reconfiguration of the competitive landscape creates new niches for agents able to adapt quickly and effectively. Individuals, institutions, and organizations that cannot adjust and adapt do not survive.”

¹² Taylor, 79-89.

¹³ Taylor, 84.

Taylor's proposal of the futility of searching for redemption from within the confines of a network economy continues through the trope of the invisible hand, which he introduces by way of Hayek.¹⁴ Hayek's account of complex adaptive systems translates to a view of markets as distributed information-processing systems, whereby order grows from within and is "self-generating... endogenous, or *spontaneous*."¹⁵ Where Taylor's flirtation with the radical contemporary alternative to philosophy takes shape in his debate with Hayek, it intensifies upon his engagement with von Neumann, whose "anticipation of artificial intelligence and artificial or digital life" discerns a relationship between cybernetic systems and markets that is significant insofar as it provides Taylor with terms in which to validate his efforts to extend scientific modes of explanation to human behaviour.¹⁶ Implicit in Taylor's movement to replace the philosophy of religion with a belief in the spontaneous emergence of human intelligence is the suggestion, furthermore, that the latter is in some way indebted to a programme. This programme, in turn, supports Taylor's shift in philosophical anthropology:

If, as is becoming increasingly apparent, biological, social, cultural, and economic systems are in some sense information systems, then they are constituted by the differential play of signs, which forms operational programs. In some cases, these programs can be rewritten to change the organization and function of the system on which they operate.¹⁷

This, stated briefly, is the charge. Taylor's criticizes immanence and the invisible hand only to stake his theology of culture on their very premises. To be more precise, the historicization of the spontaneous emergence of intelligence from a density of networks sees Taylor fall prey to the very concept of equilibrium he seeks to escape. In his uncritical acceptance of technological advance, and in his omission of the extent to which cultural transformations are politically produced, Taylor fails to account for agency in any way at all. *Confidence Games*, then, is witness to the total disappearance of agency. Just as Žižek and Badiou's concerns for agency evaporate with Taylor's account of human intelligence, the reader of *Confidence Games* is given an instructive account of structuralism through the unlikely motif of game theory. Above all, this account of structuralism depends on a voluntaristic and wilful reading of Derrida: "Derrida," Taylor writes in one instance, "realizes that a closed binary system tending toward equilibrium reinscribes precisely the kind of transcendental ground that a relativistic or

¹⁴ Hayek numbered among Thatcher's favourite philosophers and, as Taylor points out, was "a leading figure in the influential Austrian school of economics," 46.

¹⁵ Taylor, 294; also see note 31, p. 356.

¹⁶ Taylor, 48.

¹⁷ Taylor, 50.

differential notion of meaning and value undercuts."¹⁸

It is a reading of Derrida that outstrips the political altogether, notwithstanding the conditions of possibility for the determination of the political field. For if Derrida is concerned with a system that tends toward equilibrium—as Taylor suggests—the Derrida of *Acts of Religion* is certainly no exponent of volatility.¹⁹ Derrida's "Force of Law"²⁰ essay therein is explicit in its criticism of the aleatory, and more specifically, with its exposure to the risk of appropriation by the anti-revolutionary cause. Given the suspicious position Derrida holds with respect to the aleatory, the apparent urgency, on Taylor's part, to incur a superficial reading of Derrida that subordinates the concept of the aleatory to the notion of value asks for attention. It is the preservation of the notion of value with respect to its exchange, rather than to its use, with which *Confidence Games* is concerned: "Instead of being closed and programmed," Taylor continues, "systems of exchange are complex adaptive networks that are emergent and have gaps where the aleatory erupts. The play of chance ceaselessly transforms these networks, thereby lending them a history that takes shape far from equilibrium."²¹ The more Taylor insists that systems of exchange should mark and sustain an alternative to the principle of economic equilibrium the more greatly diminished the imperative in *Confidence Games* to locate any possibility of difference—that difference constituting a positive moment of interstice—where redemption might take place.

When Taylor writes that "within this network of networks, everything is relative because all things are interrelated,"²² he not only fails to articulate a differentiated response to the market, but in so doing, steers clear of the political consequences of a market that is invited to develop along its own course—whence his tendency to laud the concept of "disintermediation,"²³ or in other words, to feed increasingly abstract economic systems. For Taylor, it is clear that many people fear the market's tendency to "abstract mediation" that is accompanied by a "loss of an idealized immediacy."²⁴ This concept of the

¹⁸ Taylor, 52.

¹⁹ Jacques Derrida, *Acts of Religion*, ed. by Gil Anidjar, trans. by Mary Quaintance (New York and London: Routledge, 2002), 228-299.

²⁰ Jacques Derrida, "Force of Law: The Mystical Foundation of Authority," *Cardozo Law Review* 11 (1990), 999-1045. Reprinted in *Deconstruction and the Philosophy of Justice*, ed. by D. Cornell and M. Rosenfeld, D.G. Carlson (New York and London, 1992), 3-67. The more recent translation of Derrida's essay is in *Acts of Religion*, 228-299.

²¹ Taylor, 52.

²² Taylor, 326.

²³ Taylor, 260.

²⁴ Taylor continues: "Even if such immediacy were possible it would be unavoidably fragile and always slipping away. As towns and cities appropriate peripheral markets, the "outside" becomes an unassimilable "inside" that disrupts the domestic economy as if from within," 72.

disintermediation of the market, or of its *immediacy*, is justified but elliptical: it remains beyond the specifications of the political and is all too reminiscent, moreover, of the concept of the aleatory upon which Taylor stakes his claim to the market's redemptive force.²⁵ Disintermediation and the aleatory each have their own requirements, but *Confidence Games* still raises the question of whether Taylor uses the force of each to appeal to his readers' intelligence, or to the instincts of profiteers by whom the process of market disintermediation is instigated and to whom its benefits will fall. Implicit in Taylor's treatment of the concept of disintermediation is, finally, an assertion that its social consequences are unsuited to become the vector of larger economic determinations.

While Taylor is correct to draw attention to the free play of signifiers that could once be taken to refer to the "real" economy,²⁶ he uses this free play to prove the inevitability of market turbulence through a dubious characterization of the global network economy. It is a spectral economy where "assets are more liquid and move at an accelerating rate and thus are subject to new dynamics" to which Taylor refers—the "growing volatility" of which "defies the mechanics of systems operating at or near equilibrium."²⁷ As that which escapes conventional ontology, here, the spectral is—once again—conveniently neutral with respect to any particular politics. *Confidence Games*, in this sense, is a book in which the question of politics is not raised and from which no political allegiance comes to surface. From these observations, a divergence emerges between the two clearly antithetical theses about which we see that neither will be satisfying: the first asserts continuity; the second rupture. The first, by Taylor's account, is forced—so as to give itself minimal credibility—to rest on sources external to the work (Taylor's account of Long Term Capital Management and how its presupposition of market equilibrium almost brought global economic meltdown) and to lend undue attention, consequently, to a phenomenon that took markets as "so-called difference engines" tending toward equilibrium.²⁸ The opposite thesis—that of circumstantial adhesion—rests on the iconography provided by the postmodern architecture of Las Vegas and finds its textual basis in Venturi's published insights into its development.²⁹ It is from this second thesis that I can start briefly

²⁵ See Walter Benjamin, "Critique of Violence," in *Selected Writings, Volume 1: 1913-1926*, ed. by Marcus Bullock and Michael W. Jennings, trans. by Edmund Jephcott (Cambridge, Mass. and London: Harvard University Press, 1996), 236-252; "Zur Kritik der Gewalt," *Gesammelte Schriften*, 8 vols, ed. by Rolf Tiedemann and Hermann Schweppenhäuser (Frankfurt am Main: Suhrkamp Verlag, 1977), vol. 2.1, pp. 179-203. Also see Giorgio Agamben, *State of Exception*, trans. by Kevin Attell (Chicago and London: University of Chicago Press, 2005). Both Benjamin and Agamben attempt to situate immediacy within the political.

²⁶ Taylor, 180.

²⁷ Taylor, 180.

²⁸ See 257 for Taylor's account of Long Term Capital Management, or LTCM.

²⁹ Taylor, 173-174. If any distinction could be made between the density of networks from which human intelligence emerges and the principle of equilibrium, it would be—by Taylor's account—

all over again in order to determine whether, and to what degree, the political is not to be found in *Confidence Games*.

The extent to which the market has taken control of broad cultural transformations doubtless contributes to the more calculating, rather than political, agenda that Taylor puts forward. On the one hand, it demonstrates what for Taylor, on paraphrasing Debord's "Society of the Spectacle," is the false consciousness of "the media and advertising's projection of an unattainable consumer utopia."³⁰ On the other hand, it sees Debord refracted through several layers to provide Taylor with a means by which to calibrate an alleged difference between physical and mechanical systems (these systems can be understood as inherently rational equilibrium systems) and markets (which are complex systems where interacting agents make unpredictable moves).³¹ While the interpretive direction set by Taylor is not incorrect insofar as it aligns the spectral presence of the image with the mythical structure of difference between physical and mechanical systems, its effects are more problematic. There is, in Taylor's false separation between the spectral and the mechanical-physical sphere, an underestimation of the strategic irony Debord deploys in his determination of the conditions of reading the spectral: Debord may appear, on an initial reading, to be engaged in the act of separating the spectral from the mechanical-physical sphere; but his work is an extension of the idea that every notion "has no other basis than its passage into the opposite."³²

It may be that through a structure of programmatic theory, the spontaneous emergence of human intelligence may be able to achieve a rigour comparable with the natural sciences. Through Debord, however, Taylor locates in the condition of possibility of structural oppositions and differences a cultural reality that eludes the very structural oppositions it enables.³³ This cultural reality will never be reduced to scientific formulation. Owing to its unpredictability—which in Debord takes the shape of the "lonely crowds"³⁴ and in Venturi "the cellular automata (flocks of animals/computer programs" that "determine via algorithms the response of each cell to the behaviour of adjacent cells" that progress "from one discrete step to the next"—it is a problematic and deeply

through the myth of the democratization of wealth. As a manifestation of the principle of equilibrium, however, this myth of democratization is firmly situated in the sphere of commodity production. Venturi's architectural publications are key to Taylor insofar as they construe Las Vegas as the prism through which we can understand the ways in which proliferating media networks transform reality into image. They provide Taylor, furthermore, with a prelude to the point that components of a technologically dense network can eventually "burst free of referents."

³⁰ Taylor, 288, see note 7, p. 348.

³¹ Taylor, 268.

³² Guy Debord, *Society of the Spectacle* (Detroit: Black & Red, 1983), aphorism 8.

³³ Taylor, 321.

³⁴ Debord, *Society of the Spectacle*, aphorism 28.

nuanced occurrence.³⁵ It requires a commitment to the alien and to the abstract, and because it is difficult to qualify or quantify as a phenomenon (Taylor writes that the virtual is neither present nor absent, here nor there—"the virtual is spectral") it is difficult to say whether, when, and how it will solve its internal problems, or to whose politics it will answer and whether it will ever evolve a unified method.

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³⁵ Taylor, 284.